HERSHEY

Goodness in *Action*

2023 ESG Report

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HERSHEY

Making Good for Our Future

Our purpose is to Make More Moments of Goodness for consumers today and for future generations. Our global sustainability strategy, Our Shared Goodness Promise, is integral to our long-term success in achieving that purpose.

In this report we show how we are embedding sustainability into our operations to build business resiliency and create a better future for all.

In this chapter:

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A Message from Our CEO

“We are about so much more than chocolate, candy and snacks. We are about creating experiences filled with emotional connection. Those moments inspire us and define who we are and we are proud of the way our products are created.”

Michele Buck, Chairman, President and CEO The Hershey Company

Achieving our vision of being a Leading Snacking Powerhouse requires leadership, agility and discipline in a complex and dynamic marketplace. At Hershey, we have had some incredible years of growth. Continuing this requires significant, smart and exciting transformations within our business. Underpinning our business goals and success is the focus we have on our most material risks, opportunities and how we hold ourselves to the highest integrity, quality and safety standards.

We remain committed to driving positive impact in our six sustainability focus areas: cocoa, environment, responsible sourcing and human rights, people, youth and community. This report highlights Hershey’s progress and challenges as we integrate sustainability further into our business operations to reduce our environmental footprint. Our actions are aimed at improving the ecosystems critical for the ingredients that go into our products and making a positive impact in the lives of those along our value chain.

While we have more to do on this journey, I am proud of how our teams have come together. We have worked to address the needs of cocoa farmers with the Hershey Income Accelerator Program, reduce our greenhouse gas emissions and packaging materials, and strengthen our due diligence and reporting systems and processes.

I have often stated that our people are the secret ingredient to our competitive advantage. We are motivated by our purpose of Making More Moments of Goodness and our business success and growth is reflective of our core values: Togetherness, Integrity, Making a Difference and Excellence. We remain focused on learning and development for all employees, building an inclusive workplace where everyone can contribute and be rewarded, and we continue to be actively involved in our communities. In particular is our unique relationship with Milton Hershey School that supports children with a world-class education.

Hershey has a long history of successfully adapting to rapid change and uncertainty. As a leading chocolate manufacturer, the volatility in cocoa is unprecedented. Cocoa remains our top priority and while there is more to do, we are proud of our continued progress toward greater visibility and engagement with the farmers who grow this important ingredient.

Fast-moving regulatory actions continue to shape the sustainability landscape. We are strengthening our due diligence and reporting capabilities, as evidenced by our Disclosure and Assurance Reporting Center of Excellence and the cross-functional teams that are anticipating and preparing for these new regulations.

As we transform and lead in the marketplace we are always seeking new business opportunities and our sustainability initiatives are being further embedded in how we run our operations, including plant level targets for reducing emissions and water usage. The collective efforts of our team, in partnership with leading organizations and key stakeholders, will continue to propel us forward.

We are about more than chocolate, candy and snacks. We are creating experiences filled with emotional connection. Those moments inspire us and define who we are, and we are proud of the way our products are created. It’s *Goodness in Action*.

The world we want tomorrow starts with the action we take today. There is no shortage of global issues that have the potential to impact or disrupt our business. That is why we are action-oriented and impact driven. As you’ll read in the pages to follow, we remain focused on leading where we can make the biggest impact and working hard each day to bring goodness to the world.

Michele Buck
Chairman, President and CEO
The Hershey Company

A Message from Our CSO

“We remain focused on delivering today and creating the future. In 2024, we are refreshing our sustainability strategy as part of our Leading Snacking Powerhouse vision, a fast-moving regulatory environment and the maturation of many of our commitments.”

Leigh Horner, Chief Sustainability Officer
The Hershey Company

There’s no question the world is rapidly evolving around us, whether it’s through the advancement of new technology, more agile ways of working or a dynamic marketplace and emerging consumer trends. Changes in the sustainability landscape are plentiful — innovations and best practices, policy and regulatory shifts, new frameworks to drive impact. We continue to advance our priority issues as we anticipate, digest and incorporate best practices and emerging standards.

This report shares the actions that embody our values as a company and are critical to our long-term ability to create the sweet and salty snacks that consumers love. Throughout this report, we share how we are working to achieve progress within our priority issues and overcome challenges.

Cocoa continues to be our highest priority as it is central to our iconic chocolate brands. In 2023, we launched the Hershey Income Accelerator Program which aims to improve farmers’ livelihoods and reduce poverty in cocoa-growing communities. The program offers premiums for farmers’ cocoa, expands Village Savings & Loan Associations and ambitious initiatives to build schools in rural farming communities in Côte d’Ivoire.

We made continued progress in reducing Hershey’s emissions with a keen business focus on our owned emissions and expanded efforts to reduce emissions in our value chain while advancing nature-based projects to combat climate change. We set water usage reduction targets for priority sites where water is most scarce. Our run of success in reducing packaging waste sent to landfills continued in 2023, as we phased out more than 1.7 million pounds of material by eliminating, redesigning and reducing packaging.

We continue to operate with high integrity and build an inclusive workforce. We are proud of recognitions like being certified as a *Great Place to Work*® in the U.S., Canada, Mexico, Brazil, India and Malaysia, named as one of the World’s Most Ethical Companies by Ethisphere, and most recently taking the #1 spot on Fair360’s top companies for diversity in 2024.

We also share obstacles we are encountering as we work and adapt to changes both within our business and in the world around us. With change comes opportunity. At Hershey, we have grown exponentially over the last five years to bring our values and sustainability practices and processes to a growing portfolio of products through recent acquisition.

We remain focused on delivering today and creating the future. In 2024, we are refreshing our sustainability strategy as part of our Leading Snacking Powerhouse vision, a fast-moving regulatory environment and the maturation of many of our commitments. We are centered on becoming long-term partners to cocoa farmers, families and communities, giving us a deeper understanding of how to build a more economically resilient supply chain. We are also updating our sustainable packaging strategy focused on reducing materials and packaging emissions, and improving circularity.

My colleagues here at Hershey are committed to business excellence and making a difference for the planet and people. We take action. When we encounter challenges or barriers to achieving our goals, we problem solve, learn from our experience and adapt. We make progress. As you review our report, we welcome your insight and feedback as we continue on this journey and build a successful and sustainable future.

Leigh Horner
Chief Sustainability Officer
The Hershey Company

Milton Hershey School

One of our founder’s most compelling contributions is 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 (MHS), this institution fosters the academic and social potential of more than 2,100 boys and girls, 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. MHS nurtures and educates children to lead fulfilling and productive lives. A family’s income should not determine a child’s outcome and MHS offers a cost-free education to qualifying students. The company’s special relationship with the school means that our business success directly benefits the school and students’ lives.

→Learn more about our work with MHS on page 106 in the Education and Opportunity page within the Youth chapter.

Double Materiality Assessment

We completed a double materiality assessment in 2022, and continue to use its insights to maximize our strategy's impact for our business, people and the planet.

Our double materiality assessment followed a best-in-class process, building on previous assessments to provide a firm foundation for our commercial and ESG strategies. The assessment:

- Identified and ranked the ESG issues that affect us financially, and the ways our operations affect the world
- Confirmed we remain focused on the right ESG issues for our business, the planet and society

An extensive list of ESG issues was distilled down to a narrower list of 27 issues. We further identified, prioritized and ranked the 14 issues most material to our ESG and business strategies.

All identified material issues remain core to our strategy. They are where we continue to focus most as we identify key risks, opportunities and emerging issues to inform Our Shared Goodness Promise.

The table on this page includes our final list of prioritized material topics.

Some material issues are fundamental expectations and non-negotiable elements of responsible corporate citizenship (e.g., data protection and cybersecurity, ethics and compliance, workplace health and safety, and food safety and quality, to name a few) while others require even greater time and attention as we continue to develop our long-term business strategy (e.g., traceability, soil health).

→For more details on our Double Materiality process, see page 7 of our 2022 ESG Report. For a full list of definitions for each material issue, see pages 115-116 of our 2023 ESG Report.

	Very High Impact	High Impact	Moderate Impact
Environmental	Biodiversity Deforestation Energy management GHG emissions and climate change Packaging and end-of-life Water use		Soil health Waste management
Social	Child labor Diversity, equity and inclusion (DEI) Farmer livelihoods Human rights (supply chain) Responsible sourcing	Employee attraction, retention and development Labor relations Supporting communities	Animal welfare Workplace health and safety
Governance	Business operations and supply chain resilience Food safety and quality Nutrition and health	Board and executive oversight Ethics and compliance Responsible marketing and labeling Traceability	Advocacy and lobbying Data protection and cybersecurity

Our ESG Approach and Priorities

Our actions are informed by our material issues and organized around six priority areas (shown at right). These priorities guide our ESG strategy, are critical to our business operations and align with core principles from our founder's legacy.

Addressing these priorities is essential for Hershey to thrive. ESG is being integrated into the way we do business and included in our policies, strategies and operations. This is how we ensure we can deliver on our commitments and drive long-term sustainability growth.

Creating a more resilient world and business requires work on many fronts. While each of Hershey's priority areas is given a dedicated chapter in this report, the work is deeply interconnected.

Environmental impacts, including climate change, threaten the livelihoods of the farmers and communities we rely on for our most important ingredients. Improving farmer incomes and professionalizing farming practices promotes cocoa-growing communities' well-being and the long-term security of cocoa supply. Economically secure communities are less likely to make choices that would damage natural ecosystems and impact our procurement and responsible sourcing work.

Systems thinking ensures we leverage our size and scale whenever possible to help create a future full of goodness for all. We will continue to embrace this interconnectivity as we reset our sustainability strategy in 2024 in line with the evolution of our business, a changing regulatory environment and maturation of commitments in 2025. Building on our progress, and learning from challenges and successes, Hershey will continue to advance our legacy of goodness.

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, water 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.

United Nations Sustainable Development Goals (SDGs)

With the company's extensive global reach, our work supports many of the United Nations SDGs from managing the impact of our supply chain to nurturing resilient communities.

Our ESG priorities contribute to achieving the following SDGs:

Progress Toward Our Priority Goals

Achieved
On Track
In Progress

Priority Area	Priority Goals	Target	Progress (as of Dec. 31, 2023)	Status	Notes
Cocoa	100% independently verified cocoa	2020	100%	✓	1
	100% sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	2025	89%	On Track	1
	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	70%	On Track	1, 2
	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	79%	On Track	1, 3
Responsible Sourcing and Human Rights	100% of priority ingredients and materials to be responsibly and sustainably sourced (by volume)	2025	86%	On Track	4
	85% of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements	2025	56%	In Progress	–
Environment	50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline	2030	43%	On Track	5
	25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	15%	In Progress	6
	100% of plastic packaging to be recyclable, reusable or compostable	2030	32%	In Progress	–
	25 million pounds of packaging to be eliminated	2030	15.4 million pounds	On Track	7
Our People	Achieve pay equity for similar job categories across our global salaried employees	2025	We have maintained aggregate salary U.S. gender pay equity since 2019 and aggregate U.S. salary POC pay equity since 2020.	On Track	8
	47–50% women representation across all employees globally	2025	48.2%	✓	8
	30–40% People of Color (POC) representation across U.S. employees	2025	28.5%	On Track	8, 9
	50% hazard reduction for job functions with ergonomic risks through process improvements	2025	24.6%	On Track	10
Youth	50 million children globally supported through education, nutrition, and social and emotional well-being	2025	34,820,750 children	On Track	11
	100,000 children take Heartwarming actions and impact their communities	2025	251,152 children	✓	12
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	$103.7 million	On Track	13

1 Data reflects results as provided by Hershey suppliers and implementing partners. Hershey strives to align our KPIs to industry best practices and methodologies, including those recommended by the International Cocoa Initiative (ICI), which are constantly improving and evolving. Sourcing visibility means cocoa from known farmers is segregated and traceable to the first buyer (i.e., to the port or the factory in origin). From here cocoa may be mixed, and independently verified cocoa flows into our supply chain under a mass balance traceability model. When we talk about farmers producing Hershey's cocoa volumes, these are the known farmers where we have sourcing visibility.

2 Beginning in 2023, we are reporting progress based on an analysis of supplier-provided polygon maps. This analysis follows World Cocoa Foundation definitions and checks that all farm plots managed by a farmer are linked to received polygon maps before we consider a farmer to be mapped.

3 This refers to households covered by CLMRS.

4 This result represents the percentage by volume of Hershey's five priority ingredients, which met our definition of responsibly and sustainably sourced in 2023. This definition varies by ingredient and is subject to change as Hershey's responsible sourcing programs evolve.

5 Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based). Our 2023 Scope 1 and Scope 2 data received limited assurance by EY.

6 Our 2023 Scope 3 data is verified by Quantis.

7 Cumulative packaging waste eliminated (2021-2023) is 15.4 million pounds. This value includes Candy, Mint, and Gum products. It excludes all other product packaging and any non-Hershey purchased packaging materials.

8 Aspirational ranges based on economic labor analysis and Hershey's business outlook.

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

10 In 2023, this goal was expanded to include our North America Salty Snacks segment. As such, the denominator for this calculation has changed. All sites are on track to complete hazard reduction for ergonomic risks as planned.

11 More than 34 million children were supported cumulatively from January 1, 2020 to December 31, 2023.

12 More than 250,000 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2023.

13 Hershey donated nearly $104 million in cash and products cumulatively from January 1, 2020 to December 31, 2023.

Stakeholder Engagement and Select Memberships and Partnerships

We operate our business with all stakeholders in mind and with a view toward long-term sustainability and value creation, even as our business and society face a variety of existing and emerging challenges. We leverage our expertise, along with external partners, to help address these challenges and opportunities so that we can continue to delight consumers and help make a positive impact in the world today and into the future.

Stakeholder Groups

Stakeholder Group	Examples of how we engage
Communities where we operate and non-governmental organizations (NGOs)	• Community event sponsorships • Corporate philanthropy • Employee giving and matching gifts • Employee volunteerism and giving (e.g., Board service, Good to Give Back Month) • In-kind/product donations • Regular site visits and ongoing dialogue with community leaders and NGO partners
Consumers & Customers	• Business review meetings with dedicated Hershey sales teams • Corporate website including Hershey blogs and press releases • Consumer Relations • Global Customer Insights Center (GCIC) • Hershey Insights Network (HIN) • Mobile Customer Insights Center (MCIC)
Employees	• Annual performance reviews and quarterly performance discussions • Business Resource Groups (BRGs) • Code of Conduct • Employee Listening Strategy: Surveys, feedback, Q&A, listening sessions • Employee Relief Fund • Ethics & Compliance Concern Line • Learning and development opportunities including company-wide training and role-specific courses • Town Halls • Volunteering and philanthropic activities (Matching Gifts, Dollars for Doers)
Government, policymakers and regulators	• Advocacy through trade associations and/or in partnership with other companies • Direct legislative advocacy • Grassroots advocacy • Industry association involvement and events • Informational discussions with government officials
Investors & Shareholders	• Annual shareholder meeting • Investor Days or Investor Conferences • Investor-facing website • Engagement calls • Quarterly earnings calls and webcasts • SEC filings
Suppliers and other business partners including Farmers	• Ethics & Compliance Concern Line • Industry events • Supplier capability building trainings including webinars and in-person events • Supplier Code of Conduct • Supplier relationship management

Select Memberships and Partnerships

Priority area	Partners
Cocoa	A list of cocoa partners may be found on page 24 of this 2023 ESG Report.
Responsible Sourcing and Human Rights	• AIM-Progress • Airbus • Alliance for the Chesapeake Bay • Earthworm Foundation • Living Wage For US • New Foresights • Responsible Labor Initiative • Sustainable Dairy Partnership • Sustainable Dairy PA • Trusted Advisor Partnership
Environment	• Arbor Day Foundation • Chesapeake Bay Foundation • PUR • Science Based Targets Network (SBTN) • World Research Institute (WRI)
Our People	• Asian Americans Advancing Justice • Manufacturers' Association of South Central PA • NAACP ACT-SO Achievement Program • Thurgood Marshall College Fund • The Center for Innovation & Entrepreneurship (CIE) at Harrisburg University
Youth and Community	• American National Red Cross (ANRC) • Boys & Girls Clubs of America • Children's Miracle Network (CMN) • Crisis Text Line • Feeding America • Girl Up • Girls on the Run • Global Nomads Group • Hazleton Integration Project (HIP) • Junior Achievement • Memphis Music Initiative • Milton Hershey School • United Service Organizations (USO) • Youth Service America

Our ESG Governance

With ESG becoming more integrated throughout our business, we use a multi-level operating structure to prioritize and allocate resources to deliver on Our Shared Goodness Promise.

The governance of Hershey's 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 resides with our **Board of Directors**, which oversees all ESG matters, including our ESG strategies, priorities, progress, and risks and opportunities.

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

Accountability for ESG and sustainability resides with our CEO, with shared responsibility across the management team. Program strategy and operations are led by our Chief Sustainability Officer (CSO).

Board of Directors
The full Board oversees our ESG strategies and priorities, along with the most important emerging ESG trends, risks and opportunities. ESG-related oversight responsibilities are divided among the Board's committees, with oversight for ESG governance residing with the Governance Committee. Management and ESG leaders provide deep dives on ESG issues for the full Board at least once a year, with relevant committee updates occurring frequently throughout the year. As of May 2024, approximately 55% of our Board of Directors has ESG and human capital management experience.

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, Diversity, Equity and Inclusion (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.

Executive Team
Our CEO and her direct reports review Our Shared Goodness Promise strategies, 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 tied to our ESG Priority Goals. This supports our efforts to achieve Hershey's carbon reduction goals, and is linked to our DEI aims, 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 CSO. This committee 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 CSO, 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 Board committees, ESG oversight and responsibilities and Hershey's approach to executive compensation, see our 2024 Proxy Statement.

Enterprise Risk Management

ESG topics are regularly evaluated as part of our Enterprise Risk Management (ERM) process driven and coordinated by our Resiliency team. Hershey's ERM program identifies, evaluates, manages and mitigates the company's exposure to a wide range of risks including human rights and environmental topics. ESG is a standalone key business risk within our broader enterprise risk universe, alongside Human Capital and Climate and Environment.

Our Board oversees the ERM program and our management team is responsible for its implementation. The Board's Finance and Risk Management Committee reviews key enterprise risks identified through the ERM process, as well as risk-mitigation plans.

What's Next in ESG Governance

- Tracking and responding to the changing global ESG landscape
- Sustainability disclosures and compliance for regulatory reporting requirements
- Increased limited assurance and third-party data verification
- Continuing our BOD and Executive education on ESG and Sustainability topics

55%
of Hershey's Board of Directors have ESG and Human Capital management experience (as of May 2024)

Awards and Recognition

Global

- 2023 Deming Cup for Operational Excellence Award to Michele Buck
- 2024 World's Most Ethical Companies® Ethisphere
- Global Child Forum
- Disability:IN Index perfect 100 score

ESG Raters and Rankers

- Sustainalytics 2024 Top-Rated ESG Companies, Food Product Industry Group
- FTSE4 Good Index

United States

- Great Place To Work. Certified May 2023-May 2024 USA
- #29 2023 Wall Street Journal Management Top 250
- Points of Light The Civic 50
- 2023 NBIC Best of the Best Corporations for Inclusion
- USA Today America's Climate Leaders 2023 statista
- Fortune Best Workplaces in Manufacturing & Production 2023
- FAIR360 Top 50 Hershey No. 1 2024
- Human Rights Campaign Equality 100 2023 2024 Leader in LGBTQ+ Workplace Inclusion
- Forbes 2023 America's Best-In-State Employers Pennsylvania
- Forbes 2023 America's Best-In-State Employers Virginia

Central America

- Great Place To Work. Certificada Nov 2022 - Nov 2023 México
- Great Place To Work. Certificada Jun 2023 - Jun 2024 PR

Brazil

- Great Place To Work. Certificada Jun/2023 - Jun/2024 Brasil

Canada

- Great Place To Work. Certified May 2023-May 2024 Canada
- Greater Toronto's Top 2024 Employers
- Forbes 2024 Canada's Best Employers

India

- Great Place To Work. Certified 2023 India

Asia

- Great Place To Work. Certified Apr 2023-Apr 2024 Malaysia

Our Company

For 130 years, our values have guided how we do business.

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, operational decisions and resource allocation are guided by our purpose and rooted in our values.

Our Values

Togetherness
Making a Difference
Integrity
Excellence

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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

Material ESG issue:

- Nutrition and health

Fulfilling our purpose to Make More Moments of Goodness means delighting consumers with snacks that fit a variety of nutrition and lifestyle choices.

There are many different consumer preferences and lifestyle choices. While 72% of Americans snack at least once a day, 52% followed a specific eating pattern or diet in 2023.[1] Important issues include sharing with family, balanced nutrition, affordability and the availability of plant-based products.

Hershey deeply understands our consumers and offers a wide range of options to satisfy their needs. We invest in research to propel product innovation, create better retail experiences and expand supply chain infrastructure.

Consumer Choice

For 130 years, Hershey has created snacks that consumers love, even as tastes have evolved. We provide classic Hershey treats like our *Hershey's* bars and *Reese's* Peanut Butter Cups, but we are also creating more products to satisfy a variety of needs and lifestyles. Whether consumers aim to limit sugar, add protein or lead a more sustainable lifestyle, Hershey offers a wide range of options.

Our portfolio is tailored to empower consumers to choose snacks that work for them, providing:

- Portion control
- Reduced- and zero sugar
- Plant-based and other options

To meet present and future consumer expectations, we monitor emerging needs and make investments in the future of our business.

Every touchpoint is an opportunity to drive growth by serving consumers and customers in more personal, innovative and effective ways.

Our team of nearly 200 research and development employees focus on innovation in formulations, finding ways to create new options that, for example, reduce the amount of sugar and salt in our products, which some consumers prefer to avoid.

Having the right information to make choices is also essential for consumers. We remain committed to transparency about what is in our products. We helped develop the SmartLabel™ technology for U.S. products, giving detailed information by scanning a QR code on packaging. We maintain more than 2,250 SmartLabel product pages with details such as allergens, product claims, nutrition and ingredients. As our portfolio grows we will continue to add SmartLabels.

Low and Zero Sugar

Sugar intake is on many consumers' agenda: 72% are trying to limit or avoid it.[1] With *Lily's*, *Dot's* and *Skinny Pop* now in the Hershey portfolio, we are even better positioned to offer options that are lower in both sugar and saturated fat. In 2023, we launched several better-for-you options:

- *Lily's* Peanut Butter Chips
- *Reese's* Zero Sugar Baking Chips
- *Lily's* Peach Rings
- *Lily's* Watermelon Slices

Protein Snacks

Research shows that increasing numbers of consumers are aiming to add protein to their diet — 67%, up five points in just two years.[1] We offer a growing number of high-protein, better-for-you snacks, alongside the *FULFIL Nutrition* and *ONE* protein bars already in our portfolio. *ONE Puffs* was launched in 2023 and we plan to launch new flavors of *ONE* bars in 2024.

What's Next in Satisfying Consumer Needs

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

Plant-based for the Win

As more consumers look for dairy-free alternatives, we introduced two delicious new plant-based options in 2023 — *Hershey's* Plant Based Bar and *Reese's* Plant Based Cups. Consumers have been enthusiastic, and the data backs this up. Our plant-based *Reese's* item has a higher rate of repeat purchase than any other *Reese's* product in recent years, according to one of our major retailers. The *Hershey's* Plant Based Bar won an award for Favorite Vegan Chocolate in the 2023 peta2 Libby Awards. Recipients are selected based on nominees' enthusiasm for animal rights and votes from consumers.

"Hershey's unwavering commitment to customer satisfaction is exemplified by our relentless pursuit of innovation, constantly adapting to evolving tastes and preferences to deliver unparalleled choices."

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

1 2023 Food and Health Survey, International Food Information Council.

Excellence in Food Safety

Material ESG issue:
- Food safety and quality

Commitment to the highest food safety and quality standards is critical to ensuring our products create more goodness for consumers.

Our Proactive Approach to Food Safety

Our Product Excellence Program (PEP) takes a preventive approach to managing food safety and quality. It identifies food safety, product quality and regulatory opportunities at every stage of our value chain. This ensures Hershey products comply with all applicable laws and regulations and are manufactured under strict requirements. We will continue to use PEP assessments and integrate recently acquired sites in our North America Salty Snacks segment in 2024.

The Quality Center of Excellence team oversees the PEP to ensure its rigorous controls, monitoring and auditing practices are applied throughout the value chain. The Global Regulatory team regularly monitors emerging regulations and industry practices so Hershey stays ahead. The PEP meets or exceeds current Global Food Safety Initiative (GFSI) standards and all Hershey-owned manufacturing facilities are GFSI-certified.

Food Safety is Everyone's Responsibility
We are proud of our systems and third-party verifications — but people are the real guardians of goodness. Every person at a food manufacturing company is responsible for food safety. We therefore train people in every type of role, with:

- Standardized onboarding for all manufacturing facility personnel, with annual refresher training. In 2023, this compulsory training was provided to all production employees at confectionery manufacturing sites. We anticipate rolling out the training to manufacturing employees in our North America Salty Snacks segment in 2024.
- Food safety basics training is part of our required onboarding for all new salaried employees, in any role. It was assigned to all existing salaried employees in 2023, and is now an ongoing annual awareness module. Approximately 98% of global salaried employees completed the module in 2023. We will roll out an updated module in 2024, corresponding with World Food Safety Day.
- Training targeted to equip people in specific roles to work and advocate for food safety, such as the onboarding and annual refresher training for Quality Assurance, Engineering and R&D personnel.

Our Value Chain and Beyond
The Supplier Quality Management Program is set up to ensure compliance with applicable GFSI and regulatory requirements. In 2023, we sourced 100% of ingredients from suppliers approved through the program.

As well as meeting quality standards, we improve practices in our value chain by helping suppliers achieve GFSI certification. As at December 31, 2023, 97.2% of our suppliers globally are GFSI certified, covering 99.5% of our sourced ingredients by spend.

We also want to promote food safety among consumers and the wider industry. We therefore collaborate with others as a member of the Alliance to Stop Foodborne Illness (ASFI) to provide resources such as free food safety webinars and an online toolkit.

What's Next in Food Safety

- Continue to strengthen food safety knowledge and practices through employee onboarding and annual awareness modules for all employees
- Continue to integrate our North America Salty Snacks segment into the PEP, and do the same for any other sites the company acquires
- Continue leveraging data systems and digital tools to enable data-driven predictive and proactive decision making for food safety, regulatory and quality activities in our manufacturing operations

→**For a summary of our data on Food Safety and Nutrition and Health, see pages 19-20.**

→**For more on our programs and training, visit our Food Safety Partners in Quality website.**

"One hundred and thirty years ago, Milton Hershey said 'give them quality, that's the best advertising.' That still rings true today. This commitment to our consumers drives us to deliver a product that exceeds their expectations... every time. Our teams focus on leveraging technology and instilling that 'quality first' mindset across our entire organization."

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

Ethics and Compliance

Commitment to the highest standards of ethics and integrity is key to our success.

Acting ethically is the right thing to do and good for business. Employees value working somewhere they are encouraged to speak up and know the company will do the right thing. We have been recognized among the 2024 World's Most Ethical Companies® — one of nine honorees in the Food, Beverage & Agriculture category. It is the third time we have been included in this group of companies known for outperforming peers financially, demonstrating the value of doing the right thing.

The Code, Policies and Speaking Up

Our Code of Conduct (the "Code") sets out who we are, what is important to us and our commitment to acting ethically. It guides how we do business, detailing our approach in areas such as human rights, anti-corruption, antitrust, whistleblower protection and health and safety.

We also have a range of policies on:

- Responsible sourcing of key ingredients
- Standards we expect from our suppliers
- ESG issues of key concern to us, such as environmental management, human rights and food safety

All Directors and professional employees are trained on the Code at onboarding and annually thereafter. They must confirm they have read and agree with it. Our Ethics and Compliance training program is designed to guide employees and provide information on how to adhere to the Code, our purpose and values. It includes required online training, targeted training and live sessions.

We audit our compliance program every two years, supported by regular fraud and corruption audits and risk assessments.

Hershey encourages employees and external stakeholders to raise concerns and ask questions through our reporting channels if they ever notice something that may not follow our ethical business practices.

One such reporting channel is the Concern Line, for anonymous, confidential ethics and compliance-related questions and reports. The Concern Line is available 24/7, in over 60 countries and more than 47 languages, with toll-free numbers available in each of our locations. More detail on our process to raise and address concerns is available here.

Lobbying and Transparency

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 (Hershey PAC).

Funds raised through the Hershey PAC, which consist 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 where our employees live
- Values and goals that align with our vision and Code

All contributions are disbursed in accordance with our internal contribution guidelines and applicable election laws. The Hershey PAC is bipartisan and distributes funds equally between both major political parties at federal and state levels. See the Hershey PAC Annual Report 2023 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 as salaries to our internal Government Relations personnel. Hershey files all lobbying reports required under U.S. federal and Pennsylvania law, outlining the company's federal and state-based advocacy work. See our Annual Report of Lobbying and Advocacy Expenditures for more information.

"Hershey's purpose of Making More Moments of Goodness is founded upon our company values. Integrity is core to our commitment to ethical business practices, which has allowed us to sustainably grow for 130 years. The earned trust with our employees, investors, customers, consumers, suppliers, communities and stakeholders is integral to our ability to continue that legacy and achieve our Leading Snacking Powerhouse vision."

Lauren Lacey, Vice President, Deputy General Counsel, Asst. Secretary and Chief Compliance Officer, The Hershey Company

Data Protection and Cybersecurity

The trust people place in us when providing their data is something we continually strive to earn, every day.

Consumers, customers and employees rely on Hershey to be responsible with their data. We earn their trust by respecting the privacy of everyone whose data we have access to, maintaining high data protection standards and handling their personal information with care. That includes endeavoring to avoid any negative impacts from data mismanagement.

We comply with data privacy laws prescribing how to collect, store, use, share, transfer and dispose of personal information responsibly, wherever we operate. Our Privacy Center of Excellence (Privacy Center) prepares Hershey to comply with any new or expanded data privacy rules. The Privacy Center's cross-functional team, established in 2021, designs and implements appropriate physical, technical and administrative measures to prevent the unauthorized access, use, disclosure, alteration or destruction of personal data.

Through the expanded Governance, Risk and Compliance team within our Information Security function, we are also committed to adapting quickly to the ever-changing landscape of cybersecurity risk, laws, regulations and disclosure requirements.

The company's Incident Response Plan is reviewed annually. It includes business continuity and contingency plans related to data protection and cybersecurity.

Engaging Employees in Security

Employees play a critical role in safeguarding data. We regularly educate and engage our people on this topic. Every professional employee at Hershey is required to complete training on:

- Acceptable Use
- Data Classification
- The importance of cybersecurity for safeguarding our digital assets

In January 2023, we dedicated our annual Integrity Day to data privacy and cybersecurity, and promoted Cybersecurity Awareness Month. These enterprise-wide events keep employees updated on the latest cybersecurity news and best practices, and raise their awareness of how important it is to respect privacy, safeguard data and earn trust.

→**Learn more about cybersecurity at Hershey on pages 16-17 of our 2023 Form 10-K.**

A Robust Privacy Policy

Hershey's Privacy Policy is available on all our websites. It describes in detail:

- How we use personal information collected when consumers interact with us
- The types of information we collect
- How, in line with the Fair Information Practice Principles, we limit information collection to what is reasonable and necessary to achieve the intended purpose for collection

If there is a need to use personal information for purposes beyond the scope previously disclosed to consumers, we provide additional notice or seek consumer consent where required by applicable laws.

We also have a job applicant privacy policy on our website.

What's Next in Data Protection and Cybersecurity

- Continue embedding data protection and cybersecurity into every part of our organization to cultivate a privacy-first mindset
- Monitor the changing data privacy landscape to ensure we comply
- Continue leveraging technology to build a state-of-the-art information security program

Integrity Day: Privacy Matters

Ethics, compliance and privacy risks can come up at any time: every employee needs to be able to identify, act, report and ask for help. Integrity Day helps everyone be ready, should they need to act.

Building on the success of 2022's inaugural event, we held our second enterprise-wide Integrity Day in October 2023 — with a focus on the importance of privacy and cybersecurity. This collaboration between the Ethics, Compliance & Privacy team and local Compliance Ambassadors across all Hershey locations engaged colleagues in activities that promoted awareness of data privacy practices and how to enable digital trust.

Marketing Responsibly

We remain committed to marketing responsibly to consumers.

Hershey's 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.

Our teams are trained in and must follow detailed internal advertising guidelines, including on advertising to children. The guidelines govern how we advertise, who we target and specific advertising guardrails.

High Standards

Hershey complies with self-regulation programs through:

- Membership in the U.S. Children's Food and Beverage Advertising Initiative (CFBAI)
- Participation in the Canadian Children's Food and Beverage Advertising Initiative (CCFBA), overseen by Advertising Standards Canada

CFBAI is designed to improve food advertising directed at children in the U.S.

Under our individual CFBAI pledge, we commit not to advertise in a way primarily directed at children 13-and-under unless advertising products that meet CFBAI's nutrition criteria. For measured media, like television, in the U.S., we do not advertise on shows where 30% or more of the expected audience on average comprises children aged under 13. Our annual submission to CFBAI demonstrates compliance with our commitments.

Hershey has also committed to Canada's CCFBA. As with CFBAI, this means we will not primarily direct advertising toward anyone under 13 unless the advertised product meets CCFBA nutrition criteria.

We license the use of our trademarks through agreements with selected third parties in the U.S. and other countries. These agreements oblige licensees to submit all proposed uses of licensed trademarks in packaging and promotional materials to Hershey for our review and prior approval.

We are also proud our products are used to help raise funds for a range of organizations and programs, including elementary and secondary schools. However, keeping to our voluntary pledges in the U.S. and Canada, we do not advertise products in elementary schools and licensees are not permitted to use our brands on educational material or materials intended for use primarily in elementary schools.

Clear, Credible Claims

Hershey remains committed to giving consumers clear, honest, accessible information on all products, including on ingredients, nutrition and origin. Our U.S.-based Food Claims Review Council guides teams on many topics, including nutrition, ingredients, sustainability and product certifications.

The council works closely with marketing and product development teams so all new products meet or exceed relevant third-party certifying bodies' standards, e.g., U.S. Department of Agriculture (USDA) Organic and Non-GMO Project Verified. It also ensures that all claims and required labeling elements on any updated packaging comply with applicable law and regulations.

Our Progress

Financial Performance	Unit	2023	2022	2021	Notes
Countries in which our products are marketed	# of countries	**80**	80	80	–
Countries in which our products are manufactured (Hershey-owned facilities)	# of countries	**6**	6	6	–
Manufacturing facilities (Hershey wholly owned/joint ventures)	# of manufacturing facilities	**16**	15	15	–
Consolidated net sales	USD in millions	**$11,165**	$10,419	$8,971	–
One year net sales growth	%	**7.2%**	16.1%	10.1%	–
Shareholder return	%	**(18.3)%**	21.9%	29.6%	1
Adjusted diluted earnings per share	USD	**$9.59**	$8.52	$7.19	–
Income taxes paid	USD in millions	**$303.9**	$221.3	$275.2	–
Worldwide payroll	USD in millions	**$1,178**	$1,069	$924	–
Investment in R&D	USD in millions	**$50.0**	$46.9	$40.1	–
Brands	# of brands	**>90**	>100	>100	–
Weight of products sold	Metric tons	**1,078,150**	1,101,919	1,085,720	–

1 For more information, please see page 21 of Hershey's 2023 Form 10-K.

Nutrition and Health	Unit	2023	2022	2021	Notes
Revenue from products labeled and/or marketed to promote health and nutrition attributes	USD (in millions)	**$1,256.7**	$1,203.6	$644.4	1
Revenue from products labeled non-GMO	USD (in millions)	**$702.3**	$643.6	$412.5	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.

Food Safety	Unit	2023	2022	2021	Notes
Facilities certified against a GFSI standard	# of facilities	**21**	14	14	1
Food safety - Major non-conformances identified	Number	**1**	0	0	2
Food safety - Major non-conformances rate	Rate	**0**	0	0	–
Food safety - Minor non-conformances identified	Number	**85**	44	44	3
Food safety - Minor non-conformance rate	Rate	**4.0**	3.1	3.1	4
Product recalls	# of recalls	**2**	1	1	–
Product recalls - Total amount of food product recalled	Metric tons	**90.40**	22.45	5.98	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. In 2023, the facilities certified against a GFSI standard included 21 Hershey-owned plants manufacturing confectionery and salty products.
2 In 2023, there was a single major food safety non-conformance identified at our El Salto, Mexico, location.
3 The likelihood of non-conformances increases as the number of facilities included in this metric also increases.
4 This rate is calculated based on the total number of audits completed in the calendar year, and total number of minor non-conformances identified for the same time period.
5 On a global basis, two recalls of Hershey product occurred during 2023 for Hershey's Syrup Indulgent Caramel flavor and Hershey's Caramel Syrup, when incorrect labeling resulted in a food safety risk for consumers with a milk allergy. These two recalls resulted in 12,125 cases, the equivalent of 90.4 metric tons of product, being recalled.

Cocoa

Cocoa remains Hershey's highest ESG priority.

Through Cocoa For Good, our sustainable cocoa strategy, we work alongside communities, governments, non-governmental organizations (NGOs) and peers in the cocoa industry to create a more resilient supply chain and address the systemic challenges posing risks to the sector.

Enabled by a 12-year $500 million investment, we are working to create a supply chain where farmers, and their children and families, can prosper. In 2023, we laid the groundwork for a new approach to building long-term partnerships with farmers where they can professionalize and thrive. As of December 2023, we have invested 51% of our $500 million commitment.

In this chapter:

22 Cocoa For Good
23 Cocoa For Good in the World
24 Cocoa Partners
26 Improving Farmer Income and Livelihoods
28 Children's Well-being
32 Creating a More Resilient Supply Chain
34 Our Progress

Cocoa For Good

We strive to have our cocoa come from communities where farmers and their families have a bright future.

We are focused on supporting the people who make our products possible. A significant part of today's cocoa supply chain is made up of millions of smallholder rural farmers with low yields and low incomes, especially in West Africa.

Limited economic opportunities in rural areas can lead to a host of challenges:

- Poverty and difficult living conditions for cocoa farming families
- Lack of incentives to improve existing farms, which may prompt expansion of farm land into new areas, potentially leading to deforestation
- Children doing inappropriate work, especially on family farms, instead of going to school

Addressing the root causes of poverty requires an enabling environment supported by collaboration between all actors in the public and private sectors. To inform our cocoa sourcing and sustainability strategies, Hershey leverages leading experts and research in:

- Poverty alleviation
- Agriculture
- Rural development
- Human rights and children's well-being
- Applied behavioral science and other innovations

We engage with origin governments and NGOs regarding how leading practices from across different agricultural sectors can be applied in cocoa. This guides our on-the-ground efforts to make a meaningful impact within our supply chain.

Impact Areas

Improving Farmer Income and Livelihoods
As part of the Hershey Income Accelerator Program (HIAP) launched in Côte d'Ivoire in April 2023, we are increasing incomes through cash transfers to farmers, in addition to the premiums we pay for independently verified cocoa. Our efforts to increase farmer household income also seek to economically empower women to improve their livelihoods. We are working with CARE International (CARE) and the government to strengthen existing Village Savings & Loan Associations (VSLAs) and establish new ones.

→Learn more on pages 26-27.

Children's Well-being
We work with governments, our supply chain partners, expert civil society organizations and farming community members to help prevent and eliminate child labor and encourage children to remain in school. We invest in communities to make it easier for children to access and continue their education. That includes improving education infrastructure, improving school nutrition, delivering school supplies and helping children obtain birth certificates.

→Learn more on pages 28-31.

Creating a More Resilient Supply Chain
We are building long-term partnerships with smallholder farmers and their families, working closely with our partners to professionalize cocoa farming. We advance environmentally responsible agricultural practices, combat deforestation and promote economically viable agroforestry and shade-grown cocoa. We use polygon mapping to understand how and where cocoa is grown, and satellites to monitor deforestation risk.

→Learn more on pages 32-33.

Cocoa For Good in the World

Cocoa For Good investments originally prioritized Côte d'Ivoire and Ghana, where 60% of all cocoa is grown. Over the years, we have expanded to Brazil, Cameroon, Ecuador, Indonesia, Mexico and Nigeria.

→Visit our website for more information on where we source cocoa.

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

Cocoa Partners

Hershey has an important role to play in a sustainable supply chain and the livelihoods of cocoa farming families.

It takes an environment of supportive practices and broad cooperation. No single company can do this alone, so we remain committed to collaborating to tackle the complex issues facing the industry. We partner with origin governments and many organizations, some of which are highlighted here. We acknowledge it is fundamental to have input from and act in collaboration with a full range of stakeholders, especially farmers, their families and communities.

→Learn more on our Cocoa Sourcing website.

Our Partners

- 60 Decibels
- Aceres
- Aflatoun
- Airbus
- Association of Chocolate, Biscuit and Confectionery Industries of Europe (CAOBISCO)
- CARE International
- Children of Africa Foundation
- Conseil du Café-Cacao (Côte d'Ivoire)
- Côte d'Ivoire's CNS (National Oversight Committee of Actions Against Child Trafficking, Exploitation and Child Labor)
- Earthworm Foundation
- EU Cocoa Coalition
- Farmerline
- Foundation for the Parks and Reserves of Côte d'Ivoire
- German Agency for International Cooperation (GIZ)
- Ghana Cocoa Board
- Government of Côte d'Ivoire Ministry of Water Resources and Forests (MINEF)
- Government of Côte d'Ivoire Rural Land Agency (AFOR)
- Government of Ghana Ministry of Gender, Children and Social Protection
- Government of Ghana Ministry of Lands and Natural Resources
- Government of Ghana — Ghana School Feeding Program (GSFP)
- Government of Ghana — The Forestry Commission
- INADES Formation
- International Cocoa Initiative (ICI)
- Ipsos
- Ivorian Office of Parks and Reserves
- Jacobs Foundation
- Meridia
- National Council for Nutrition, Feeding and Early Childhood (Côte d'Ivoire)
- Nature Conservation Research Centre (NCRC)
- ProducerPlus Foundation
- PUR
- Rainforest Alliance
- Save the Children
- Sourcemap
- Sustainable Food Lab
- UBS Foundation
- Verité
- World Cocoa Foundation (WCF)

Our 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
- KSW
- LIFE BV
- Olam International
- Plot
- United Cocoa Processor, Inc.

Cocoa Partners
continued

Sector-wide Partnerships

Hershey is a founding member of the World Cocoa Foundation (WCF). We participate in numerous sub-committees and advisory panels, and key WCF-coordinated initiatives, alongside industry peers. Together, we pursue WCF's vision of a thriving and equitable cocoa sector — with prospering farmers, empowered communities and a healthy planet.

We also participate in groups such as the National Confectioners Association, the Association of Chocolate, Biscuit and Confectionery Industries of Europe (CAOBISCO), the EU Cocoa Coalition and the Child Labor Cocoa Coordinating Group. This enables us to engage, as an industry, and work alongside other stakeholders with governments and policymakers in West Africa, the U.S., the European Union and elsewhere on a wide range of sustainability challenges in cocoa.

Hershey works with the International Cocoa Initiative (ICI), as a member of its Forced Labor Sub-Group and founding member of its Expert Working Group on Protecting Children from Pesticides.

ICI has driven the industry's approach to child and forced labor for over 20 years, particularly as a thought-leader on child labor, publishing numerous studies. ICI also partnered with us, along with Côte d'Ivoire's CNS (National Oversight Committee of Actions Against Child Trafficking, Exploitation and Child Labor), to build a dozen Hershey-funded public primary schools in Côte d'Ivoire by the end of 2025.

We are active partners with the Child Learning and Education Facility (CLEF), a public-private coalition to improve access to quality education for children in the cocoa-producing areas of Côte d'Ivoire. CLEF supports industry human rights due diligence, as described in the United Nations Guiding Principles on Business and Human Rights, other international standards and legislation in a growing number of countries.

We support the work of the Côte d'Ivoire-Ghana Cocoa Initiative (CIGHCI) to develop recommendations aimed at improving cocoa farmer income and the long-term sustainability of the cocoa sector in both countries.

Engaging with our Partners

Ongoing dialogue with our partners and our executive leadership is essential to achieving a more resilient, sustainable cocoa supply chain.

In 2023, senior Hershey executives visited Côte d'Ivoire to meet cocoa sector leaders, policymakers, cocoa farmers, supply chain partners and community leaders.

The visit launched several cornerstone pieces of our work:

- The announcement of our $40 million Income Accelerator in partnership with the Conseil du Café-Cacao, CARE and Rainforest Alliance (see page 26 for more details)
- Signing a landmark agreement with Côte d'Ivoire's CNS and the ICI to invest $1.4 million to build 12 new schools in cocoa-growing communities
- Initiating our $1 million investment, with the Foundation for the Parks and Reserves of Côte d'Ivoire, for preservation and reforestation at the Mabi-Yaya Nature Reserve

Through the visit, executives witnessed the resiliency of cocoa farming communities first-hand and saw how Cocoa For Good investments are offering much-needed resources and support. While achieving lasting impact takes time and strong partnerships, determined communities and individuals can create positive impact even in the most challenging environments.

> **"The farmer is central to Hershey's entire cocoa strategy. Without the farmer, the family and the community operating in a way that's profitable and allows them to have a prosperous future, we won't have cocoa. So it is core to our strategy, how we think about the work, and shapes who we partner with."**
>
> Tricia Brannigan, VP Procurement, The Hershey Company

Improving Farmer Income and Livelihoods

Material ESG issue:
- Farmer livelihoods

Salient Human Rights issue:
- Living wage and income

Our cocoa strategy centers on farmers and their families.

Our investments in a more resilient cocoa sector and thriving cocoa communities are a core business imperative. Given the complex challenges facing cocoa smallholder farmers, we take a collaborative approach through our Cocoa For Good strategy.

Hershey continues to:

- Make premium payments to farmers for their cocoa as part of our contracts to purchase cocoa from suppliers
- Through our suppliers, Hershey also pays the Living Income Differential (LID) for all cocoa volumes purchased from Côte d'Ivoire and Ghana, which is the equivalent of $400 per metric ton of beans (as of March 2024)

Hershey Income Accelerator Program

In April 2023, we launched the Hershey Income Accelerator Program (HIAP) in Côte d'Ivoire. This multi-faceted program:

- Provides farming households with supplemental income
- Incentivizes adoption of sustainable farm management practices
- Invests in cocoa community-based resources

Through HIAP, aim to support at least 20,000 households. We are investing $40 million over five years for HIAP, in addition to the $500 million already committed to Cocoa For Good.

Designed and implemented with the Conseil du Café-Cacao, the Rainforest Alliance and CARE, HIAP offers a proven approach to addressing poverty while supporting sustainable farming practices. It focuses on two proven interventions — conditional cash transfers (CCTs) and VSLAs — and is aligned with objectives in the government of Côte d'Ivoire's National Strategy for Sustainable Cocoa.

Working With Committed Farmer Cooperatives
In partnership with a local organization, we conducted a rapid assessment of farmer group receptiveness to HIAP. Five farmer groups were invited to apply, and following a session explaining the benefits and responsibilities of the program, three confirmed their interest in HIAP.

Within each farmer group, farmers invited to participate in HIAP already:

- Had polygon-mapped farms
- Were registered with their farmer group
- Were part of a Child Labor Monitoring and Remediation System (CLMRS)

Cash Transfers
CCTs are a proven poverty reduction strategy that provide additional income.

Rainforest Alliance is our partner in delivering an adoption observation (AO) model. The AO model enables coaching of farmers in sustainable agricultural practices. It then pays CCTs based on direct observation that a farmer has adopted the practices. CCTs are paid on top of the price set by local governments and any premiums for independently verified cocoa.

The AO model goes beyond technical training, with sustained support from agronomist-coaches who work side-by-side with farming households to design and implement ambitious, achievable improvements. To support this change, HIAP training of agronomist-coaches focused on building trust with farmers (see Coaching Cocoa Communities to Improve Household Incomes on this page).

HIAP field work commenced in August 2023, and in November, we began working directly with farmers. By December 2023, over 900 farmers had worked with coaches on the initial farm diagnostic.

By March 2024, HIAP had reached 1,850 farmers for initial diagnostics and paid a first wave of CCTs to 1,426 farming households.

Coaching Cocoa Communities to Improve Household Incomes

HIAP supports implementation of an innovative coaching model aimed at improving farmers' social and agronomic skills. Trained coaches create trusted relationships with farmers in a personalized, one-to-one format.

Coaches are also trained in the AO model, so they can effectively identify agronomic issues on farms. HIAP Coach Amon Chiapo Yves said of his training:

"I am now able to enter a cocoa farm and then highlight the various problems and opportunities of the farm through adoption observations."

Once farmers meet their coaches and identify areas for improvement, they work together to create an improvement plan aiming to increase farm productivity and the household income. Coaches then support farmers to better manage the income of both their farm and their entire household.

The connection and collaboration between coach and farmer is fundamental to achieving HIAP's objectives. HIAP Coach Konan Kouassi Constant noted that because of their close relationships, "farmers often call me to send me words of thanks and let me know they would like to see me again in their communities. I feel loved by the farmers."

"The Income Accelerator, like the overall Cocoa For Good strategy, is a long-term commitment by Hershey to support farmers and their families. No company alone can solve the problem of poverty that occurs too frequently in rural areas. Measurable improvements will require time, a sustained investment and collaboration with a wide range of government, private sector, civil society and community-based partners."

Jason Reiman, Senior Vice President and Chief Supply Chain Officer, The Hershey Company

CASE STUDY

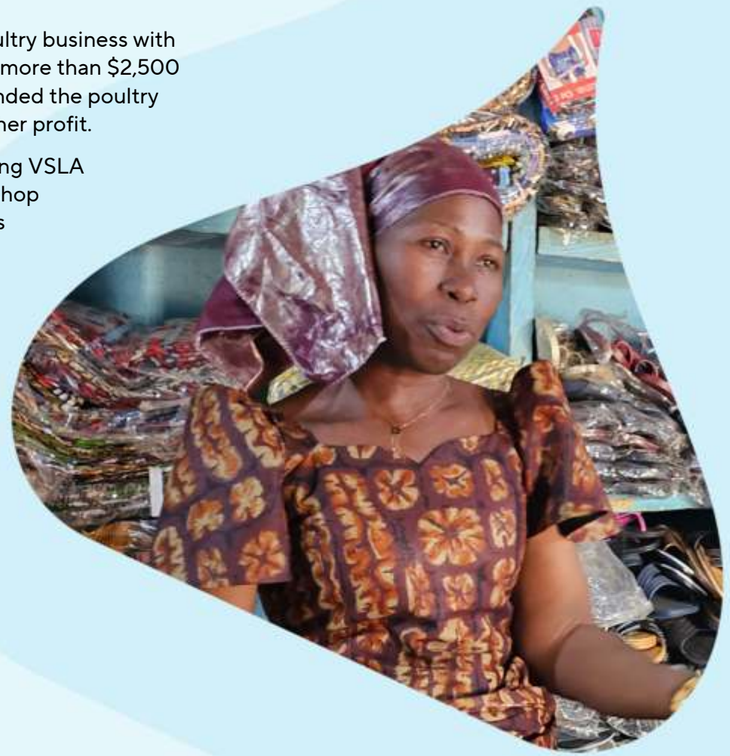
VSLAs Help Local Businesses Grow

Madame Coulibaly has lived with her farming husband and 12-year-old son in Lôh-Djiboua, Côte d'Ivoire, since 2012. She opened a shop selling shoes, textiles, fabrics, bed sheets, mattresses, bags and more.

Looking for ways to grow her business, she joined a Cocoa For Good-supported VSLA in 2020. As a VSLA member, she accessed a series of loans of up to $1,000 each, which she used to strengthen her business and find new revenue opportunities.

In December 2022, she added a poultry business with a capacity of 1,250 chicks. This nets more than $2,500 per year in profit. In 2023, she expanded the poultry business to a second site, doubling her profit.

Being able to grow her business, using VSLA finance, has not only stabilized her shop and diversified her offerings, but has also enabled her to bring on an employee to help run it. She is currently working toward becoming a wholesale distributor of goods to supply other merchants in her region.



Village Savings & Loan Associations
VSLAs are championed by international humanitarian organizations as a way to raise incomes in rural areas where formal banking services are typically not available.

These community-based groups build social cohesion and increase economic stability through member-based savings and loans. Through VSLAs, CARE is supporting women and their families to increase:

- Household savings and access to finance
- Entrepreneurial, leadership and financial literacy skills

In 2023, CARE assessed 298 VSLAs in Hershey's supply chain, engaging 690 community leaders. They identified 200 VSLAs as functioning effectively and suited to further capability building. These VSLAs are managing savings and loans effectively, but can benefit from support linking them to the formal financial sector.

Income Accelerator Learning Advisory Committee
Hershey created the Hershey Income Accelerator Learning Advisory Committee to review learnings from HIAP implementation and best practices to improve farmer income and economic resiliency. The committee is chaired by the Conseil du Café-Cacao and will include representatives from Côte d'Ivoire's Ministry of Social Cohesion, Solidarity and the Fight Against Poverty, our implementing partners and farmer groups.

→Learn more about Hershey's baseline study on Improving Income Resiliency and Livelihoods on page 30 of our 2022 ESG Report.

Additional Premiums and Support

We invest in our visibly sourced cocoa supply chain including paying cash premiums to farmers and farmer groups. This investment is incremental to the farmgate price. In 2023, premium payments in Côte d'Ivoire and Ghana equaled more than $15 million.

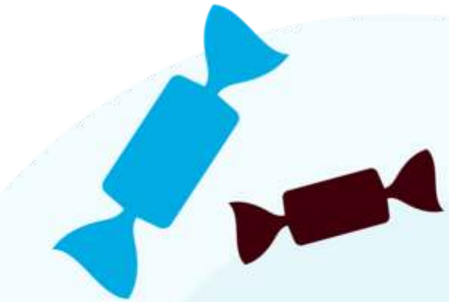
What's Next in Farmer Income and Livelihoods

- Work with CARE and the government of Côte d'Ivoire to strengthen the 200 identified VSLAs and support the establishment of new ones
- Expand HIAP to additional farming households, introducing further incentives for school attendance
- Use HIAP learnings to contribute new, evidence-backed models for cocoa both in Côte d'Ivoire and other origins

Children's Well-being

Material ESG issue:
- Child labor

Salient Human Rights issues:
- Child labor
- Forced labor



Hershey works with many stakeholders to seek the better outcomes children deserve.

Too many cocoa farmers and their families continue to live in poverty, without the access to education, healthcare and financial services that they need to thrive. Limited economic opportunities in rural areas can lead to many challenges, including inappropriate child labor.

We are committed to eliminating inappropriate child labor in our supply chain, working with governments, suppliers and farming communities to prevent and remediate these issues. This requires tackling root causes by improving farming families' livelihoods, supporting health and well-being in cocoa-growing communities and increasing access to quality education.

We continue to engage with leading children's rights experts to enhance our work and apply what we have learned from years of investing in programs in cocoa-farming communities, to achieve greater impact.

We collaborate with communities, governments, NGOs and experts for better outcomes for children through:

- Improving livelihoods of farming families
- Enhancing the quality of education
- Providing community resources such as water, health and child protection services

Progress Toward Eliminating Child Labor

In addition to tackling root causes, we address instances of child labor in cocoa farming communities through CLMRS, the leading method of child labor detection and remediation for children aged 5-17 years.

CLMRS are implemented in local communities in Côte d'Ivoire and Ghana. Suppliers are responsible for collecting and reporting on CLMRS data. Hershey has used industry-aligned best practices, implemented by supply chain and community partners, since 2018.

Hershey sets forth Cocoa Key Requirements for suppliers, which means that CLMRS implemented by Hershey's suppliers include at least the following core activities:

Awareness Raising and Training
Raising awareness at community and household level, targeting both adults and children, remains important because children are less likely to perform inappropriate farm tasks when farmers and their families understand exactly what constitutes child labor.

Monitoring and Identification
Trained individuals conduct active and regular monitoring, through repeated visits to households in the supply chain.

Provision of Support
Children identified in child labor, and others at risk, receive support. This includes activities to remediate current child labor cases and prevent future ones, cooperating with relevant public institutions that have a mandate to provide such support when possible.

What is Child Labor?

We use the International Labour Organization (ILO) definition:

Child labor is work that:

- Is mentally, physically, socially or morally dangerous and harmful to children and/or
- Interferes with their schooling

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

The worst forms, putting children at the greatest risk, 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 land with sharp tools.

Child labor is distinct from forced labor, which the ILO defines 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 the International Cocoa Initiative's (ICI) Forced Labor Sub-Group, we work with peers and technical experts to advance knowledge, skills and action to prevent, monitor, identify and address forced labor in cocoa supply chains.

Children's Well-being
continued

Follow-up
CLMRS requires a case management system that allows for active follow-up on an individual basis with children identified in child labor. Follow-up involves at least two visits at intervals of several months after identification, to allow time for support to take effect and ensure that any improvement is not short-lived.

Cases of child labor are considered remediated when children have reported not engaging in child labor at the two most recent follow-up visits.

By "remediated" we mean that, through our implementing partners, a child:

- Has received mitigation efforts appropriate to their situation, such as being enrolled in school
- As a result, no longer participates in activities defined as inappropriate child labor
- Is no longer at risk of being enlisted to undertake potentially hazardous activities

Successful remediation strategies vary and must respond to the needs of individual children and their families. They may also depend on whether government social welfare agencies are present to receive referrals for additional follow-up.

Based on case-by-case differences, remediation can be done at the child, household or community level. Therefore, remediation responsiveness can range from almost instant (e.g., household awareness training conducted when data is collected and/or cases found) to six to 18 months (e.g., renovating classrooms or school canteens to get kids back to school).

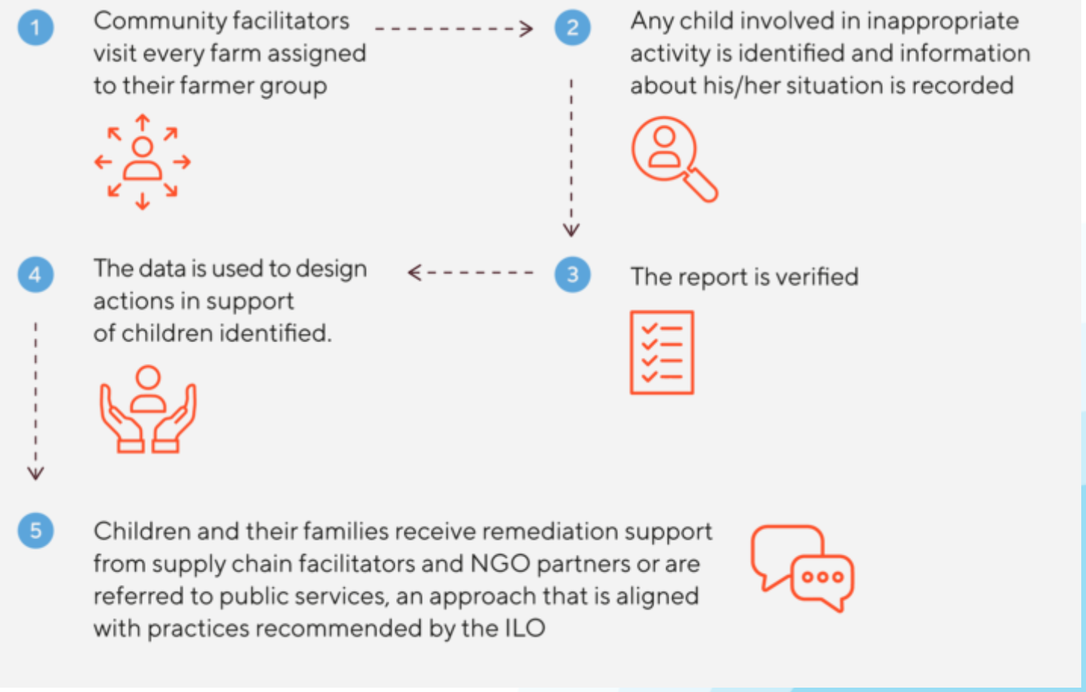
We also support the establishment of community-level child protection committees. Composed of trusted community members, these groups are well-positioned to:

- Raise awareness
- Identify cases of child labor
- Implement the most appropriate remediation

In 2022, Hershey initiated discussions with the ICI that led to the establishment in 2023 of a multi-stakeholder expert working group on protecting children from pesticides. The group, funded exclusively by Hershey, is expected to issue its findings and recommendations in mid-2024.

We have a goal to reach 100% of farmers in our supply chain in Côte d'Ivoire and Ghana with CLMRS by 2025. At the end of 2023, 79% of farmers producing Hershey's visibly sourced cocoa volume in those countries were covered by CLMRS to prevent, monitor and remediate child labor. At the two most recent follow-up visits, 2,284 children were identified as no longer doing inappropriate work or had aged out of the CLMRS.

How CLMRS Helps Keep Kids Safe



Children's Well-being
continued

Educational Infrastructure and Supplies

Hershey invests in farming communities to make it easier for children to access and continue their education. Many rural cocoa-growing communities lack access to educational infrastructure and may not have adequate resources — a root cause of child labor. Our strategy aims to eliminate those barriers. That includes:

- Sponsoring construction and renovation of schools and classrooms to improve infrastructure
- Providing school supplies in line with origin governments' national action plans
- Helping children obtain birth certificates that are necessary to access education

In April 2023, Hershey signed an agreement with Côte d'Ivoire's CNS and the ICI to fund construction of 12 primary schools in cocoa-producing communities that currently lack school infrastructure. This will add 72 classrooms. The first school opened in Drissapé, Côte d'Ivoire, in December 2023.

In addition, we are partnering with the Jacobs Foundation, Côte d'Ivoire Ministry of Education and Literacy and 14 other companies to build 2,500 new classrooms through CLEF. This will improve literacy and numeracy for five million primary school children.

In 2023, CLEF made progress on these fronts:

- Contributed to developing modules and materials for over 400 national and regional trainers to be trained in evidence-based teaching practices. These trainers are planned to start training teachers in 2024.
- Put agreements in place to start 145 bridge classes in 2024 for over 3,500 children found out of school.

CASE STUDY

New School for Drissapé

A new public primary school stands at the entrance to the village of Drissapé, a hard-to-reach cocoa-growing community of 1,412 people located 68km from Man, Côte d'Ivoire. The school has six classrooms, a principal's office, a canteen, a teacher's quarters, a well and three latrine blocks.

This is the first of 12 schools to be constructed by Hershey funding by the end of 2025. The formal inauguration on December 18, 2023, was attended by the sub-prefect of Gbonné, as well as representatives of the Ministry of National Education and Literacy, other Ivorian government institutions, the Conseil du Café-Cacao, the ICI and Hershey.

Children's Well-being
continued

School-Based Nutrition

Nutrition is vital to children's well-being and influences education in cocoa-growing communities. Not only does satiety improve a child's ability to concentrate and learn, it can also be the deciding factor between whether or not a child attends school.

Collaborating with supply chain partners, school principals and national and local government in Côte d'Ivoire and Ghana, in 2023 we provided the *ViVi* vitamin-fortified snack daily to over 53,291 children in 174 schools in cocoa-growing communities.

Access to Healthcare

In early 2023, Hershey funded the first renovation of the Gnama-Diés Health Center, Divo, Côte d'Ivoire, since it was built in 2004. The work was completed with SCOOPAKAM, a local farming group. The health center is part of a nationwide network. It provides primary care for approximately 350 patients each month, including maternal and prenatal care.

Preparing a New Generation of Leaders

To break the intergenerational cycle of poverty, a new generation of farmers in cocoa communities (defined as 15 to 35-year-olds) need the life, technical and vocational skills, and the practical knowledge and tools, to become self-sufficient community leaders of the future.

We support young farmer economic empowerment through access to vocational training, land tenure documents and income-earning opportunities like 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 helps prevent cocoa tree mold and diseases. It also reduces the need for agrochemicals and pesticides.

As well as being an invaluable service to farmers, community pruning teams provide young farmers with valuable skills, experience and knowledge about cocoa farming. The extra income also helps them support their families.

What's Next in Children's Well-being

- Maintain focus on building long-term partnerships with farmers and their families
- Work more closely with farmers and their families to tackle the root causes of child labor
- Continue to invest and partner with governments, NGOs and industry peers to help create brighter futures for youth and communities in cocoa-growing regions
- Incorporate recent lessons from school food programs, working with the governments of Côte d'Ivoire and Ghana to develop a new approach that responds to government-identified needs and reflects latest thinking on achieving lasting impact in childhood nutrition

CNS, ICI and Hershey build modern school infrastructure in Drissapé, Côte d'Ivoire

Key metrics from 2023:

396
birth certificates obtained to enable access to school

4,924
school kits provided

27
classrooms built or renovated

Creating a More Resilient Supply Chain

We are working closely with our supply chain partners, including smallholder farmers and their families, to protect the environment and restore ecosystems for long-term sustainability and a resilient cocoa supply.

Our ability to deliver results is also dependent on the enabling environment, the presence of systems that incentivize doing the right thing for the planet and effective collaboration among partners.

Hershey is committed to a deforestation and conversion-free supply chain. We actively protect biodiversity and natural ecosystems, and work to reduce the climate-related impacts of cocoa farming.

Preserving Natural Ecosystems

Deforestation, forest degradation and natural ecosystem conversion remain major global challenges. They have broad, far-reaching implications for future generations. They compound the climate change challenge by:

- Altering localized rainfall patterns
- Removing trees and reducing biodiversity
- Eroding soils that capture carbon

Deforestation is a manifestation of a complex set of root causes including:

- Lack of incentives to improve existing farms, which may prompt expansion into new farming land
- Absence of land titles and lack of clarity on land tenure arrangements
- Resource-challenged law enforcement agencies

Protecting existing forests is imperative to preserve the local environment, mitigate the effects of climate change and ensure the cocoa supply chain is resilient for the long term.

Hershey concentrates on making a positive impact on this complex system. We advance sustainable agricultural practices, promoting climate-smart techniques and economically viable agroforestry and shade-grown cocoa.

Hershey has pledged to achieve a deforestation and conversion-free supply chain, including cocoa, by the end of 2025. Working toward this target we:

- Partner with suppliers to polygon map 100% of farms that produce Hershey's cocoa volume in Côte d'Ivoire and Ghana. As of December 2023, we are 70% of the way to our goal.
- Embarked on a new partnership with the Earthworm Foundation and Airbus in 2023 to achieve no-deforestation verification across several ingredients we source, including cocoa.

Committed to Protecting Biodiversity

We support multi-year forest protection activities for the Mabi-Yaya Nature Reserve in Côte d'Ivoire and the Kakum National Park in Ghana. Both are intact forest areas, home to endangered plant and animal species.

Mabi-Yaya Nature Reserve
In 2023, we partnered with the Foundation for Parks and Reserves of Côte d'Ivoire on conservation efforts in the Mabi-Yaya Nature Reserve, where the presence of the critically endangered West African chimpanzee has recently been confirmed. We are funding:

- Mapping of the reserve's flora and fauna
- Equipment and training for the reserve's rangers as they conduct anti-poaching and anti-encroachment activities
- Restoring forest on 687 hectares of degraded land within the reserve's boundaries
- The establishment of environment clubs in schools near the reserve

Kakum National Park
We continued projects to protect biodiversity and promote the financial well-being of people who live and farm near the National Park. Kakum is one of the most biologically rich forests in Ghana and part of the West Africa Guinea Forest Biodiversity Hotspot Area, which is among the most biodiverse areas in the world.

Building on previous efforts to monitor bird diversity within and around the park, in 2023 community-based teams conducted surveys. They identified 188 species of birds across the dry and wet seasons. That included six species of hornbills — the same number observed in 2021. Hornbills are a keystone species and a good indicator of overall biodiversity due to their dependence on an intact forest habitat.

We also support the Kakum Cocoa Agroforestry Landscape Program (KCALP). KCALP is part of Ghana's Cocoa and Forest REDD+ Program (GCFRP), which is funded by the World Bank. The GCFRP is jointly coordinated by the Forestry Commission of Ghana and Ghana Cocoa Board. The GCFRP aims to reduce carbon emissions from cocoa expansion and forest conversion by promoting climate-smart techniques.

With our support, KCALP promotes:

- Climate-smart cocoa production
- Increased collaboration among stakeholders and landscape-level governance and land-use planning
- Monitoring forests and increased patrolling, with rapid response units
- Monitoring social and environmental safeguards

We also promote sharing benefits with farmers. In 2023, KCALP invested $344,000 in buying tools and inputs, such as fertilizer, distributing them to farmers in the Kakum area.

Making the Cocoa-Climate Connection

Achieving a deforestation and conversion-free supply chain is critical to achieving our goal for a 25% absolute reduction in Scope 3 GHG emissions by 2030 against a 2018 baseline.

→Learn more about how we are Reducing Emissions in Our Value Chain on pages 64-65.

Creating a More Resilient Supply Chain
continued

From Struggling to Thriving: Generating a Living Income Through Sustainable Cocoa Production

Aprianto is a cocoa farmer from Sumatra, Indonesia, and cocoa farming is his family's legacy. A few years ago, Aprianto's farm wasn't doing very well. Trees were old, yields were low.

In 2022, Aprianto joined the Landscape Approach to Sustainable and Climate Change Resilient Cocoa and Coffee Agroforestry (LASCARCOCO) program to learn about better farming techniques, such as proper pruning and fertilization. Through the program, he received pest control training to protect his cocoa trees and knowledge on agroforestry and cocoa farming.

As Aprianto implemented these new methods, he saw a significant improvement during harvest. The quality of his cocoa beans improved considerably, and he was able to sell his cocoa at a better price. Encouraged by this success, Aprianto continued to invest, replanting some old trees with younger, more productive ones. He is beginning to diversify, growing other fruits and vegetables alongside cocoa, for a more resilient and sustainable farm.

In his community, he shares his knowledge about cocoa and agroforestry with other farmers in his village, as he wants to restore cocoa's legacy in Sumatra. Aprianto's success shows how training and support can impact cocoa farmers positively.

"Reflecting on 2023, our focus was centered on the farmer perspective, their interests as well as the well-being of their children and their communities.

More broadly, we have sharpened our understanding of what we can do and where and how we need to partner. This is helping us better communicate our rationale, commitments and progress.

Behind the scenes, we are strengthening our metrics, increasing alignment with sector-wide initiatives and deepening our data analysis and assurance. This enables greater learning and impact and making progress towards a more resilient cocoa sector."

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

Our Progress

Cocoa[1,2]	Target Year	Progress (as of Dec. 31, 2023)	Goal Status	Notes
100% independently verified cocoa	2020	**100%**	Achieved	–
100% sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	2025	**89%**	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	**70%**	On Track	3
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	**79%**	On Track	4

1 Data reflects results as provided by Hershey suppliers and implementing partners. Hershey strives to align our KPIs to industry best practices and methodologies, including those recommended by the International Cocoa Initiative (ICI), which are constantly improving and evolving.
2 Sourcing visibility means cocoa from known farmers is segregated and traceable to the first buyer (i.e., to the port or the factory in origin). From here cocoa may be mixed, and independently verified cocoa flows into our supply chain under a mass balance traceability model. When we talk about farmers producing Hershey's cocoa volumes, these are the known farmers where we have sourcing visibility.
3 Beginning in 2023, we are reporting progress based on an analysis of supplier-provided polygon maps. This analysis follows World Cocoa Foundation definitions and checks that all farm plots managed by a farmer are linked to received polygon maps before we consider a farmer to be mapped.
4 This refers to households covered by CLMRS.

Preventing Child Labor[1]	Unit	2023	2022	2021	Notes
Households covered by CLMRS	# of households	**72,737**	40,377	Data not available	2
Children monitored	# of children	**114,259**	66,164	Not comparable	3
Children identified via CLMRS in Côte d'Ivoire and Ghana doing inappropriate work and in process of remediation	# of children	**7,562**	5,389	Not comparable	3
Children identified as no longer doing inappropriate work at most recent follow-up visit	# of children	**5,225**	2,676	Not comparable	3
Children identified as no longer doing inappropriate work at two most recent follow-up visits	# of children	**2,284**	1,591	Data not available	4
Capacity Building — Monitoring and Remediation Agents and Community Liaisons (paid and volunteers)	#	**2,283**	1,686	841	—
Children receiving ViVi on a daily basis (Côte d'Ivoire and Ghana)	Total # of children	**53,291**	52,866	45,000	5
Children enrolled in primary schools that benefited from quality education interventions	# of children	**4,509**	34,851	12,627	6
School kits provided	# of school kits	**4,924**	9,203	1,883	—
Birth certificates obtained to enable access to school	# of birth certificates	**396**	632	1,466	—
Classrooms built or renovated	# of classrooms	**27**	17	25	7

1 Data reflects results as provided by Hershey suppliers and implementing partners. Hershey strives to align our KPIs to industry best practices and methodologies, including those recommended by the International Cocoa Initiative (ICI), which are constantly improving and evolving.
2 Results for the number of households covered by CLMRS are cumulative and begin with the establishment of CLMRS in each community. After the first three years of implementation, these cumulative figures may be reported on a rolling basis. As such, the 2022 value for this metric has been restated in alignment with the definitions recommended by ICI.
3 Results are cumulative and begin with the establishment of CLMRS in each community. After the first three years of implementation, these cumulative figures may be reported on a rolling basis. The 2022 result for this metric has been restated to align with the 2023 data, which leverages the ICI recommendation that each supplier report this information as a cumulative figure.
4 Results are cumulative and begin with the establishment of CLMRS in each community. After the first three years of implementation, these cumulative figures may be reported on a rolling basis.
5 These figures represent the distribution of ViVi (a vitamin-fortified, peanut-based, ready-to-use therapeutic food) up until June 30, 2023.
6 2023 was a year of change in how Hershey delivers interventions to support quality education. We are now directly investing in quality school infrastructure in addition to our work through supply chain partners.
7 This includes classrooms built or renovated under the agreement between Hershey, Côte d'Ivoire's CNS and the ICI.

Lifting Up Rural Livelihoods[1]	Unit	2023	2022	2021	Notes
Cocoa For Good Commitment	USD (in millions)	**$254**	$200	Not Disclosed	2
Farmer groups supported through Cocoa For Good	# of farmer groups	**149**	129	102	–
Farmers supported through Cocoa For Good	Total # of farmers (% Female)	**119,847 (12% female)**	105,664 (10% female)	94,309 (11% female)	–
Farm development plans	% (Total # of plans)	**32% (38,781 plans)**	41% (39,961 plans)	33% (31,281 plans)	–
Farmers receiving individual coaching	Total # of farmers coached (%)	**30% (36,174 farmers coached)**	38% (39,768 farmers coached)	44% (41,385 farmers coached)	3
Community members trained on nutrition and health	Total # of members trained	**3,074**	11,033	17,200	4
Community members trained in alternative income-generating activity	# of community members	**2,724**	4,036	2,658	–

1 Data reflects results as provided by Hershey suppliers and implementing partners. Hershey strives to align our KPIs to industry best practices and methodologies, including those recommended by the International Cocoa Initiative (ICI), which are constantly improving and evolving.
2 $254 million is the cumulative amount invested since 2018 as part of our Cocoa For Good commitment. This does not include our additional commitment and spending for the Hershey Income Accelerator Program.
3 The 2022 value for this metric has been restated.
4 The decrease in trainings is related to a decision to develop an updated approach in childhood nutrition that responds to government-identified needs and reflects latest thinking on achieving lasting impact.

Supporting Women in Achieving Economic Independence[1]	Unit	2023	2022	2021	Notes
VSLAs supported	# of VSLAs	**384**	362	199	–
VSLA members - Total #	Total # of members (% Female)	**11,964 (77% female)**	10,073 (77% female)	5,879 (79% female)	–
Total savings and interest accrued annually	USD	**$1,354,120**	$1,693,285	$1,112,456	–

1 Data reflects results as provided by Hershey suppliers and implementing partners. Hershey strives to align our KPIs to industry best practices and methodologies, including those recommended by the International Cocoa Initiative (ICI), which are constantly improving and evolving.

Fighting Deforestation[1]	Unit	2023	2022	2021	Notes
Non-cocoa trees distributed	Total # of trees	**877,157**	1,073,933	554,326	2
Cocoa seedlings distributed across global cocoa origins	Total # of seedlings	**216,505**	73,450	1,020,850	–
Land titles acquired with Hershey's assistance	#	**122**	1,188	1,244	3
Farmers with all their farm boundaries mapped via GPS polygon mapping	Total # of farmers in Côte d'Ivoire and Ghana with all farms mapped	**64,823**	49,674	Not comparable	4
Farm area mapped in Côte d'Ivoire and Ghana	Total # hectares	**204,321**	176,838	Not comparable	4
Cocoa For Good farmers in Côte d'Ivoire and Ghana trained on climate-smart cocoa	%	**38%**	40%	41%	–

1 Data reflects results as provided by Hershey suppliers and implementing partners. Hershey strives to align our KPIs to industry best practices and methodologies, including those recommended by the International Cocoa Initiative (ICI), which are constantly improving and evolving.
2 Non-cocoa trees include trees that provide environmental (cocoa companions), nutrition (e.g., fruit) or economic (e.g., timber) benefits.
3 The decrease in land titles acquired relates to challenges encountered in the program delivery.
4 We are reporting 2023 results and restating 2022 results based on an analysis of supplier-provided polygon maps. This analysis follows World Cocoa Foundation definitions and checks that all farm plots managed by a farmer are linked to received polygon maps before we consider a farmer to be mapped. This analysis also means that when reporting hectarage, Hershey's results now report the true total area, excluding any overlapping areas that are included in more than one map. (This overlap is expected to occur when, for example, plots are side-by-side.)

HERSHEY

Responsible Sourcing and Human Rights

Hershey puts goodness into action throughout our whole value chain — people, communities and the land they live on. We work every day to ensure human rights are respected and ingredients are responsibly and sustainably sourced.

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.

In this chapter:

38 Human Rights Across Our Value Chain
39 Concentrating on Our Most Salient Human Rights
40 Action on Human Rights
43 Responsible Recruitment and Employment
44 Living Wage and Income
45 Responsible Sourcing
46 Responsible Sourcing Supplier Program
48 Sourcing Our Priority Ingredients and Materials
53 Our Progress

Human Rights Across Our Value Chain

Material ESG issues:

- Deforestation
- Human rights (supply chain)

Salient Human Rights Issues:

- Climate impacts and deforestation
- Forced labor
- Land rights and acquisition

Protecting human rights is fundamental to our long-term success.

We believe our presence in the communities where we operate is vital. The diverse, exceptional individuals within Hershey and those engaged in our value chain are pivotal to the enduring success of our company.

Our commitment to equality and non-discrimination underscores our dedication to treating everyone with dignity and respect. We promote the human rights of all people throughout our value chain and recognize our salient human rights issues are intricately linked. We aim to address issues such as the:

- Disproportionate impact of climate change on vulnerable communities and the importance of a just transition
- Interconnectedness of income disparities with challenges like child labor and deforestation
- Unequal access to resources and opportunities that contribute to systemic barriers for marginalized groups

Efforts encompass due diligence and programming across our value chain, including our operations and supply chain.

Human Rights Strategy

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

Accountability for managing our human rights agenda is embedded in our ESG governance structure. The Director of Global Sustainability and ESG, Director of Responsible Sourcing and Head of Sustainable Sourcing Cocoa oversee day-to-day management. They are also responsible for the development and implementation of our due diligence programs and reporting frameworks. These initiatives aim to identify, safeguard against and address human rights risks and concerns. These risks encompass issues like forced and child labor, which span agricultural and manufacturing supply chains.

→**See page 41 for more on human rights due diligence.**

→**Our other actions to protect human rights, including our ambition to eliminate child labor, are in the Cocoa chapter of this report.**

Policies That Guide Us

Several policies, standards and expectations guide us on human rights issues. Our Human Rights Policy, which was updated in 2023, outlines our commitment to respect human rights throughout our value chain, including preventing and addressing modern slavery and forced labor. It was developed in accordance with the UNGPs.

We use the UNGPs, OECD Guidelines and other leading standards and frameworks to inform our approach. We review policies and programming, evolving them to ensure they remain relevant and effective in light of:

- Outcomes from our due diligence process
- Shifts in regulatory, non-governmental organization (NGO) and investor expectations
- Changes in our business

Beyond the Human Rights Policy, human rights standards are addressed in key documents including:

- Code of Conduct
- Ethics & Compliance: Hershey's Concern Line
- Human Rights Policy
- Supplier Code of Conduct
- Living Wage & Income Position Statement
- Responsible Recruitment & Employment Policy
- Deforestation and Conversion-free Policy
- Responsible Palm Oil Sourcing Policy
- Responsible Pulp & Paper Sourcing Policy
- Statement Against Slavery & Human Trafficking
- Sustainable Sugar Sourcing Policy

Concentrating on Our Most Salient Human Rights

We focus action on areas presenting the highest risk to people and greatest potential for improving their lives.

Adopting guidance in the UNGPs, we regularly conduct saliency assessments and reviews to update our human rights agenda. In 2022, we worked with the consultancy twentyfifty to update our human rights saliency assessment. The results reaffirmed key risks and where we remain focused including child labor, forced labor, living wage and income.

We also used the process to refine our understanding of how Hershey might cause, contribute or be linked to topics including gender and social inequality, climate impacts and other root causes of poverty.

→See page 117 for Salient Human Rights Issues Definitions.

→Learn more about Maintaining Focus on Our Most Salient Human Rights on page 44 of our 2022 ESG Report.

The 2022 saliency assessment included Hershey-owned operations and our upstream and downstream supply chains. It involved extensive research on the cultural, economic, geographic and social factors that influence the enjoyment of rights. It also engaged internal and external stakeholders, including investors, NGOs, suppliers and Hershey leaders. Where possible, we looked to external organizations, including advocacy organizations, to stand as proxies for important rightsholders.

In 2023, we expanded saliency work to create an impact framework to inform strategic programming that supports our human rights agenda. Partnering again with twentyfifty, we examined interlinkage between our salient issues, strategic gaps and existing best practice research. That examination identified areas that cut across all our salient issues, so we can maximize impact on all issues by focusing in those areas.

This new framework:

- Reaffirmed our focus on living wage and income
- Highlighted opportunities to prioritize just transition and gender issues, and embed them in our programming

We will work to adapt programming based on these cross-cutting themes.

Action on Human Rights

Our Expanding Work in Human Rights

Prior to 2018
- **Addressed** human rights through our work in cocoa, responsible sourcing, and in our Code of Conduct and Supplier Code of Conduct

2018
- **Launched** Cocoa For Good strategy to address systemic environmental, social and human rights challenges
- **Conducted** first human rights saliency assessment to identify risks to individuals and Hershey

2019
- **Published** first Human Rights Policy and updated Supplier Code of Conduct

2020
- **Launched** Responsible Sourcing Supplier and Responsible Recruitment Programs to strengthen HRDD

2021
- **Released** Living Wage & Income Position Statement, committing to pay full-time employees a living wage and strengthening work on cocoa farmer incomes

2022
- **Refreshed** human rights saliency assessment; Conducted gap analysis on our HRDD
- **Added** human rights element to mandatory Code of Conduct training for all professional employees
- **Deployed** additional worker engagement surveys in Hershey-owned and supplier facilities in Malaysia, Mexico and the U.S.

2021-2022
- **Conducted** baseline assessment of cocoa farmer incomes

2022
- **Initiated** work on cocoa Income Accelerator Program

2023
- **Created** human rights impact framework to inform strategy and programming to 2026
- **Updated** Human Rights Policy and Supplier Code of Conduct based on recent saliency assessment
- **Deployed** additional worker surveys and labor agency assessments in Hershey-owned facilities in Malaysia and India

Human Rights Impact Framework

Due to the interrelation of many of our salient issues, Hershey can achieve an over-arching positive impact across all salient human rights issues by addressing barriers through our three impact themes.

Impact

Advance on all human rights salient issues to ensure long-term business resilience and the well-being of people and communities across our value chain.

Long Term Ambition

- Barriers to earning a living wage or income are changed and addressed for workers and farmers across our value chain.
- Workers, farmers and communities across our value chain are resilient to climate and environmental impacts.
- Marginalized groups across our value chain, including women and the global majority achieve economic equality and empowerment.

Impact Themes

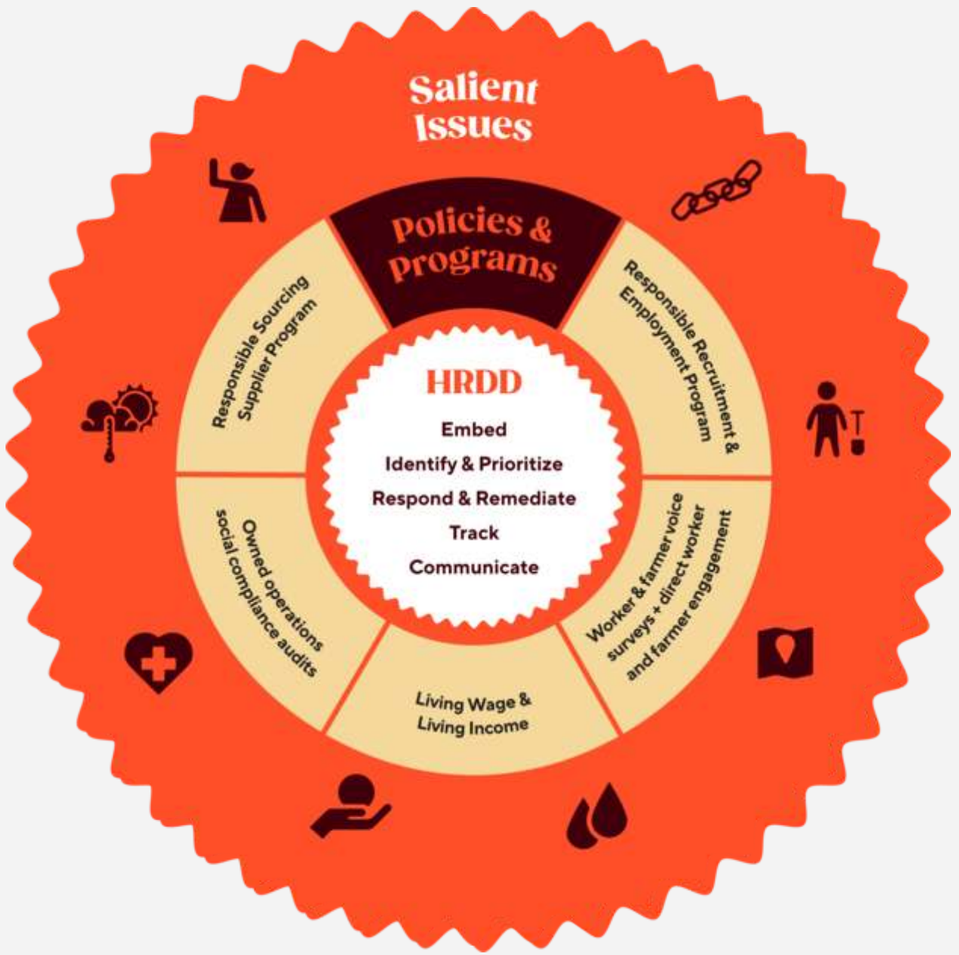
- Living Wage & Income
- Just Transition
- Gender & Social Inequality

Salient Issues

- Child Labor
- Forced Labor
- Living Wage and Income
- Access to Water and Sanitation
- Climate Impacts and Deforestation
- Land Rights and Acquisition
- Health and Safety
- Gender and Social Inequality

Action on Human Rights
continued

HRDD anchors our approach and is ingrained in our policies and programs.



Human Rights Due Diligence (HRDD)

HRDD is an ongoing risk management process that enables us to identify, prevent and mitigate current and potential human rights risks throughout our value chain, focusing on our most salient issues. Hershey's HRDD process is designed using the UNGPs and a risk methodology developed with leading nonprofit Verité.

We refresh our HRDD periodically, using updated risk indices for specific ingredients and countries to keep it relevant and effective. In 2023, we partnered with twentyfifty to map, communicate and confirm the strength of our HRDD risk assessment approach. We identified six key steps in our risk assessment process which is described in our 2023 Statement Against Slavery & Human Trafficking.

We also regularly evaluate our HRDD for effectiveness against requirements in the UNGPs and OECD Guidelines. This highlights key strengths and areas to improve in our strategy and programs. Our last assessment in 2022 confirmed:

- Key strengths include our governance structure, training and responsible sourcing and supply chain due diligence.
- We have opportunities to improve rightsholder engagement, grievance mechanisms and access to remedy. We continue efforts to reinforce these area by collaborating with peers, suppliers, NGOs and governments.

Ongoing programming includes conducting HRDD at Hershey facilities, as well as suppliers and labor providers that have been identified as high-risk through our risk assessment process. Due diligence on human rights and labor issues are a key part of our Responsible Sourcing Supplier and Responsible Recruitment Programs.

We assess forced labor and other human rights risks before entering into commercial relationships through risk screening in our Tier 1 supplier qualification process.

→Learn more about our Human Rights Due Diligent Approach in our 2023 Statement Against Slavery & Human Trafficking.

→Learn more in Sourcing Our Priority Ingredients and Materials on pages 48-52.

"Human rights issues must be addressed through a comprehensive approach that gets to the root of systemic issues."

Maddy Eldredge, Human Rights Analyst, Global Sustainability and ESG, The Hershey Company

Action on Human Rights
continued

Listening and Taking Action

We offer several mechanisms for our employees and other stakeholders to report grievances and seek resolution.

How We Listen:

- Our Concern Line, detailed in Ethics and Compliance (page 16), which accepts complaints on any issue, including human rights.
- We require our direct suppliers to operate grievance mechanisms. We validate this in third-party social compliance audits and 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.
- Certification bodies' and standards-setting organizations' grievance mechanisms.
- Worker and farmer voice surveys, while not a formal grievance process, help indicate potential rightsholder concerns.

Grievance Mechanisms and Access to Remedy
In line with the UNGPs, we seek to offer access to effective remedy whenever our operations may cause or contribute to adverse human rights impacts. We also urge suppliers and business partners to provide remedy when we find such impacts connected to our supply chain.

Anyone reporting a grievance in good faith is free from retaliation or retribution. Where relevant they may use our mechanisms in addition to other channels or procedures, such as local law enforcement. We also partner with others to help prevent, mitigate and remedy adverse impacts.

Human Rights Training
Hershey employees last completed the human rights module in our Code of Conduct training in 2022. The module is scheduled as part of Hershey's mandatory Code of Conduct training every three years, with select rotating topics set by our Ethics & Compliance team.

It covers:

- An overview of fundamental human rights
- How to identify and report a human rights violation
- A case study on indicators of forced labor, including recruitment fees

Additionally, we offer optional, supplemental human rights training in our Learning System in English, Spanish, French, Chinese, Portuguese and Hindi. It covers:

- Hershey's salient human rights issues, including forced labor and child labor
- The UNGPs
- Business impacts on 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
- How to be an internal champion for human rights

Since 2020, more than 1,600 employees have taken this supplemental training opportunity.

→**Learn more about human rights training in our 2023 Statement Against Slavery & Human Trafficking.**
→**Find out more about Our Salient Issues in Hershey's Commitment to Human Rights.**

Responsible Recruitment and Employment

2023 Achievements

- Conducted on-site assessments on six labor providers in Malaysia and 11 in India. These identified gaps in policies and protocols for recruitment, employment and grievance mechanisms. We are using a third party to address gaps through capacity building in 2024.
- Integrated 16 labor providers to plants in our North America Salty Snacks segment into our Responsible Recruitment Program. We quickly identified one provider charging workers for pre-employment drug screens and stopped this practice. We facilitated repayment to the three affected workers.

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 — added more recruitment requirements in 2023, including that any recruitment fees charged to a worker must be repaid to them

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

→**A summary of the Responsible Recruitment Program data is on page 54.**

Hershey endeavors to protect workers' rights from recruitment through the whole of their employment in our supply chain.

Responsible recruitment helps deliver on the broader commitment to human rights outlined in our Human Rights Policy. We both promote and follow ethical recruitment and employment practices.

One strategy to promote responsible practices and prevent, identify and remediate forced labor is to strengthen the management systems of labor providers that recruit workers for Hershey facilities and strategic co-packers. Through our Responsible Recruitment Program, we require labor providers to:

- Acknowledge our Supplier Code of Conduct and Responsible Recruitment & Employment Policy annually
- Complete a recruitment-specific Self-Assessment Questionnaire (SAQ) every one to three years, depending on the risk score of the country where the provider is located and their previous SAQ score

If the SAQ identifies risks or non-compliances, we require the provider to submit evidence they completed corrective actions. We may also require providers undergo an on-site assessment[1] or deploy an anonymous, confidential survey to their workers.

To help providers make systemic improvements, we support them in identifying and effectively correcting root causes of non-compliances. We also offer all our labor providers access to The Responsible Labor Initiative's E-Learning Academy.

→**For more details see Responsible Sourcing Supplier Program on our website.**

Labor Provider Assessments

Hershey has three major objectives when engaging vendors to correct shortcomings or audit violations:

- Remediate any harm caused, potentially including restitution to affected workers
- For the vendor to learn and improve, permanently changing their behavior
- Drive sustained, systemic improvements

In 2023, we required on-site social compliance assessments for labor providers to our Malaysia and India plants. Those assessments covered 121 and 383 third-party workers respectively.

The assessments use the Labor Agency Assessment Tool (LAAT). LAAT is an independent third-party audit through LRQA (formerly ELEVATE). It verifies that management systems are in place to recruit responsibly and follow the Employer Pays Principle. Workers are asked to complete a survey before the on-site audit. Their feedback helps find potential non-compliances. Auditors triangulate data from the worker survey during the on-site audit by interviewing workers confidentially, questioning the labor provider's managers and reviewing records.

The worker surveys helped identify opportunities for continuous improvement, including training workers on accessing and strengthening their trust in the grievance process. Corrective Action Plans (CAPs) for labor providers at each plant are at different stages of development and implementation.

In 2024, Hershey will fund credible third parties to build the capacity of labor providers to our Malaysia and India plants, supporting their CAPs and continuous improvement work.

Industry Collaboration

Child labor violations in the wider U.S. manufacturing sector have risen.

In 2023, Hershey partnered with human rights nonprofits, AIM-Progress and Verité, to co-fund a supplier capability building initiative. The training helps suppliers adhere to applicable laws, recruit responsibly and minimize risks of forced and child labor. We are requiring more than 70 U.S.-based labor providers, co-manufacturers and co-packers to complete the training in the first half of 2024.

2023 Worker Voice Surveys

315

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

2,717

workers engaged through surveys in 2021-2023

We also helped review and provided feedback to Verité on U.S.-specific child labor remediation guidance should a manufacturing facility identify a child working on-site.

→**Learn more on the AIM-Progress website.**

The Ganapati Project in Malaysia, co-funded by Hershey and led by Embode, focuses on responsible recruitment. It helps suppliers:

- Develop Zero Recruitment Fee policies
- Provide contracts to workers in their primary language
- Incorporate new policies in their agreements with recruitment agencies

→**See Remediation and Continuous Improvement on page 47 for more details.**

1 On-site assessment standards include Sedex Members Ethical Trade Audit (SMETA) 2-Pillar or ELEVATE Limited (as part of LRQA) Labor Agency Assessment Tool.

Living Wage and Income

Salient Human Rights issue:

- Living wage and income

Hershey believes in addressing barriers for people to earn a living wage and every household a living income.

We recognize the direct link between living wage, living income and other human rights issues. This understanding has led us to prioritize living wage and income as a central component of our human rights agenda.

We maintain the commitment outlined in our Living Wage & Income Position Statement and assess our activities using external benchmarks and research tools. This helps identify both vulnerabilities across our whole value chain and best practices for remediation.

Assessing wage and income vulnerabilities covers areas including:

- Gaps between living wage benchmarks and minimum wages
- Existing research on farmer income
- National systems and transparency on wage-setting
- Collective bargaining

In 2023, we maintained focus on Hershey operations, where we have most opportunity to create change, and in cocoa, where we see the greatest income vulnerabilities.

Hershey-owned Operations

We maintained fair pay practices in 2023, paying 100% of full-time employees a living wage, benchmarked against BSR's living wage values. We also remained affiliate members of Living Wage For US (LW4US), using their resources to better understand benchmarks, gap assessment tools and remediation strategies.

Cocoa Supply Chain

Cocoa is the part of our supply chain with the greatest income vulnerability. We continue to contribute solutions through the Hershey Income Accelerator Program in Côte d'Ivoire and premiums paid to farmers.

→Learn more in Improving Farmer Income and Livelihoods on pages 26-27.

Investing in the Landscape

While proud of the steps we have taken, we know that more progress is needed. Areas needing additional work include building the capacity of organizations, investing in data and tools, and collaborating to scale efforts within and across industries.

We continue to work with others to advance our living wage and income agenda, including:

- Co-chairing the AIM-Progress Living Wage Working Group and developing the Living Wage Playbook, a practical tool for fast-moving consumer goods companies and their suppliers to build living wages into their supply chains.
- Partnering with LW4US to develop a user-friendly tool to calculate total remuneration, helping organizations and employees better understand and advocate for a living wage.
- Serving as a founder of WageMap, a multi-stakeholder coalition with a mission to support the achievement of living wages globally by creating consistent standards and benchmarking, and advocating, across various industries.
- Providing a grant to data provider WageIndicator to make their benchmarks publicly available worldwide.
- Recognizing that our cocoa supply chain touches different origins, we continue to collaborate with the Living Income Community of Practice and financially support the development of living income benchmarks. We believe such benchmarking is a pragmatic way to determine location-appropriate living income levels. We use benchmarks to design programs for farming households' economic resilience.

Hershey will continue to participate in dialogues and initiatives that promote a world where opportunity exists for everyone to earn a living wage and every household to secure a living income.

What's Next in Human Rights

- Continue to refine our salient issues, due diligence and programming
- Continue to deepen our understanding of the intersection of human rights and environmental issues, including natural resource management, climate change and deforestation
- Continue our strong programming on child labor, responsible recruitment practices, living wage and living income

What Are Living Wage and Living Income?

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

Living Wage[1]: The remuneration received for a standard work week 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[2]: 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.

→For more, see our Living Wage & Income Position Statement.

Thinking Wider

We act on other global challenges that threaten human rights.

- Systemic racism is a human rights issue, at its core. We have long been committed to inclusivity and we are accelerating work toward being more inclusive. For additional information, see Accelerating Togetherness Efforts on page 89.
- Climate change is a major global threat to human rights. It disrupts food supplies and threatens livelihoods. Vulnerable communities will be disproportionately impacted by rising temperatures and the related safety and water scarcity risks.

Many communities in our supply chain will be impacted if, collectively, we do not take bold action to combat climate change. Hershey is therefore committed to doing our part — see our climate commitments on pages 66-68.

1 Hershey supports the Global Living Wage Coalition's definition of a living wage.
2 Hershey is a member of and supports the Living Income Community of Practice definition of living income.

Responsible Sourcing

Material ESG issues:

- Responsible sourcing
- Business operations and supply chain resilience

Responsibly and sustainably sourcing ingredients secures our supply chain in the long term, for more moments of goodness.

How we and our suppliers operate can be a force for good in the face of climate-related disruption, geopolitical conflict and social inequality. Many food companies face increased costs and difficulties maintaining reliable supply chains because of factors such as labor shortages, transportation disruptions, water stress and extreme weather events.

Responsible sourcing is about making Hershey's end-to-end supply chain sustainable and resilient to enable the growth of our business. Through our purchasing and collaborating with business partners we look to improve communities, economies, land, waters and climate for future generations.

Responsible Sourcing Strategy

Our Responsible Sourcing Strategy steers our progress. Developed with input from numerous stakeholders, it is guided by our Human Rights Policy, Environmental Policy and commitments in those areas.

There are two main pillars, each detailed on the following pages:

- Responsibly sourcing goods and services through our Responsible Sourcing Supplier Program ("Supplier Program")
- Enabling Sustainable Agricultural Supply Chains for Priority Ingredients and Raw Materials

Partnerships and recognized certification and verification schemes are both essential given the complexity of addressing many interrelated issues in global supply chains.

Responsible Sourcing Supplier Program

Our Supplier Program provides a comprehensive continuous process for engaging suppliers for near-term impact and to address deep, systemic challenges. It encompasses due diligence, corrective action planning, remediation and capability building. We use a risk-based approach to monitor and verify Tier 1 suppliers' compliance with our Supplier Code of Conduct (Supplier Code), updated in 2023.

→**See our Supplier Program page for more on our approach and all associated policies.**

Program Progress in 2023

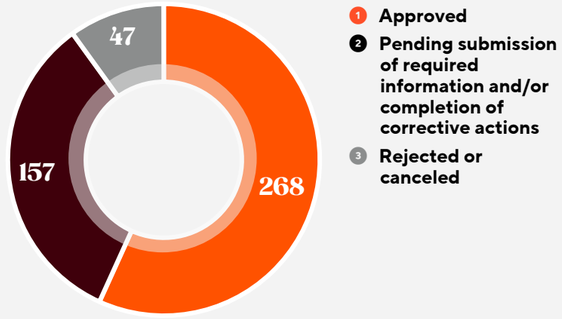
Step 1: Acknowledgement
We updated the Supplier Code, particularly to expand requirements and expectations in:

- Responsible recruitment practices, including commitment to the Employer Pays Principle and Priority Industry Principles
- Promoting living wages and incomes
- Environmental sustainability
- Animal welfare
- Compliance issues, like data privacy

Step 2: Assessment
We enrolled 132 more suppliers and sites into the Supplier Program, taking us to a total of 628. We reviewed 472 pre-qualification human rights screenings of potential new suppliers, licensees, contract manufacturers and packers, with the breakdown shown in the graph below.

Tier 1 suppliers to our North America Salty Snacks segment, other than labor providers already onboarded to our Responsible Recruitment Program, will be risk assessed in 2024.

Human Rights Pre-screening 2023

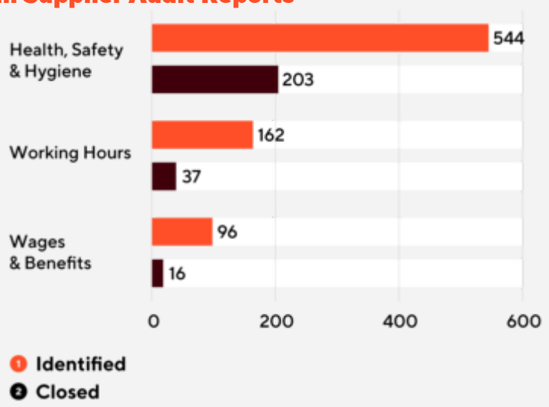


Our Responsible Supplier Program

Responsible Sourcing Supplier Program
continued

Audit Results
We require independent third-party audits of our suppliers, with preference for the SMETA 4-Pillar audit standard. Our Supplier Program is currently based on announced audits, though we reserve the right to verify supplier compliance through unannounced on-site third-party audits as stated in our Supplier Code. Audit results inform follow-up requirements and timelines for completion, ranging from three months to three years.

2023 Top Non-Compliance Issues, as captured in Supplier Audit Reports



→For our 2023 Non-compliance issues by category data, see page 57.

Remediation and Continuous Improvement
Hershey aims to work with suppliers that share our values. In addition to requiring suppliers to complete corrective actions, we support their continuous improvement — to benefit their workers and build business resiliency.

With partner organizations, we provided capability-building training to suppliers in multiple countries. For example, with other AIM-Progress member companies, we co-funded the Ganapati Project in Malaysia, a 12-month program led by the human rights consultancy, Embode, aimed at identifying suppliers' responsible recruitment challenges and opportunities. Suppliers then create and implement a CAP, with coaching and technical support from Embode. Five Hershey suppliers will complete the program in April 2024. We will then assess the program's effectiveness and potential for expansion.

Following the AIM-Progress Mexico supplier event in 2022, we co-funded a new approach to longer-term capability building in Mexico in 2023. The eight-month program was delivered with AIM-Progress and digital training company, Quizrr. Its eight sessions covered a range of health and safety, human rights and environmental topics. Participants also gained no-cost access to Quizrr's digital training platform. At its conclusion in April 2024 we will evaluate the model and determine next steps.

Verifying Improved Compliance
We are progressing toward our goal of 85% of enrolled suppliers meeting Supplier Program requirements. Compliance reached 56% by the end of 2023, up from 37% in 2022. We will continue training and supporting suppliers. The focus will be on remediating difficult issues, like grievance mechanisms and indicators of forced labor.

Hershey-owned Operations
We hold our owned facilities to similarly high standards. Independent third parties conduct announced SMETA 4-Pillar audits.[1] CAPs and follow-up audits are required for identified non-compliances.

In 2023, eight of our sites underwent SMETA 4-Pillar audits. CAPs are in place at six sites where improvement opportunities were identified. Some non-compliances are already verified as closed and others are in progress.

Health and safety remains the most commonly identified non-compliance. No instances of forced or child labor were identified. All sites in our North America Salty Snacks segment will be audited in 2024.

What's Next in Our Supplier Program

- Support suppliers to develop long-term corrective actions through targeted capability building, particularly around forced labor indicators and health and safety issues
- Continue integrating our North America Salty Snacks segment's owned operations and suppliers into our responsible sourcing programs
- Update our Supplier Program Guidebook following the 2023 Supplier Code update

"The first three years of our Supplier Program have demonstrated the importance of Hershey supporting suppliers on their continuous improvement journey. It improves the lives of people in our supply chain, so we remain committed to building supplier capabilities."

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

1 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.

Sourcing Our Priority Ingredients and Materials

This map shows many of the origin countries from which we source priority ingredients and materials for Hershey products.

- Cocoa
- Coconut*
- Dairy
- Eggs*
- Palm oil
- Pulp and paper
- Sugar

* Coconut and eggs are not listed in this ESG Report as key ingredients and materials. They appear on this map because Hershey has public commitments related to sourcing both ingredients. Responsible sourcing ingredient commitments and progress may be found on page 58.

Sourcing Our Priority Ingredients and Materials
continued

Material ESG issues:

- Farmer livelihoods
- Human rights (supply chain)
- Business operations and supply chain resilience
- Responsible sourcing
- GHG emissions and climate change
- Deforestation
- Biodiversity

Shared Goodness means sustainable, thriving agricultural communities.

We prioritize our key ingredients and materials to focus responsible sourcing efforts on making the biggest impact in our supply chain, while reducing risks. Our priority ingredients and materials include:

- Cocoa
- Dairy
- Sugar
- Palm oil
- Pulp and paper packaging

We take a supply chain-specific, risk-based approach to both social and environmental challenges. The strategy for each ingredient and material considers many, often interrelated, ESG topics. These include farmer livelihoods, human rights, GHG emissions, deforestation, biodiversity and animal welfare.

→Visit Priority Ingredients and Raw Materials on our website for more on responsible sourcing commitments, principles, approach and risk assessments.

→For our Responsible Sourcing Ingredient Commitments and Progress data, see page 58.

→Learn more about ingredient-specific climate action planning on pages 60-66.

Progress With Priority Ingredients and Materials

Cocoa remains our highest priority ingredient — see the Cocoa chapter on pages 21-36 for details specific to sourcing this ingredient.

Dairy

Our dairy responsible sourcing strategy has two focus areas:

- Ensuring compliance with our sustainability policies and promoting suppliers' continuous improvement
- Investing in field-level projects to reduce GHG emissions and enhance water quality

Ensuring Compliance

We monitor and verify suppliers' sustainability performance using the Sustainable Dairy Partnership (SDP) Dairy Sustainability Framework. Hershey requires suppliers to enroll in the SDP, undertake its evaluations and share progress reports with us. We are on track to source 100% of U.S. dairy ingredients from suppliers enrolled in and assessed through the SDP by the end of 2024. We expect to complete those steps for South America- and India-sourced dairy after 2024 due to delays in the SDP establishing itself in those markets.

Hershey also advances the SDP's mission: a team member serves on its Steering Committee and we collaborate with SDP members on industry-wide challenges like GHG accounting, animal welfare and regenerative agriculture.

Investing at Farm Level

We partner with suppliers and others in the dairy industry on various farm-level projects to create a more climate-resilient, lower impact milk supply. The Sustainable Dairy PA program is the largest example, with smaller projects on piloting methane-reducing feed additives.

73%

of our volumes sourced from suppliers enrolled in and assessed through the SDP

CASE STUDY

More Sustainable Dairy in Pennsylvania

The Sustainable Dairy PA program is growing from a pilot to a two-year scale-up phase, co-financed with the U.S. Environmental Protection Agency (EPA).

In collaboration with Land O'Lakes, a strategic partner and our highest-volume dairy supplier, and the Alliance for the Chesapeake Bay, the program has demonstrated potential to reduce GHG emissions and protect water quality across dairy farms throughout Pennsylvania that supply Hershey. The EPA and Hershey have each committed $1 million to extend the range of climate-resilient practices and number of participating Land O'Lakes-member farms.

In addition to riparian forest buffers, nutrient management, conservation tillage and other piloted measures, farms will get support to implement new manure management practices.

Three-Year Pilot in Numbers

- 45 acres of riparian buffer planted
- 9,260 trees planted
- 1.7 million pounds of sediment/2,210 pounds of phosphorous/24,200 pounds of nitrogen kept out of waterways annually
- 490 metric tons of CO_2e sequestered

"Hershey's, EPA's and Land O'Lakes leadership to support our Pennsylvania dairy farmers and local ecosystems is revolutionary. We believe this model is the future of how we will overcome the environmental hurdles we face."

Jenna Mitchell Beckett, Agriculture Program Director, Alliance for the Chesapeake Bay

Sourcing Our Priority Ingredients and Materials
continued

Sugar

Within our three Responsible Sugar Sourcing strategic pillars, we progressed in:

- Traceability — increased traceable sugar volumes
- Supplier engagement — built a more robust approach with Tier 1 suppliers
- Origin transformation — invested in programs to advance human rights, GHG emissions reductions, water stewardship and sugar-growing communities' resilience and livelihoods

Traceability
Tracing supply to mills helps us understand if sugar we purchase has any connection to areas or mills with concerns such as deforestation, water pollution or the exploitation of workers. We achieved 95% traceability to mill level in 2022, and expect similar results for 2023 once data is available.

With 82% of our volumes from farms certified by or verified to a recognized sustainability standard, or covered by Bonsucro credits, we remain on track to achieve our 2025 target for 100% verified volumes. Credible third-party standards and verification, like Bonsucro, are essential to improving sustainability performance in a complex supply chain.

Engaging Suppliers for Continuous Improvement
We conducted our second assessment of suppliers' sustainability and responsible sourcing practices and management systems. Beyond highlighting potential issues, results will support work with suppliers in 2024 on action plans to improve areas including their:

- Risk assessment and management processes
- Grievance and remediation mechanisms
- Capacity building for mills

Origin Transformation to Advance Human Rights
Hershey co-funded the development, with Bonsucro and several peer companies, of a practical HRDD toolkit for the sugarcane sector. This valuable guide for sugar suppliers to fulfill their human rights commitments will launch in 2024. Following the launch, Proforest and Imaflora will:

- Run capacity building for Brazilian mills, producers and service providers
- Pilot the guidance with two mills and two producers' associations

Hershey is also co-funding a project led by CNV Internationaal to develop a roadmap to achieve a living wage for the most vulnerable workers in the sugarcane sector. Among the project's target groups and geographies, there will be an initial focus on cane cutters and other outsourced field workers in Central America and Brazil, particularly women and ethnic minorities.

→**Learn more in Living Wage and Income on page 44.**

CASE STUDY

Regeneratively Growing Sugar

We advanced several regenerative agriculture projects in our sugar supply chain in 2023. Regenerative practices help store carbon in the soil, reduce erosion and nutrient run-off, maximize water infiltration and save farmers money on inputs. Hershey partners on several projects working toward this vision.

The two beet sugar projects we featured in our 2022 ESG Report ("Improving Soil Health for Sugar Beets"), showed excellent results.

In the 2022-23 growing season, the pilot with United Sugar, the Soil and Water Outcomes Fund and others:

- Covered 7,400 acres across all program participants
- Reduced our Scope 3 GHG emissions from sugar supplied by participating farms by 1,600 metric tons of CO_2e through the adoption of reduced tillage and winter cover crops

An additional 1,600 metric tons CO_2e were mitigated in our partners' supply chains. We will use the results to refine our emissions reduction strategy for sugar beets.

The Trusted Advisor Partnership (TAP) trained its first cohort of 13 Certified Crop Advisors (CCAs) on regenerative practices in 2023. Those CCAs alone consult on over one million acres of farmland in North Dakota and 75% of them reported feeling very or extremely confident communicating soil health principles to growers after completing the course.

In 2024, participating CCAs will begin enrolling growers in the TAP program of financial incentives to adopt one or more regenerative practices on some of their acres. TAP aims to train over 60 CCAs, introducing soil-building strategies to 500,000 acres, in the next five years.

We partnered with the NGO PUR, one of our suppliers and another company, to study the feasibility of implementing regenerative agricultural practices in our sugar cane supply chain in Brazil. The in-depth desk research, field assessments and stakeholder engagement found the opportunity to be strong. We will use it to update our strategy.

Sourcing Our Priority Ingredients and Materials
continued

Palm Oil

Hershey upholds high sourcing standards as detailed in our Responsible Palm Oil Sourcing Policy and Palm Oil Sourcing website. In 2023, we progressed toward targets and committed funding to proactively conserve a forest area in North Sumatra, Indonesia.

Target Driven
We work closely with suppliers to ensure our supply chain respects human rights and does not contribute to deforestation or peatland development. We sustained momentum on our goals in 2023:

- Maintaining 100% of volumes physically certified as Roundtable on Sustainable Palm Oil (RSPO) Mass Balance or Segregated
- Maintaining 100% traceability to mill level
- Remaining on track for 100% traceability to plantation level by 2025, hitting 97.7%
- Verifying 63% of volume deforestation-free as we pursue our 2025 target

We investigate deforestation events by working with our suppliers. Following our Palm Oil Grievance Process, monthly public updates on No Deforestation, No Peat, No Exploitation (NDPE) violations found within our supply chain are available in our Palm Oil Grievance Log. We suspended two indirect suppliers in 2023, with a total of 23 suspended as of December 2023. None of the 23 suspended entities supplied us directly and none of them have been granted re-entry into our supply chain.

Verifying a Deforestation-free Palm Supply Chain
We monitor and verify our progress toward a deforestation-free palm supply chain by 2025 through Starling, a deforestation satellite monitoring solution co-developed between Airbus and Earthworm Foundation. To accelerate progress, Earthworm is engaging our palm suppliers to reinforce their deforestation monitoring, verification and reporting, and to prioritize actual deforestation alerts for action.

→Learn more in The Significance of Biodiversity on page 69.

Following Earthworm's mapping of Hershey's palm supply chain's forest footprints in Aceh and North Sumatra districts of Indonesia, using Rainforest Action Network's methodology, we started funding a forest conservation project in Indonesia in 2024. We also continue to invest in landscape collective actions in Indonesia and Malaysia, implemented by Earthworm, as previously reported. These projects contribute to protecting and restoring forests and support resilient livelihoods for smallholder communities.

We continue to monitor the Palm Oil Collaboration Group's Working Groups, including on Independent Verification and the Implementation Reporting Framework, to seek effective approaches aligned to industry-wide standards.

Transformation and Conservation

Using Earthworm's forest footprint of our palm supply chain in Aceh and North Sumatra, Indonesia, we pinpointed areas of forests, peat and customary land at risk of palm expansion. Earthworm identified an opportunity to fund forest conservation in North Sumatra.

This new investment, enabled by the Forest Conservation Fund, empowers the people of Lobu Tayas to protect their local forest. Lobu Tayas Village Forest is home to several endangered species. It also secures freshwater for palm plantations in local lowlands and protects them from erosion. Illegal poaching and logging had already begun and a new road is being built through the area, increasing the risk of further anthropogenic pressures. Conservation funding is critical.

The Lobu Tayas community is currently securing land rights for over 12,000 hectares. They will sustainably farm the 2,000 already-cultivated hectares and fully protect the remaining 10,000 hectares of forest, while continuing to sustainably harvest non-timber forest products. Hershey funding will help with activities including:

- Equipment for patrol teams
- Conducting biodiversity surveys
- Developing biodiversity management plans
- Community activities to reduce human-tiger conflict

Sourcing Our Priority Ingredients and Materials
continued

Tracking Toward Deforestation and Conversion-free

Hershey expanded our No Deforestation Verification (NDV) partnership with Earthworm Foundation and Airbus in 2023. We have monitored our palm supply chain since 2020 through the Starling solution, an innovative tool co-developed between Airbus and Earthworm. This expanded collaboration will focus on NDV across our global supply chain for three additional raw materials:

- Cocoa
- Paper and pulp
- Soy

It is an essential component in verifying that Hershey supply chains are deforestation and conversion-free by our new target date of December 31, 2025.

This NDV partnership will enable us to take a holistic view of the agricultural supply chains with the greatest risk of deforestation, degradation and conversion. It will also help identify risks and opportunities — opening up new strategies and conservation projects as well as enabling timely interventions with suppliers.

→See our Deforestation and Conversion-free Policy for more information.

Pulp and Paper

Pulp and paper is integral to packaging, transporting and marketing our brands. Our Responsible Pulp & Paper Sourcing Policy establishes our commitments, including global 2025 targets to:

- Source 100% of pulp and paper packaging from recycled or certified sources
- Trace 100% of virgin pulp and paper packaging we source back to the country of harvest

In 2023, we started working with Earthworm on an annual supplier traceability assessment. We collected data about the volume of recycled and virgin fiber we source, as well as country of harvest and certification data for virgin fiber. This helps:

- Understand deforestation, degradation and human rights risks in our supply chain
- Inform supplier engagement and action

We continue to publish our list of suppliers and mill groups annually.

Our expanded NDV partnership will use Starling satellite to enrich analysis of our exposure to deforestation, forest degradation and social conflicts. We will continue to work with Earthworm to identify priority issues and mechanisms for addressing forest degradation.

What's Next in Sourcing

- Scale dairy GHG emissions reductions through Sustainable Dairy PA and new projects in other key geographies
- Enroll 100% of our U.S. dairy suppliers in the SDP
- Refine the GHG mitigation strategy for our sugar supply chain based on results of 2023 pilot projects
- Engage sugar suppliers to create action plans to improve responsible sourcing management systems
- Conduct a human rights impact assessment for sugar in Mexico
- Expand the deforestation and degradation verification approach for our pulp and paper packaging supply chain and conduct our first formal soy traceability exercise
- Further embed sustainability into procurement category management strategies and supplier relationship management practices

Our Progress

Responsible Sourcing and Human Rights	Target Year	Progress (as of Dec. 31, 2023)	Goal Status	Notes
100% of priority ingredients and materials to be responsibly and sustainably sourced (by volume)	2025	**86%**	On Track	1
85% of in scope supplier sites meet Hershey's Responsible Sourcing Supplier Program requirements	2025	**56%**	In Progress	–

1 This result represents the percentage by volume of Hershey's five priority ingredients, which met our definition of responsibly and sustainably sourced in 2023. This definition varies by ingredient and is subject to change as Hershey's responsible sourcing programs evolve.

Engagement on Human Rights	Unit	2023	2022	2021	Notes
Worker engagement surveys completed	# of engagement surveys	**2**	8	3	1
Workers and farmers surveyed during worker engagement surveys	# of workers and farmers surveyed	**315**	1,690	712	1
Hershey employees who have taken required human rights training and passed	%	**0%**	97%	93%	2
Hershey employees who have completed additional, optional human rights training	# of employees	**1,613**	1,580	1,400	3

1 As part of ELEVATE's labor agency assessment tool, Hershey consolidated our worker engagement survey approach in 2023, conducting surveys at our India and Malaysia plants. This included coverage of 11 and 6 labor agencies respectively.
2 Human rights training was not required in 2023.
3 From 2021-2023, over 1,600 employees completed additional, optional human rights training. The 2022 value has been restated to reflect the number of employees who completed optional human rights training.

Responsible Recruitment Program	Unit	2023	2022	2021	Notes
Labor agencies enrolled in Responsible Recruitment Program	#	**84**	65	68	1
Labor agency enrollment by Hershey site location					
Brazil	#	**9**	9	9	–
India	#	**13**	14	14	–
Malaysia	#	**8**	6	9	–
Mexico	#	**5**	5	7	–
U.S. and Canada	#	**49**	31	29	2
Labor agency enrollment by category					
Contingent labor providers (manufacturing)	#	**34**	19	21	–
Contract packaging	#	**9**	8	10	–
Labor service providers	#	**41**	38	37	–
Progress on Responsible Recruitment Program requirements					
Responsible Recruitment and Employment Policy Acknowledgment	% completed	**96%**	100%	100%	–
SAQ	% completed	**47%**	45%	97%	3
SAQ Corrective Action Plan	% completed	**27%**	50%	86%	4
On-site due diligence assessments	#	**23**	Not Disclosed	Not Disclosed	5
On-site due diligence assessments requiring Corrective Action Plans	% required	**91%**	Not Disclosed	Not Disclosed	6
On-site due diligence assessment with Corrective Action Plans	% submitted	**60%**	Not Disclosed	Not Disclosed	7

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, as well as select strategic copackers.
2 In 2023, labor service providers at the plants in our North America Salty Snacks segment acquired in 2022 were enrolled.
3 SAQ requests were made during the second half of 2023. 14 SAQs were pending completion by labor providers by end of 2023.
4 SAQ requests, and subsequent SAQ CAP requests, were made during the second half of 2023. Eight labor providers were pending SAQ CAP completion at end 2023.
5 Assessments conducted on labor providers may include worker surveys, Sedex's SMETA 2-Pillar audits, and/or ELEVATE's Labor Agency Assessment Tool. Additionally, if a labor provider is identified with a noncompliance during a Hershey-owned operation SMETA 4-Pillar audit, this is categorized as the labor provider undergoing an on-site assessment.
6 Corrective Action Plans are required of labor providers with noncompliances identified during on-site due diligence assessments.
7 Of the 21 on-site due diligence assessments requiring Corrective Action Plans (CAPs), 11 on-site CAP requests were placed on hold for our India-based labor providers and are not considered in this data point. We identified the need for additional capacity building support through a third party to help address issues identified during the on-site assessment such as gaps in policies and procedures. Please see more on page 43 in the ESG Report.

Responsible Sourcing Supplier Program (Supplier Program)	2023		2022		2021	
Suppliers and manufacturing sites enrolled in Supplier Program	**628**		571		551	
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	**4**	**2**	4	2	6	8
Brazil	**34**	**34**	38	26	38	48
China	**97**	**98**	112	44	130	44
Europe	**9**	**2**	9	9	11	7
India	**44**	**22**	46	60	54	9
Malaysia	**26**	**23**	19	17	20	17
Mexico	**34**	**25**	26	22	26	35
North America (U.S. and Canada)	**137**	**73**	118	72	82	43
Rest of Asia	**35**	**33**	38	16	36	25
Rest of Latin America	**3**	**4**	3	1	3	2
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	**72**	**52**	70	43	33	24
Ingredients and raw materials	**170**	**119**	175	144	184	138
Licensing	**98**	**78**	81	31	80	39
Packaging	**42**	**36**	31	32	33	18
The Hershey Experience, World Travel Retail and Indirect	**41**	**31**	56	19	76	19

People demographics at manufacturing sites where audits were conducted (as documented in the audit reports)	2023	2022	2021
Total workers at manufacturing sites	**69,628**	60,908	43,608
Female workers	**25,722**	15,860	12,532
Male workers	**43,906**	45,048	31,076
Domestic and international migrant workers	**6,572**	3,301	2,756

Supplier Program Audit Results[1]	Unit	2023	2022	2021
Audits submitted in reporting year	# of audits	**316**	269	238
Non-compliance results	Total # of non-compliance results	**977**	1,001	719
Non-compliances corrected and closed	#	**327**	290	345
Minor non-conformances				
Total findings	%	**15.9%**	18.3%	24.6%
Non-conformance rate	Rate	**0.49**	0.68	0.74
Total findings corrected and closed	%	**38.7%**	30.6%	47.5%
Moderate non-conformances				
Total findings	%	**74.7%**	73.3%	71.1%
Non-conformance rate	Rate	**2.31**	2.72	2.15
Total findings corrected and closed	%	**31.8%**	29.4%	46.8%
Major non-conformances				
Total findings	%	**9.4%**	8.4%	4.3%
Non-conformance rate	Rate	**0.29**	0.31	0.13
Total findings corrected and closed	%	**38%**	21.4%	71%

1 At Hershey, major non-conformances include issues rated as critical or zero-tolerance issues.

2023 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
	5 (1%)	50 (5%)	21 (2%)	7 (1%)	97 (10%)	163 (17%)	555 (57%)	43 (4%)	17 (2%)	2 (0.2%)	17 (2%)
Average number of non-compliance issues per audit (Non-compliance rate = number of non-compliance issues by category identified in a location's 2023 audit reports / total # of location's 2023 audit reports)											
Africa	0.0	0.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	0.0	0.0
Brazil	0.0	0.1	0.1	0.0	0.1	0.5	1.5	0.2	0.1	0.0	0.1
China	0.0	0.0	0.0	0.0	0.6	0.8	1.8	0.1	0.1	0.0	0.0
Europe	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.1	0.0	0.0	0.7	0.1	0.2	0.0	0.0
Malaysia	0.0	0.8	0.1	0.0	0.4	0.9	2.0	0.1	0.1	0.0	0.0
Mexico	0.1	0.6	0.2	0.1	0.2	0.2	3.4	0.7	0.0	0.0	0.2
North America	0.0	0.1	0.1	0.0	0.1	0.3	1.6	0.0	0.0	0.0	0.0
Rest of Asia	0.0	0.0	0.1	0.0	0.3	0.4	1.8	0.1	0.1	0.0	0.2
Rest of Latin America	0.0	0.3	0.0	0.0	0.3	0.0	1.3	0.3	0.0	0.0	0.3

Responsible Sourcing Ingredient Commitments & Progress

Ingredient	Commitment	Goal	2023	2022	2021	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	**38%**	41%	43%	–
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	**100%**	100%	100%	–
	Sourcing visibility of Hershey's cocoa volume in Côte d'Ivoire and Ghana	100% by 2025 On Track	**89%**	77%	68%	–
Dairy	Source dairy volumes from suppliers enrolled in and assessed through the SDP	100% by 2024 On Track	**73%**	76%	80%	1
Sugar	Achieve traceability to the mill (by volume)	100% by 2025 On Track	**Data pending**	95%	70%	2
	Procure sugar (by volume) from sources certified or verified to a recognized sustainability standard covering the farm level	100% by 2025 On Track	**82%**	72%	62%	–
Palm	Source RSPO-certified mass balance palm oil (by volume)	100% by 2020 Achieved	**100%**	100%	100%	3
	Achieve 100% traceability to the mill	100% by 2020 Achieved	**100%**	100%	100%	4
	Achieve traceability to plantation	100% by 2025 On Track	**98%**	92.6%	83.6%	5
	Achieve a verified deforestation-free palm supply chain	100% by 2025 On Track	**63%**	58%	51%	6
Pulp and Paper	Trace virgin pulp and paper packaging sourced globally back to the country of harvest	100% by 2025 On Track	**64%**	86.7%	Not Applicable	7
	Source pulp and paper packaging (by volume) from recycled or certified sources globally	100% by 2025 On Track	**87%**	89%	69%	7
Coconut	Source certified coconut (by volume) through Fair Trade USA	100% by 2020 Achieved	**100%**	100%	96%	8
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	**100%**	100%	93%	–
	Source certified cage-free eggs (by volume) globally	100% by 2025	**No eggs or egg products were sourced from international regions in 2023.**	No eggs or egg products were sourced from international regions in 2022.	No eggs or egg products were sourced from international regions in 2021	–

1 Our 2022 data has been restated in this table. The value previously reported included a supplier miscalculation that has since been corrected.
2 Data for 2023 will be published in 2024.
3 In 2023, Hershey sourced (by volume) 12% as RSPO Segregated and 88% as RSPO Mass Balance.
4 Traceability to mill results are based on supplier-reported scores.
5 Traceability to plantation results are based on supplier-reported scores.
6 The 2023 verified deforestation-free palm supply chain results are based on mill lists from mid-year 2022 to mid-year 2023. Volumes were verified as deforestation-free through Airbus and Earthworm Foundation's Starling satellite solution, based on the deforestation cut-off date of December 31, 2015.
7 Results are based on supplier-reported information. Decreased 2023 result compared to prior years is due to several pending supplier responses that could not be incorporated into our 2023 traceability analysis.
8 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 COVID-19 pandemic.

HERSHEY

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.

In this chapter:

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61 Managing Climate Risk
62 Progress on Emissions
63 Reducing Emissions in Our Operations
64 Reducing Emissions in Our Value Chain
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72 New Solutions for Waste
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Action on Climate Change

Material ESG issues:

- GHG emissions and climate change
- Energy management

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.

Our business depends on the bounty of the Earth. We recognize our success should not come at the expense of planet and people, both of which are impacted by climate-related change, including:

- The growing frequency and severity of extreme weather events
- Increased heat
- Greater water shortages
- Impacts to biodiversity

The potential for these issues to disrupt our operations, affect communities, transportation links and the cost and availability of materials and ingredients, is escalating. There is growing societal urgency to respond to these changes. It is imperative for us, our customers, employees and communities around us.

Climate Strategy

There are two key pillars to our climate strategy:

- Managing climate risk
- Reducing our carbon footprint

Our climate strategy aims to build resiliency and:

- Aligns with our corporate strategy, risk assessments and climate scenario planning
- Sets ambitious but achievable targets, in line with the best available science, to ensure we do our part to meet the Paris Agreement adopted at the United Nations Climate Change Conference (COP21)
- Incorporates work with suppliers, partners and communities for a shared sustainable future

We monitor our performance against targets, engaging everyone at Hershey from the Board to the factory floor, and seeking feedback from external stakeholders. The results of our climate scenario planning have also informed the steps we need to take toward our goals.

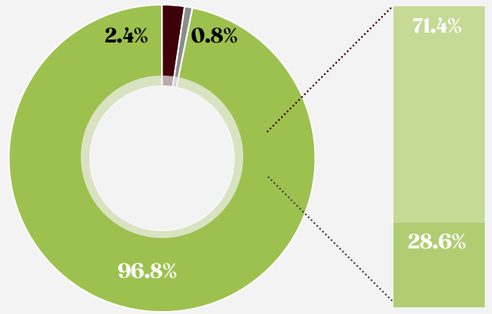
Addressing climate change also positively impacts watershed health, biodiversity and soil health.

→For more about Managing Climate Risk, see page 61.

→Learn more about our work toward Reducing Emissions on pages 63-65.

Emissions Overview: 2023

Our 2023 Emissions Breakdown



We measure our carbon footprint using Greenhouse Gas (GHG) Protocol standards. Our Scope 1 (owned or controlled sources) and Scope 2 (indirect emissions) comprise approximately 3% of our total emissions, with 97% of total emissions attributed to Scope 3 emissions. Of Scope 3 emissions, 71.4% relate to Forest, Land and Agriculture (FLAG), while 28.6% are classified as non-FLAG.

Hershey's 2023 Scope 1 and Scope 2 data received limited assurance by Ernst & Young, LLP (EY).

Our 2023 Scope 3 data was independently verified by Quantis.

Managing Climate Risk

Detailed planning today prepares Hershey for the future.

We understand the risks climate change poses to our business, which depends on agricultural commodities grown all over the world.

We utilize the best available insights on how changes in global climate might impact our future success.

In 2023 we supplemented our climate risk modeling and planning. Our modeling applied quantitative analysis and the S&P Global Climanomics tool to understand physical risks, which we combined with qualitative research on physical and transition risks.

We used the insights to inform new strategies and build enterprise-wide familiarity with potential impacts to our business.

Our Principal Risks

Disruption and uncertainty in our supply chain are the most significant physical risks identified in our analysis. We expect increases in:

- Unforeseeable circumstances, such as extreme weather events, preventing suppliers from timely fulfillment of contracts
- Droughts impacting crop yields
- Extreme weather events, like floods and hurricanes, with potential to damage or force closure of Hershey facilities

There are also transition risks, including the impact of a potential carbon tax and competition for, and rising costs of, sustainably sourced ingredients.

→For more details on Risk Management, see our 2023 Task Force on Climate-Related Financial Disclosures (TCFD) Report.

Risk Management and Strategic Planning

Hershey has systems to monitor and respond to acute climate crises. We use our Enterprise Risk Management (ERM) process for longer-term evolving risks, such as those presented by climate change. ERM is overseen by our Board of Directors and managed by our Resiliency team.

We integrate climate risk insights into business planning to better understand the potential impacts and any mitigation steps. For example, in 2023, we conducted a deep dive on insured value calculations for all our owned facilities.

We are beginning to weave climate resiliency into emissions reduction and stronger mitigation and adaptation strategies. In 2023, this included:

- Providing insights to Hershey procurement specialists on how climate risk affects their work
- Informing work on roadmaps for ingredient-sourcing and packaging-related emissions reductions
- Climate scenario planning
- Aligning project investments to our most material climate risks, including in agroforestry initiatives that build resiliency for farmers and our supply chain

→Learn more in our 2023 TCFD Report.

CASE STUDY

Building Cocoa Resiliency in Côte d'Ivoire

Cocoa farmers are experiencing disruption due to changing rainfall patterns, soil erosion, declining soil fertility and biodiversity loss exacerbated by global climate change. To help, Hershey is collaborating with PUR, Rainforest Alliance, farmer-participants in Hershey's Income Accelerator Program (HIAP) and other partners to launch an agroforestry project within select cocoa-growing communities in Côte d'Ivoire.

Agroforestry builds farm resilience as trees help:

- Buffer cocoa from heat and water stresses
- Increase biodiversity, warding off diseases and pests
- Reduce soil erosion

The program consists of planting trees and paying incentives to farmers to care for the trees. HIAP is part of Hershey's multi-faceted sustainability initiative.

In 2023, the partnership conducted in-field feasibility assessments, selecting seven farmer groups to start implementation in 2024. The project will have five waves of tree planting over a five-year timeframe. The aim is to plant 1.2 million total trees by the end of 2028, all in areas supplying Hershey.

The trees planted are expected to sequester over 15,000 tons of carbon by 2030, while also building resilience to climate risk.

Progress on Emissions

With a detailed understanding of our footprint, ambitious science-based targets drive our progress on emissions reduction.

Our absolute Scope 1, Scope 2 (market-based) and Scope 3 emissions reduction targets are approved by the Science Based Targets initiative (SBTi) and consistent with levels necessary to meet the Paris Agreement's goals to limit global warming to 1.5 degrees Celsius.

We are setting FLAG and non-FLAG targets, in line with the SBTi's new FLAG Guidance for land-intensive sectors. They are currently under review by SBTi.

Progress on GHG Goals

Operationalizing carbon reduction in our growing business is both a continuous learning process and a route to immediate action. In 2023, we:

- Progressed our GHG goals across all scopes, after 2022's corporate acquisition-driven regression:
  - Scope 1 and Scope 2 improved to 43% progress, up slightly from 41% in 2022
  - Scope 3 reached 15% progress, up from 10% in 2022[1]
- Fully embedded ownership of energy efficiency performance into our business, including the foundations for energy efficiency targets in 2024
- Increased our use of renewable and zero-emission energy
- Utilized the new GHG protocol to separate our Scope 3 FLAG and non-FLAG emissions into distinct footprints
- Matured our commodity-specific emission reduction roadmaps, including further investments in our dairy and cocoa supply chains
- Improved our carbon accounting and data collection capabilities

→**Learn more about progress against our GHG goals in Reducing Emissions in Our Operations on page 63 and Reducing Emissions in Our Value Chain on pages 64-65.**

Robust Data and Accounting

We continue to improve the rigor of our emissions-related data collection and reporting. In 2023, we:

- Integrated acquired businesses in our North America Salty Snacks segment into our data collection and reporting systems
- Applied two major GHG accounting methodology changes in line with SBTi guidance and upgraded data collection processes
- Received limited assurance for our 2022 Scope 1 and 2 emissions as published in our 2022 ESG Report
- Began the process of setting FLAG and non-FLAG Scope 3 targets, which SBTi is currently evaluating

GHG Emissions Across Our Value Chain

Transparency to Our Carbon Footprint

Sourcing our Ingredients 80.1%	Manufacturing our Products 9.3%	Packaging our Products 6.1%	Transporting our Products to Customers 2.9%	Packaging End-of-Life 1.6%
Cocoa **49.1%**	Fuel **31.4%**	Plastic **41.8%**	Truck **91.6%**	Packaging End-of-Life **100.0%**
Dairy **18.8%**	Electricity **22.1%**	Pulp & Paper **31.3%**	Ocean Freight **1.9%**	
Sugar **6.9%**	Co-manufacturers **8.0%**	Metal **26.5%**	Business Travel **6.5%**	
Peanuts **3.9%**	Waste generated in operations **1.9%**	Other materials **0.3%**		
Palm **2.8%**	Capital Goods **29.3%**			
Other Ingredients **18.5%**	Employee Commuting **7.4%**			

Percentages represent the portion of Hershey's 2023 total GHG emissions footprint (Scopes 1, 2 and 3). Sourcing our Ingredients includes upstream transportation emissions for these ingredients. Manufacturing our Products includes fuel and energy-related activities; Co-manufacturers includes co-packers; Packaging our Products includes upstream transportation emissions for these materials.

1 Part of these improvements can be credited to decarbonization efforts, while some is attributable to methodological changes in carbon accounting. Footnotes to the data tables provide transparency on notable variances.

Reducing Emissions in Our Operations

Taking steps to reduce the carbon footprint of our operations is a critical component of building resiliency — for our business and the planet.

Scope 1 and 2 Emissions Performance

We achieved a 43% reduction in our Scope 1 and 2 goal against a 2018 baseline and are on track to achieve a 50% absolute reduction by 2030. This re-establishes momentum toward the 2030 goal after newly acquired businesses affected progress in 2022.

We have two principal levers:

- Reducing energy use
- Purchasing renewable and zero-emissions energy

Reducing Energy Use

In 2023, we focused on laying the groundwork to improve energy consumption and efficiency. We reduced absolute energy usage by 1.3% compared to 2022. However, aggregate energy intensity across our manufacturing sites increased due to changes in our portfolio.

→For more details, see the Energy Consumption data on page 76.

Operationalizing Our Energy Goals

In 2023, we embedded a new energy program:

- Setting up a cross-functional team to oversee delivery of new plant-level energy reduction targets
- Creating a new energy scorecard system to track performance, with regular reporting to leaders
- Engaging our network of Energy Champions to find efficiency opportunities at each Hershey manufacturing plant

The program enables the continuous improvement necessary to deliver our 2030 goal. Deployment across all North America Confectionery segment manufacturing facilities began in January 2024.

Energy Saving Enablers

Several company-wide energy focused projects have already begun generating improvements that will help advance progress toward our Scope 1 and 2 goals.

We are nearing completion on the $3 million investment in real-time reporting systems for utility usage at all our facilities, initially reported in our 2022 ESG Report. We expect this investment will bring visibility to plant teams on daily differences in energy consumption so they may identify and prioritize interventions that reduce energy intensity. We anticipate our focus on energy savings will improve intensity performance by approximately 10% over the next five years.

We also introduced sustainability-focused design considerations into our capital development process to help us evaluate energy efficiency of design and visibility of overall energy impact.

To drive innovation, we participate in two voluntary national energy programs, providing insights into emerging technologies, ideas for strategies and motivation for our energy management efforts:

- U.S. EPA's ENERGY STAR® Challenge for Industry
- U.S. Department of Energy Better Buildings' Better Plants program

Our manufacturing facility in Mandideep, India, achieved the ENERGY STAR Challenge for Industry in 2023, having reduced energy intensity by over 10% in the last five years. The team achieved this with energy conservation projects like saving fuel consumed in producing steam by upgrading equipment.

Managing Our Real Estate Portfolio

Hershey utilizes the U.S. Green Building Council® Leadership in Energy & Environmental Design (LEED) in new construction projects. We are constructing a new manufacturing facility in Derry Township, Pennsylvania to LEED standards, having already attained LEED Gold® status at our headquarters in Hershey, Pennsylvania and Green Building Index Gold rating at our plant in Malaysia.

Purchasing Renewable Energy

Using more renewable and zero-emissions energy is essential to our Scope 2 reduction plan. **We have set an ambitious goal to source 100% of electricity from renewable and zero-emission sources by 2030**.

This year we sourced approximately 80% of electricity from renewable and zero-emission sources, up from 77% in 2022.

We achieved this year-over-year increase through a combination of Zero Emission Credits (ZECs), Renewable Energy Credits (RECs) and investments in solar Power Purchase Agreements (PPAs), including:

- Directly sourcing hydropower for our facilities in Brazil and Canada
- Operational PPAs in Denton County, Texas, and Camden, North Carolina, delivering approximately 25% of our U.S. electricity needs
- 100% renewable or zero-emission electricity for all North America Confectionery segment manufacturing facilities in the U.S. and Canada, all Hershey-owned *ONE* brand and Amplify facilities, all Dot's Pretzels manufacturing facilities and all facilities in the area of Hershey, Pennsylvania

The PPA for the Copperhead Solar & Storage Project in Falls County, Texas is on schedule to come online in 2024. As well as supplying Hershey renewable energy, PPAs create jobs and generate power for the communities where they are located.

~80%

of electricity sourced from renewable and zero-emission sources in 2023

Reducing Emissions in Our Value Chain

We expanded efforts to reduce emissions in our value chain while advancing nature-based projects to combat climate change.

In 2023, we began analyzing and reporting emissions from FLAG and non-FLAG sources, based on the SBTi's FLAG Guidance. We are using insights from that process to refine how we identify and prioritize reduction opportunities.

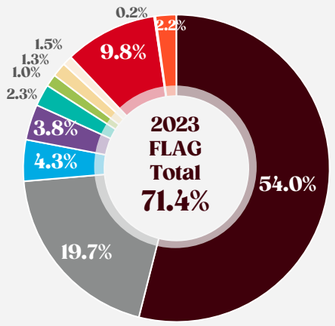
While existing projects maintained momentum toward our target to reduce Scope 3 emissions 25% by 2030, our work in 2023 positioned us for the future by:

- Enhancing emission-reduction roadmaps for four ingredients with significant FLAG footprints: Cocoa, Dairy, Sugar and Palm
- Creating new roadmaps focused on major non-FLAG emissions sources
- Bringing our deforestation and conversion-free target forward to 2025
- Scaling existing no-deforestation and regenerative agriculture projects from pilot phases
- Updating Scope 3 emissions reduction targets to meet FLAG requirements

We prioritize investment in our largest emissions sources and on actions with the highest modeled carbon reduction potential. Our complex value chain can present complex issues. We work with stakeholders to find answers, helping us remain on track to achieve our ambitious goals.

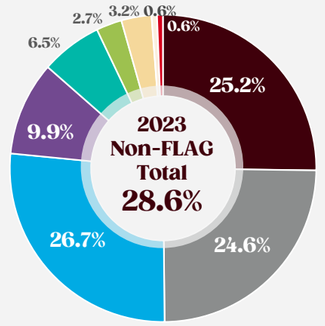
Understanding Our Scope 3 Emissions

2023 FLAG Emissions Breakdown



1. Cocoa
2. Dairy
3. Sugar
4. Peanuts
5. Palm
6. Corn
7. Wheat
8. Almonds
9. Specialty
10. Packaging (pulp & paper)
11. Vegetable Oil

2023 Non-FLAG Emissions Breakdown



1. Packaging, including end-of-life
2. Transportation of Goods and Products
3. Upstream processing raw ingredients
4. Capital Goods
5. Energy
6. Co-manufacturing of our products
7. Business travel
8. Food waste by consumers
9. Waste from operations

Reducing Emissions in Our Value Chain
continued

Cocoa Projects For Resiliency

In addition to the Hershey Income Accelerator Program agroforestry case study on page 61, we will continue to invest in research and development into ways to further support cocoa farmers' resilience. Research will include finding and testing agricultural practices, like soil heath improvement and agroforestry, we can later scale.

→For more details, see page 61.

Supporting Sugar Farmers

The Trusted Advisor Partnership regenerative agriculture project for sugar beet farming is an excellent example of scaling impact from a successful pilot for wider benefits to farmers and our supply chain.

→For more details, see page 50.

Expanding Dairy Initiatives

We announced a significant public-private partnership to expand from a three-year pilot with Sustainable Dairy PA, our flagship initiative with dairy suppliers.

→For more details, see page 49.

FLAG Clarity and Progress

With 71.4% of Scope 3 emissions arising from agricultural sources, we have detailed roadmaps for the four ingredients that make up a large part of that footprint. In 2023, we added a new palm oil roadmap and improved existing cocoa, dairy and sugar roadmaps using insights from our FLAG/non-FLAG analysis.

Across the ingredients, the two principal levers for driving Scope 3 reductions are:

- Eliminating deforestation to reduce land-use change
- Partnerships to scale good agricultural practices that reduce emissions and mitigate environmental risks

Roadmaps are progressing from assessment and project design phases into pilots and, in some cases, from pilots to scaled implementation.

In 2024, we expect to start seeing benefits from investments in satellite monitoring to protect against deforestation and our first wave of agroforestry projects. Our projects have layers of benefits, as we invest in solutions that simultaneously address environmental and social challenges.

Committed to No Deforestation
Preventing deforestation and conversion caused by changing land use is critical to reducing Scope 3 emissions.

In 2023, we accelerated our commitment to achieve a deforestation and conversion-free supply chain for cocoa, palm oil, pulp and paper, and any soy we source directly, by five years — the target date is now December 31, 2025.

→For more details, see our Deforestation and Conversion-free Policy.

We signed a new partnership for expanded satellite tracking of forest-risk supply chains to assist in meeting the 2025 goal. Some projects to decarbonize our value chain also include reforestation.

→For more deforestation and conversion-free updates, see our website, and The Significance of Biodiversity on page 69.

Partnerships to Scale Good Agricultural Practices
Through partnerships, we have identified, tested and begun to scale projects promoting good agricultural practices and technology. These projects both:

- Mitigate risks from climate change and biodiversity loss in our cocoa, dairy and sugar supply chains
- Help farmers adopt more sustainable practices, such as agroforestry and regenerative agriculture, and improve yields in the long term

By improving farmers' resiliency in the face of climate change, we are protecting our supply chain for the future.

→See Improving Farmer Income and Livelihoods on pages 26-27 and Sourcing Our Priority Ingredients and Materials on pages 48-52.

Non-FLAG Emissions Mapping

Once approved by the SBTi, we will have targets specific to our non-FLAG emissions. We are creating detailed roadmaps, starting with the largest elements of our non-ingredient footprint, such as logistics, packaging and ingredient processing by our suppliers.

Our approach centers on engaging suppliers to understand their carbon footprint and the targets they have to reduce it. This equips us to create roadmaps with suppliers involved from the start.

Our packaging roadmap covers supplier engagement, redesigning our product packaging and improving our packaging processes. Our logistics roadmap is in progress with the aim to have a detailed roadmap completed in 2024.

What's Next in Action on Climate Change

- Execute actions identified in our roadmaps, including continued collaboration with partners, toward our SBTi goals
- Implement a work plan and monitoring and verification protocol with Earthworm and Airbus to monitor, verify and address deforestation in our forest-risk commodities, i.e., cocoa, palm, pulp and paper, and soy
- Invest in cocoa sustainability research and development into scalable ways to help farmers overcome climate variability
- Continue to refine our FLAG and non-FLAG roadmaps

Hershey's Climate Action

We are reducing emissions today: we are evolving our plans to meet our climate goals and invest in our company's long-term success.

Cocoa

Supporting farmers to improve farmer livelihood and manage climate variability through partnerships in agroforestry and other good agricultural practices

Dairy

- Investing with farmers in the implementation of manure management solutions, soil health practices, nutrient management and riparian forest buffers
- Piloting methane-reducing feed additives projects

Sugar

Promoting regenerative agricultural initiatives such as use of cover crops and reduced tillage

- Committed to achieving a deforestation and conversion-free supply chain for the cocoa, palm oil, pulp and paper (packaging), and direct soy we source by 2025
- Protecting forests and preventing land use change is the single largest and most significant action Hershey is taking toward delivering on our ambition to reduce value chain emissions
- Building capabilities to engage suppliers to reduce emissions throughout the value chain, including ingredients and packaging
- Beginning to investigate opportunities through research and development in soil health, plant stress management, agroforestry and agricultural extension models

Renewable Electricity

Switching to 100% renewable electricity by 2030, approximately 80% achieved in 2023

Energy and Water Efficiency

Boosting energy efficiency through incremental improvements and capital investments in technology

Green Building Design

Leaning into green building design as a way to moderate our impact as we grow

Packaging

- Designing packaging to minimize impact and for circularity, such as moving to more recyclable materials, increasing recycled content for select pack-types in our portfolio and continuing to reduce overall use of materials
- Exploring how we can improve packaging processes to be more efficient, using less energy and reducing waste

Logistics

- Continuing fuel efficiency improvements in delivering our brands worldwide
- Optimizing our network to reduce the number of trucks and the distances our products move
- Exploring new technologies and practices for the supply chain

Retail

- Improving the recyclability of our retail display packaging
- Enhancing distribution efficiency through retail design solutions

Brand and Portfolio

- Exploring how to reduce environmental impacts of products through eco-design and ingredient formulation
- Understanding consumer demand for plant-based and sustainable treats

Water: An Invaluable Resource

Material ESG issue:
- Water use

Salient Human Rights issue:
- Access to water and sanitation

Water insecurity is a major risk to global prosperity and our business:

- An estimated 2 billion people already live in water-stressed areas[1]
- Demand is expected to outstrip supply by 40% by 2030[1]
- Climate change is increasing the frequency of extreme weather events, such as tropical storms, that could disrupt or shutdown facilities
- In 2023, approximately 14% of our food ingredients were sourced from regions with high or extremely high baseline water stress[2]
- Drought, high temperatures and water stress could affect crop yield or quality of key raw materials, with cocoa and dairy likely to be most affected

Every product we make depends on water – for growing our ingredients themselves and in our manufacturing processes. Water is an issue of double materiality for Hershey. We fully understand how critical it is to steward water responsibly. Access to water and sanitation is a human right. We strive to manage our facilities and supply chain to protect supplies of clean water.

Hershey Water Journey

Hershey facilities compete for water with surrounding communities and economies. Some are located in areas of high water stress. While water scarcity, quality and access are globally recognized challenges, how they manifest is highly localized.

Our current water strategy focuses on managing usage in our directly managed operations, prioritizing action based on local water scarcity issues.

Hershey Water Roadmap
Looking Back

2020

Launched Sustainable Dairy PA pilot to address threats to biodiversity and water quality in our local supply shed

2021

Participated in SBTN Corporate Engagement Program to align with emerging best practices

Analyzed our water footprint across our facilities and ingredient sourcing locations, looking contextually at water use and intensity

2022

Water stress and drought identified among top risks in climate scenario planning

2023

Took significant steps toward a more holistic water strategy, including an internal multi-stakeholder workshop to set usage reduction targets for priority sites where water is most scarce

Analyzed water risks and opportunities in our top 10 ingredients, enhancing understanding of the climate-nature-water connection

2024

Established a new goal of delivering a **20% absolute water use reduction** at priority sites where water is most scarce by 2030 (against a 2018 baseline)

1 Water Stewardship, United Nations Global Compact.
2 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 and refreshed in 2023.

Water: An Invaluable Resource
continued

Prioritizing Action in Hershey Operations

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.

New Target
Building on recent years' work, we have now set a new goal to reduce absolute water use:

20%

absolute water use reduction at priority sites where water is most scarce by 2030 against a 2018 baseline

Priority sites include three Hershey manufacturing facilities, located in Mandideep, India, and Monterrey and El Salto, Mexico, based on our research into baseline water stress, interannual variability in water supply and future climate scenarios. We accounted for business considerations, including the implications of business growth.

Achievements in 2023
Our new target builds on previous years' work that has resulted in:

- A **20% absolute reduction** in combined water use across all facilities since 2022[1]; driven by:
  - A 46% reduction at our corporate headquarters (since 2022) through ongoing investments in new equipment
  - A 2.5% absolute reduction in water use at priority sites against a 2022 baseline
  - A 16% decrease in water intensity compared to 2022

Water Oversight
Manufacturing sites are exploring better metering to help identify areas for improvement. This is part of engaging all employees in a culture of continuous improvement.

Our Energy and Water Management Steering Committee oversees reduction efforts such as:

- Setting targets and tracking usage
- Facilitating integration of visibility and accountability into our business to drive results, making data available, understanding usage patterns, securing investments and engaging teams to find opportunities

Champions at Hershey manufacturing locations rally their teams to implement projects, meet conservation goals and find further reduction and efficiency opportunities.

→**For Water Impact data and Water Intensity by Facility data, see pages 78-79.**

Supply Chain Water Stewardship

The ingredients we need depend on water. Our supply chain represents the majority of our water footprint and therefore the greatest opportunity to reduce usage. The increasing frequency of extreme weather and water stress due to climate change affects our supply chain. And the water used has a significant impact on the basins it is extracted from.

We continued work to better understand our value chain's water footprint, including:

- Engaging with suppliers, partners and experts to explore programming in our most significant watersheds
- Exploring collective action to shared goals
- Utilizing Science Based Targets Network (SBTN) methodology to understand water impacts and dependencies
- Adding detail on physical impacts and water-related resiliency to roadmaps for our priority ingredients

→**Learn more in our 2023 TCFD Report.**
→**For additional details, see Sourcing Our Priority Ingredients and Materials on pages 48-52.**
→**For more on our Blue Water Withdrawal Footprint, see page 75 of our 2022 ESG Report.**

Water Strategy and Our Supply Chain
We continue developing our holistic water stewardship strategy as we better understand our footprint.

We are currently investigating water quality challenges in the Chesapeake Bay watershed, where a significant portion of our operations and suppliers are located.

We recognize that to have a substantial impact on watersheds, we need to work with others. The collaborative Sustainable Dairy PA initiative is an excellent example, with the pilot already improving water quality and more impact to come as the program scales. We are also exploring what other interventions might most improve water quality of the bay.

→**For more details on Expanding Dairy Initiatives, see page 65.**

What's Next in Water

- Support teams at our priority sites to continue efforts toward their water usage reduction targets
- Create an engagement program for the rest of our facilities to achieve even greater global water usage reduction
- Complete the investment program at our headquarters to further reduce our water footprint
- Focus investments and expand partnerships around our priority sites and the Chesapeake Bay watershed
- Explore further engagement opportunities in key areas we source our ingredients

Innovating Where it Matters Most

Teams at our priority manufacturing facilities are already finding innovative ways to save water.

Monterrey discovered a way to recycle wastewater for use in non-food contact processes. This technology was originally deployed in 2022 as a temporary measure during the local water crisis, but is now a permanent fixture in both locations. This will save an estimated 8 million gallons of water annually.

In Mandideep, as well as reusing water for outside irrigation, the team has been investigating optimizing processes both to reduce water usage and streamline production. For example, they found ways to minimize the frequency of cleanings when switching a production line from manufacturing one product to another with steps such as aligning production schedules. This is expected to save approximately 120,000 gallons of water per year.

1 Due to lower production volumes in 2023, we haven't seen the same improvement in water intensity even though Hershey used less water in 2023 compared to 2022.

The Significance of Biodiversity

Material ESG issue:

- Biodiversity

Healthy biodiversity is fundamental to the future of our business, the communities around us and the global economy.

Biodiversity is essential as it:

- Supports ecosystems we rely on for food
- Is fundamental to the air we breathe
- Is a crucial part of mitigating climate change

Healthy, resilient natural systems sustain the entire supply chain of agricultural ingredients that are essential for every Hershey product. Climate change — through effects like extreme and unpredictable weather — is putting further pressure on many species. The issues of climate, water and biodiversity are therefore closely interlinked.

Focused on Our Role

Hershey sources a significant volume of ingredients from three areas that encompass 80% of the world's tropical forests — the Amazon, Congo and Borneo-Mekong-Southeast Asia basins.

We are focused in our efforts to:

- Eliminate deforestation from our value chain
- More deeply embed action on biodiversity into our strategy

Given the magnitude of the challenge, we collaborate in collective solutions so that, together, we meaningfully protect and restore nature. Our actions are covered by multiple policies, notably our Environmental, Deforestation and Conversion-free and Responsible Palm Oil Sourcing policies.

→**See our Biodiversity data on page 81.**

Toward a Deforestation and Conversion-free Supply Chain

Forests and other natural ecosystems are not only environmentally critical, but they can also provide livelihoods for forest-based communities and Indigenous Peoples. Deforestation, forest degradation and natural ecosystem conversion remain major global challenges with far-reaching implications for future generations.

As detailed in our updated Deforestation and Conversion-free Policy, we accelerated the target date to eliminate deforestation from our supply chain by five years to 2025. This recognizes both the urgent need for action and the fact that stopping deforestation is the primary lever for protecting biodiversity.

→**Learn more in Creating a More Resilient Supply Chain on page 32 and Verifying a Deforestation-free Palm Supply Chain on page 51.**

Strategically Addressing Biodiversity

Several biodiversity-enhancing projects are already underway as part of our integrated environmental strategy. In 2023 we:

- Completed feasibility assessments for an innovative agroforestry program as part of our Income Accelerator Program in Côte d'Ivoire, with tree planting starting in 2024
- Started work to protect a new nature reserve with the Foundation for the Parks and Reserves of Côte d'Ivoire
- Partnered in a project to conserve land in one of the biologically richest forests in Ghana
- Planted riparian forest buffers as part of the Sustainable Dairy PA initiative

→**Learn more about Taking Action: Hershey Supports the Forest Through the Trees on our corporate website.**

The Significance of Biodiversity
continued

Advancing Biodiversity in 2023

We focus on the intersection between biodiversity, water, climate change, human rights and communities. Many of our programs achieve benefits across all these aspects.

In 2023, we launched an assessment with The Biodiversity Consultancy (TBC) to inform how we could best address biodiversity challenges, where TBC:

- Conducted an impacts and dependencies screening following the leading global frameworks for nature and using the SBTN Materiality Screening Tool and High Impact Commodity List. This is helping us prioritize the business areas and commodities for further assessment and action. This work identified sugar, cocoa, corn, dairy and palm as having the highest impact for ingredients. Operationally, water was found to have the highest dependencies.
- Assessed our biodiversity footprint based on geospatial analyses. This generated insights into the extent of the area needed to produce the raw materials we source, the condition of biodiversity in the areas we source from and the global importance of that biodiversity.

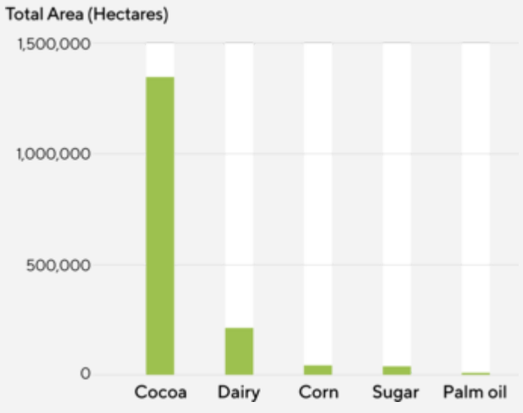
With these learnings we can further build our resilience to climate change and biodiversity loss.

→See our Biodiversity data on page 81.

What's Next in Biodiversity

- Use lessons from TBC's assessment to identify impactful biodiversity projects and develop a biodiversity action plan, in connection with our climate strategy
- Continue to expand our nature-related disclosures in line with the Taskforce on Nature-related Financial Disclosures (TNFD)

Biodiversity Footprint of Hershey's Ingredients With the Highest Land Use Impact



CASE STUDY

One Million Trees With Arbor Day Foundation

"We have done incredible work together over the past seven years, and achieving that one million tree milestone is further proof of just how impactful this partnership has been. Thanks to Hershey's dedication to global environmental stewardship, their support has allowed us to connect local reforestation teams with the necessary resources to catalyze meaningful projects and drive large-scale planting efforts in the ecosystems that need it most."

Dan Lambe, Chief Executive, The Arbor Day Foundation

Restoring forest habitat has many benefits. Hershey has partnered with the Arbor Day Foundation on reforestation since 2017 as a founding member of the Evergreen Alliance, a group of their most innovative and engaged corporate partners. This year our collaboration reached key milestones:

- One million trees planted together, which has restored over 2,300 acres of forest since 2017
- Extended the partnership internationally to reforest tropical forests
- Planted 208,333 trees and restored nearly 352 acres of habitat in 2023 alone
- Planted 10,000 trees along the Monarch Butterfly Biosphere Reserve in Mexico, where monarch butterflies nest, reversing some of the destruction of nesting sites caused by logging, that threatens the species

Making Progress on Packaging

Material ESG issue:
- Packaging and end-of-life

We are changing packaging to create a more sustainable future, while keeping the goodness inside: safety, quality and a consumer experience that delights.

Excess packaging, or packaging that is difficult to sustainably dispose of at the end of its life, can contribute to several negative impacts:

- Discarded plastic waste
- Too much waste sent to landfills
- Unnecessary Scope 3 emissions

Packaging and Circularity

Packaging is key to delivering safe, high-quality products to our consumers. A more sustainable future calls for fewer negative impacts from packaging and plastic waste.

To mitigate these impacts, we are reducing unnecessary materials and increasing recyclability, seeking greater circularity. Since packaging is a significant portion of the goods we buy, all these actions help us reduce our non-FLAG Scope 3 emissions.

A recent internal assessment identified where we can strengthen our sustainable packaging approach. A strategy refresh is underway using those insights. The focus is on reducing materials, improving circularity and reducing associated GHG emissions.

Reducing Packaging Materials

We always aim to use less — it is better for our business and the planet.

Our run of success reducing packaging waste sent to landfills continued in 2023. Having achieved the original goal five years ahead of schedule, we are now more than 61% of the way toward our expanded commitment to eliminate an additional 25 million pounds of packaging by 2030.

In 2023 alone, we phased out over 1.7 million pounds of material by eliminating, redesigning and reducing packaging.

Beyond consumer packaging, we constantly seek ways to reduce secondary, transport and retail display packaging, investing in designs that make distribution more efficient. That means fewer trucks on the road and a significant contribution toward our Scope 3 GHG emissions targets.

Improving Recyclability

We have set course to make Hershey packaging recyclable and have made strides toward this ambition. In 2023, we:

- Invested significantly in recyclable materials, converting 19 items to mono-material film and gaining valuable insights for future conversion plans
- Conducted over a hundred manufacturing trials to better understand recyclable film performance
- Carried out studies across our product portfolio to maintain quality and safety standards
- Increased our knowledge and use of plastic alternatives and post-consumer recycled material

We have also made design choices to improve recyclability. For example, this year we changed our *ICE BREAKERS* mints packaging to make the whole container recyclable by using a single material type for both labels and container. This required a complete brand redesign.

To overcome complexities around recyclability, partnerships are essential. While we acknowledge infrastructure for food-contact recyclable packaging is under-developed, we will continue to engage with industry to find better end-of-life options.

No More PVC

PVC is hard to recycle. In 2023, we managed to eliminate all PVC from our chocolate business' global packaging portfolio. We are now working on doing the same for our North America Salty Snacks segment.

As of December 31, 2023, we eliminated PVC from our branded business and have active projects to eliminate PVC from private label offerings. We are targeting to remove PVC fully in 2024.

More Recycled Materials

We continue to strive for greater circularity by using more recycled materials. With limited possibilities for direct food-contact applications available, we focused on increasing recycled content on corrugate and cartons — like launching *Reese's* Caramel Big Cup with a 100% recycled carton. This conversion equated to significant savings:

- Keeping 200 tons of material out of landfill
- Saving 4,800 trees[1]

What's Next in Packaging

- Continue to reduce packaging use and eliminate non-value added materials through sustainable design and continuous improvement
- Broaden efforts related to emission reduction
- Drive circularity via design choices
- Strive for transparency and education with enhanced labeling

→**For Packaging data, see page 77.**

Going Modular Saves Waste

We have reinvented displays to make the most of materials. The new, modular retail display units have been designed for agile fulfillment, and sized according to individual customer needs. If customers sell more *Reese's* and fewer *KitKats,* not only can we send them the right amount of products — now we can make sure they have exactly the right amount of shelf space and associated materials.

Reese's Recycled Paper

The planned launch of *Reese's* Caramel Big Cup in 2023 presented a packaging opportunity to optimize for sustainability. The packaging team was able to qualify and source a carton made from 100% recycled content — with a minimum of 35% post-consumer recycled content and 65% industrial recycled content. Opportunity realized.

1 Source: conservatree.org.

New Solutions for Waste

Material ESG issue:
- Packaging and end-of-life

Prioritizing waste reduction is key to environmental stewardship at Hershey.

Proper waste management serves a fundamental role in protecting natural resources and can help our business:

- Reduce demand on landfills and limit pollution from disposals
- Through reuse, save resources from being used to make new things
- Cut costs by reusing or create income by selling waste for beneficial use

We see waste as something with potential value to be repurposed. That culture feeds our approach to recycling and the circular economy initiatives in our operations.

In 2023 our company-wide waste recycling rate regressed due to new acquisitions in Hershey's North America Salty Snacks segment. Work is underway to integrate innovative waste solutions at these facilities in 2024.

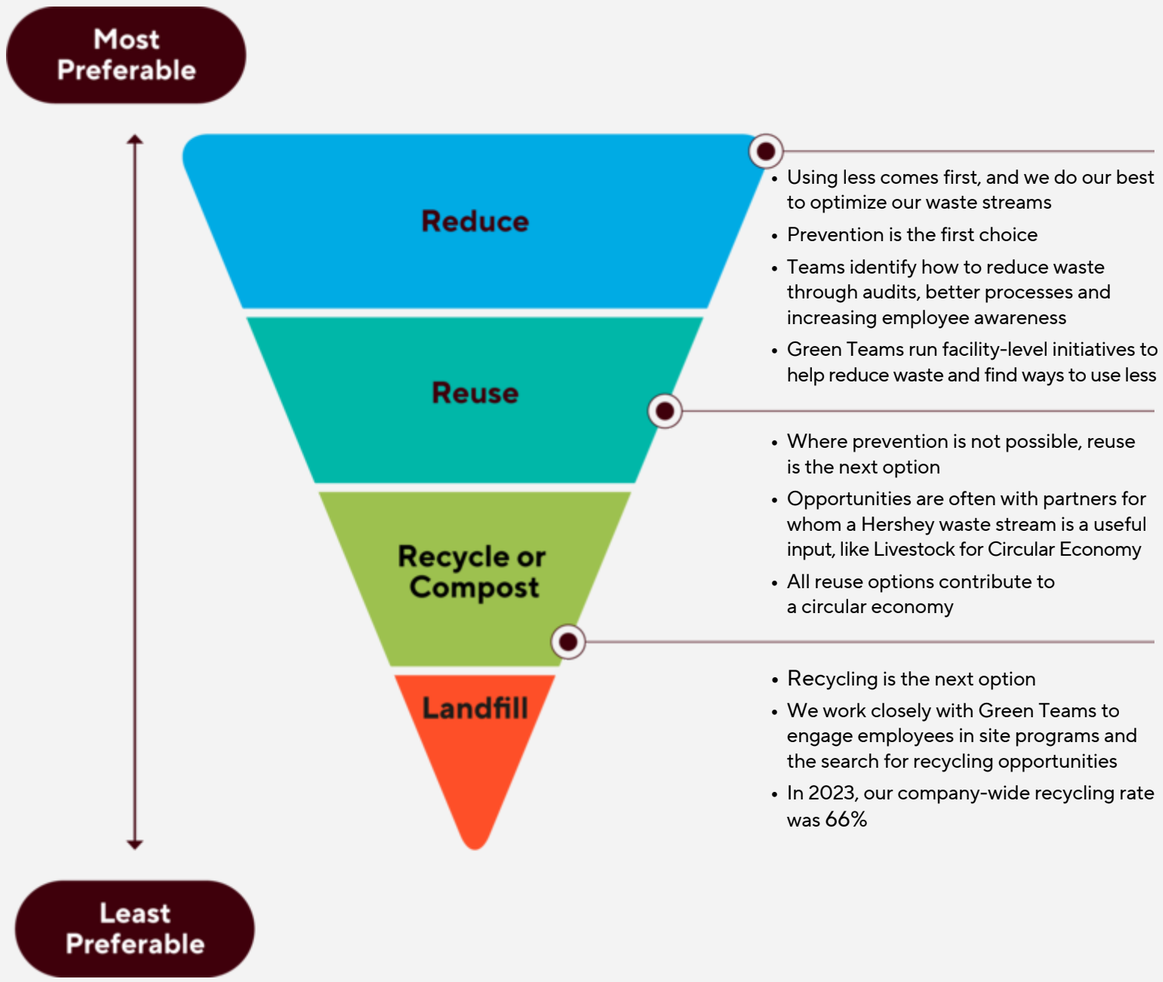
Reduce, Reuse, Recycle

Our waste management strategy is simple — comply with the law applicable to each of our sites and do what we can to be less wasteful. Our Waste Management Policy covers compliance, and is implemented by the Environmental Health and Safety (EHS) team at each Hershey location. Employees consistently seek new ways to reduce, reuse and recycle materials, and we work closely with our Green Teams to keep waste management front-of-mind.

What's Next in Waste

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

→See page 80 for Waste Management data.



Livestock for Circular Economy

We have collaborated with Cargill since 2011 to divert food waste from landfill. They repurpose it as an input for livestock feed, relying less on crops and the resources needed to grow them. The stock feed is added to nutrient-dense dry feed ingredients where it is specially fine tuned for nutritional value and quality control.

This collaboration directly circles our food waste back into our supply chain. What is more, we win on costs with lower dry-feed prices. In 2023, this partnership saved approximately 50 million pounds of chocolate from landfill. Cargill even repurposes packaging — wrappers go to produce energy and cardboard is recycled.

We now have at least one similar partnership covering 100% of our manufacturing facilities.

Recycling Highlights

Our facilities in Brazil and Mandideep, India, maintained their 100% recycling rate in 2023 — their third year in a row. In the U.S., we targeted waste connected with our offices' dining facilities by:

- Working with our waste management provider to facilitate food waste collection
- Replacing all cutlery, plates and napkins with biodegradable versions at our corporate headquarters

Employees Catalyzing Change

The passion of our Green Teams helps unite all Hershey employees in pursuit of our ambitious environmental goals.

We need every employee working together in a holistic approach to sustainability. Green Teams embody our core value of Making a Difference. They drive the engagement we need with:

- Sustainability education
- Internal campaigns on sustainability initiatives
- Activities engaging local communities

Green Teams consist of employees from across Hershey functions, roles and locations. They are united by a shared passion for the Green Team Mission and its potential to improve the company's environmental impact.

We launched our first Green Team on Earth Day 2020 and now have 12 Green Teams globally, with over 350 members. Green Teams have since undertaken many activities to catalyze Hershey's transformation from the inside out.

Educate: Zoom In On HQ

Green Teams at our corporate headquarters in Hershey, Pennsylvania, organized a series of events zooming in on ESG:

- *Don't be Part of the Pollution, be the Solution* was a session with the ESG team on Hershey's climate scenario planning. The audience heard and discussed issues from how fast the planet is warming to what Hershey is doing about it.
- In *Think Globally, Act Locally* employees interacted with a representative from a city planning committee on how local communities are planning for environmental changes.
- A representative of our waste management contractor came to discuss *What's Waste and What's Not?* with tailored advice on how to improve waste management at headquarters and how employees can help.

Over 100 employees engaged with the events.

Engage: Planting For Pollinators

Every year, Green Teams across the world join with other employees, family and community members in sustainability projects to achieve shared goals.

The team in Monterrey, Mexico wanted to help the pollinators that are so important to our ecosystems. The migration of the Monarch butterfly benefits many ecosystems, and its habitats in Mexico are under threat. Hershey employees and local students planted gardens at two schools in nearby municipalities — one in Salinas Victoria, the other in Apodaca. They planted 296 plants in all, of a variety of species, to provide shelter, food and water for Monarchs as they migrate through the area.

Activate: Smart Ways to Avoid Landfill

Team members at our Malaysia manufacturing plant spotted a way to reduce waste. Together they built a mobile divider to use on the conveyor to separate re-workable, imperfect products from non-reworkable ones. This kept the re-workable products from landfill, saving over 7,000 pounds of waste per month and more than $10,000 a month in costs to the business.

What's Next in Green Teams

- Lead programming in energy, waste and water to raise employee awareness and engagement
- Advance waste reduction at Hershey global headquarters

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.

"Green Teams play a crucial role in promoting sustainable practices that minimize environmental impact. These actions benefit the community and strengthen the company's reputation, contributing to a more sustainable world. For me, this means aligning myself with a purpose, and having the possibility to make a difference through initiatives that have a positive impact on the environment and society."

Elisama Justo, Brazil Green Team Leader, The Hershey Company

Our Progress

Environment	Target Year	Progress (as of Dec. 31, 2023)	Goal Status	Notes
50% absolute reduction in Scope 1 and 2 GHG emissions against a 2018 baseline	2030	**43%**	On Track	1
25% absolute reduction in Scope 3 GHG emissions against a 2018 baseline	2030	**15%**	In Progress	2
100% of plastic packaging to be recyclable, reusable or compostable	2030	**32%**	In Progress	–
25 million pounds of packaging to be eliminated	2030	**15.4 million pounds**	On Track	3

1 Hershey's GHG emissions reduction goal for 2030 is based on Scope 1 and Scope 2 (market-based). Our 2023 Scope 1 and Scope 2 data received limited assurance by EY.
2 Our 2023 Scope 3 data is verified by Quantis.
3 Cumulative packaging waste eliminated (2021-2023) is 15.4 million pounds. This value includes Candy, Mint, and Gum products. It excludes all other product packaging and any non-Hershey purchased packaging materials.

GHG Emissions	Unit	2023	2022	2021	Notes
Total GHG footprint	MTCO2e	**7,503,635**	6,189,527	5,554,762	1
Direct (Scope 1) emissions	MTCO2e	**178,001**	179,211	146,653	2
Change in Scope 1 emissions (against a 2018 baseline)	%	**-0.90%**	-0.27%	-6.70%	–
Indirect (Scope 2): market-based emissions	MTCO2e	**61,592**	68,639	61,415	2
Change in Scope 2: market-based emissions (against a 2018 baseline)	%	**-74.60%**	-71.74%	-74.50%	–
Indirect (Scope 2): location-based emissions	MTCO2e	**224,083**	232,579	201,203	2
Value chain (Scope 3) emissions	MTCO2e	**7,264,041**	5,941,676	5,346,693	3
Change in Scope 3 emissions (against a 2018 baseline)	%	**-14.70%**	-9.80%	-18.40%	–
Biogenic carbon dioxide emissions	MTCO2	**7,214**	9,472	3,631	4

1 Our 2023 total GHG footprint is considered accurate given Scope 1 and Scope 2 (market-based) data has received limited assurance by EY and our Scope 3 data has been verified by Quantis. Total emissions are higher than previously stated in 2021 and 2022 due to acquisitions, emissions factor updates and adjusted Scope 3 (inclusion of category 2).
2 Hershey's 2023 Scope 1 and Scope 2 data received limited assurance by EY. The corresponding limited assurance statement is found on our corporate website.
3 Hershey's 2023 Scope 3 data has been independently verified by Quantis. The corresponding letter is available on our corporate website. Total emissions are higher than previously stated in 2021 and 2022 due to acquisitions, emissions factor updates and adjusted scope.
4 This metric includes carbon emissions from biofuel, such as biomass and biogas, for energy production. Hershey's 2023 biogenic carbon dioxide emissions data received limited assurance by EY. The corresponding limited assurance statement is found on our corporate website.

Scope
Hershey's 2023 and 2022 GHG emissions data includes all brands in Hershey's portfolio, including Amplify, ONE Brands, Lily's, Dot's and Pretzels. The 2023 data also includes Weaver Popcorn Manufacturing, Inc.
Hershey's 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, 2 and 3 GHG emissions are disclosed in aggregate as CO2e. Individual gases are identified though not independently disclosed, with the majority of CO2e consisting of CO2.
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: DEFRA. Operational control.
Scope 2: EPA Emissions & Generation Resource Integrated Database (eGRID), International Energy Agency (IEA) emission factors, 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.

GHG Emissions - Scope 3[1]	Unit	2023	2022	2021
Scope 3: Category 1 – Purchased Goods and Services	MTCO2e	**6,224,489**	5,055,719	4,483,142
Scope 3: Category 2 – Capital Goods	MTCO2e	**203,526**	Not Applicable	Not Applicable
Scope 3: Category 3 – Fuel and Energy-Related Activities	MTCO2e	**131,901**	136,489	28,418
Scope 3: Category 4 – Upstream Transportation and Distribution	MTCO2e	**299,367**	363,671	408,839
Scope 3: Category 5 – Waste Generated in Operations	MTCO2e	**12,922**	13,656	7,558
Scope 3: Category 6 – Business Travel	MTCO2e	**14,303**	13,276	6,006
Scope 3: Category 7 – Employee Commuting	MTCO2e	**51,154**	43,446	33,013
Scope 3: Category 8 – Upstream Leased Assets	MTCO2e	**Not Applicable**	Not Applicable	7,696
Scope 3: Category 9 – Downstream Transportation and Distribution	MTCO2e	**206,654**	202,414	284,179
Scope 3: Category 10 – Processing of Sold Products	MTCO2e	**Not Applicable**	Not Applicable	Not Applicable
Scope 3: Category 11 – Use of Sold Products	MTCO2e	**Not Applicable**	Not Applicable	Not Applicable
Scope 3: Category 12 – End-of-Life Treatment of Sold Products	MTCO2e	**119,725**	113,005	87,842
Scope 3: Category 13 – Downstream Leased Assets	MTCO2e	**Not Applicable**	Not Applicable	Not Applicable
Scope 3: Category 14 – Franchises	MTCO2e	**Not Applicable**	Not Applicable	Not Applicable
Scope 3: Category 15 – Investments	MTCO2e	**Not Applicable**	Not Applicable	Not Applicable

1 Hershey's 2023 Scope 3 data has been independently verified by Quantis. The corresponding letter is available on our corporate website.

Scope
Hershey's 2023 and 2022 GHG emissions data includes all brands in Hershey's portfolio, including Amplify, ONE Brands, Lily's, Dot's, Pretzels, and Weaver Popcorn Manufacturing, Inc.
Hershey's 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 3.8), and the emission rates of some of our suppliers. Operational control. GHG Protocol standard used.

Emissions Intensity[1]	Unit	2023	2022	2021	Notes
Direct (Scope 1)	MTCO2e per Metric ton of product produced	**0.167**	0.160	0.154	–
Indirect (Scope 2): market-based	MTCO2e per Metric ton of product produced	**0.058**	0.061	0.065	–
Scope 1 and Scope 2: market-based	MTCO2e per Metric ton of product produced	**0.224**	0.222	0.219	2
Value chain (Scope 3)	MTCO2e per Metric ton of product produced	**6.035**	4.638	4.875	3

1 Hershey's 2023 and 2022 GHG emissions data includes all brands in Hershey's portfolio, including Amplify, ONE Brands, Lily's, Dot's, Pretzels, and Weaver Popcorn Manufacturing, Inc. Hershey's 2021 GHG emissions data excludes ONE Brands, Lily's, Dot's and Pretzels.
2 Hershey's 2023 Scope 1 and Scope 2 data (including intensity) received limited assurance by EY. The corresponding limited assurance statement is found on our corporate website.
3 Hershey's 2023 Scope 3 emissions intensity has been independently verified by Quantis. The corresponding letter is available on our corporate website.

Energy Consumption[1,2]	Unit	2023	2022	2021	Notes
Biogas	Gigajoules (GJ)	**58,231**	64,166	72,015	–
Biomass	Gigajoules (GJ)	**50,521**	71,456	Not applicable	3
Coal	Gigajoules (GJ)	**2,933**	7,650	72,533	3
Distillate fuel oil no. 2	Gigajoules (GJ)	**9,932**	9,488	7,283	–
Electricity consumed	Gigajoules (GJ)	**2,249,874**	2,271,168	2,019,779	4
Fuel oil no. 6	Gigajoules (GJ)	**0**	0	151	5
Jet fuel	Gigajoules (GJ)	**57,978**	56,152	32,045	–
Gasoline	Gigajoules (GJ)	**77,833**	68,986	2,940	–
Natural gas	Gigajoules (GJ)	**3,103,913**	3,132,437	2,465,002	–
Propane	Gigajoules (GJ)	**2,344**	1,629	596	6
Total direct energy consumption	Gigajoules (GJ)	**5,613,559**	5,683,133	4,672,395	7
Energy intensity	GJ per metric ton of product produced	**5.26**	4.47	4.38	8

1 Our 2023 energy consumption data received limited assurance by EY. The corresponding limited assurance statement is found on our corporate website.
2 The 2021 scope of 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 beginning with the 2022 energy consumption data. The 2023 data also includes two manufacturing facilities acquired from Weaver Popcorn Manufacturing, Inc.
3 We had a decrease in biomass and coal due to the optimization of the boiler system within our Mandideep plant in 2023.
4 Sources include hydroelectric, renewable electricity contractual instruments, zero emissions contractual instruments and traditional grid electricity.
5 Fuel oil no. 6 is a carbon-intensive fuel, Hershey eliminated from use in 2022.
6 Propane use increased in 2023 and is attributed to the acquisition of two manufacturing facilities from Weaver Popcorn Manufacturing, Inc.
7 Total may not add up when using category values listed above due to rounding.
8 Represents energy usage at Hershey manufacturing plants related to fuel, electricity and heating.

Electricity Mix[1,2]	Unit	2023	2022	2021	Notes
Percent of total electricity consumption that is supplied as grid electricity	%	**20.2%**	23.0%	22.2%	–
Percent of total electricity consumption that is covered by the purchase of a renewable energy based contractual instrument	%	**26.6%**	25.5%	21.5%	–
Percent of total electricity consumption that is covered by the purchase of a zero-emissions energy based contractual instrument	%	**53.2%**	51.5%	56.4%	–
Percent of total electricity consumption that is covered by the purchase of a renewable energy and zero-emissions energy based contractual instrument	%	**79.8%**	77.0%	77.0%	–
Number of renewable energy contractual (RECs) instrument generated through renewable energy PPAs	# of RECs	**130,400**	75,500	14,600	3

1 Our 2023 electricity mix data received limited assurance by EY. The corresponding limited assurance statement is found on our corporate website.
2 Data for 2022 includes ONE Brands, Lily's, Dot's and Pretzels. Additionally, data for 2023 also includes Weaver Popcorn Manufacturing, Inc.
3 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[1]	Unit	2023	2022	2021	Notes
NOx emissions	Metric tons	**205.6**	91.3	67.4	–
SOx emissions	Metric tons	**28.9**	3.7	2.2	–
VOC emissions	Metric tons	**174.7**	176.6	101.9	–
CO emissions	Metric tons	**109.7**	78.4	64.0	–
Particulate emissions	Metric tons	**73.2**	94.6	52.9	2

1 Our 2023 air emissions data represents Hershey's 14 global confectionery manufacturing sites along with our six salty manufacturing sites. This is a change from 2022 as salty sites were not previously included in the calculations. Hershey's salty sites utilize natural gas ovens in their processes which produce a combustion byproduct including NOx, SOx and CO. The data does not include Lily's or ONE Brands.
2 The decrease in particulate emissions is due to Hershey's transition away from coal in Mandideep, India.

Packaging	Unit	2023	2022	2021	Notes
Eliminating hard-to-recycle PVC	%	**100%**	Qualified alternatives identified for 100% of PVC	Qualified alternatives identified for more than 50% of PVC	1
Total packaging sourced globally	Metric tons	**176,157**	172,766	168,898	–
Packaging waste eliminated	Millions of pounds	**1.7**	4.2	9.5	2
Product packaging by weight that is currently recyclable	%	**84%**	77%	77%	3
Packaging made from recycled and/or renewable materials	%	**76%**	73%	72%	4
Packaging in North America that is post-consumer recycled material	%	**30%**	32%	31%	4
Plastic Packaging portfolio that is recyclable	%	**32%**	Not disclosed	Not disclosed	4

1 In 2023, we managed to eliminate all PVC from our chocolate business' global packaging portfolio. We are now working on doing the same for our North America Salty Snacks segment, after recent corporate acquisitions. As of December 31, 2023, we eliminated PVC from our branded business and have active projects to eliminate PVC from private label offerings. We are on track to remove PVC fully in 2024.
2 Cumulative packaging waste eliminated (2021-2023) is 15.4 million pounds. This value includes Candy, Mint, and Gum products. It excludes all other product packaging and any non-Hershey purchased packaging materials.
3 Our progress in 2023, was driven by the increase in rigid packaging that is recyclable.
4 This value includes candy, mint, and gum products. It excludes all other product packaging and any non-Hershey purchased packaging materials.

Water Impact[1,2]	Unit	2023	2022	2021	Notes
Total water use	Millions of Liters	**4,520**	5,783	5,829	–
Groundwater	% of total water use	**43%**	54%	54%	–
Purchased water	% of total water use	**57%**	46%	46%	–
Total water discharged	Millions of Liters	**3,230**	4,898	4,915	–
Total water consumption	Millions of Liters	**1,290**	885	914	3
Total water withdrawn in region of extremely high baseline water stress	%	**14.4%**	11.5%	11%	4
Total water withdrawn in region of high baseline water stress	%	**0.9%**	0.99%	1%	4
Total water consumed in region of extremely high baseline water stress	%	**33%**	49.5%	46%	4
Total water consumed in region of high baseline water stress	%	**1.7%**	4.08%	2%	4
Total water intensity	Liters per kilogram of product produced	**2.85**	2.78	3.19	–

1 All metrics in the Water Impact data table have been independently verified by Quantis. The corresponding letter may be found on our corporate website.
2 Our 2021 Water data excludes ONE Brands, Lily's, Dot's and Pretzels.
3 Water consumption is calculated as water use less water discharge.
4 This data represents Hershey's global manufacturing facilities and owned U.S. distribution centers and corporate offices.

Water intensity by Facility (Operational water footprint by factory)	Water Stress Score per WRI Aqueduct 4.0	Notes
Total water intensity	Not applicable	—
Bethlehem, PA	Low (<10%)	—
Bluffton, IN	Medium-high (20-40%)	—
Edgerton, KS	Low-medium (10-20%)	—
Goodyear, AZ	Extremely high (>80%)	—
Granby, Quebec, Canada	Low (<10%)	—
Guadalajara, Jalisco, Mexico	Extremely high (>80%)	—
Hazleton, PA	Low (<10%)	—
Hershey, PA (Reese Manufacturing Plant)	Low (<10%)	—
Hershey, PA (West Hershey Manufacturing Plant)	Low (<10%)	—
Johor, Malaysia	Low (<10%)	—
Lancaster, PA	Low (<10%)	—
Lawrence, KS	Low (<10%)	1
Lenexa, KS	Low (<10%)	—
Mandideep, Madhya Pradesh, India	Extremely high (>80%)	—
Memphis, TN	Low (<10%)	—
Monterrey, Nuevo León, Mexico	High (40-80%)	—
Plymouth, IN	High (40-80%)	—
Robinson, IL	Medium-high (20-40%)	—
São Roque, São Paulo, Brazil	Medium-high (20-40%)	—
St. Hyacinthe, Quebec, Canada	Low (<10%)	—
Stuarts Draft, VA	Medium-high (20-40%)	—
Velva, ND	Low-medium (10-20%)	—
Whitestown, IN	Medium-high (20-40%)	—

1 The Lawrence, KS facility began operations in August 2021.

Waste Management[1,2]	Unit	2023	2022	2021	Notes
Total Non-hazardous waste generated	Metric tons	**106,734**	87,188	61,013	–
Total waste reused and recycled	Metric tons	**70,964**	68,302	51,532	–
Total waste: Composted	Metric tons	**215**	138	223	–
Total waste: Recycled	Metric tons	**34,086**	29,826	20,565	–
Total waste: Stock Feed	Metric tons	**36,664**	38,338	30,744	–
Waste to energy (incineration)	Metric tons	**11,089**	9,973	6,781	–
Waste to trash (landfill)	Metric tons	**24,681**	8,913	2,700	3
Company-wide waste recycling rate	%	**66%**	78%	85%	4
Hazardous waste	Metric tons	**166**	225	152	–
Waste intensity	Metric tons of waste generated/Metric tons of product produced	**0.10**	0.08	0.06	–

1 Waste management data within this table has been independently verified by Quantis. The corresponding verification letter may be found on our corporate website.
2 The 2021 data in the Waste Management table excludes ONE Brands, Lily's, Dot's and Pretzels.
3 The increased amount of waste to trash (landfill) is attributed to the growth of Hershey's Salty segment. Work is underway to integrate innovative waste solutions at these facilities.
4 This includes total waste reused and recycled. Our reduction in company-wide waste recycling rate is attributed to the growth of Hershey's Salty segment. Work is underway to integrate innovative waste solutions at these facilities.

Biodiversity[1]	Unit	2023	2022	2021
Bethlehem, PA	%	**6.00%**	Not Applicable	Not Applicable
Hershey, PA	%	**0.96%**	0.82%	0.81%
Hazleton, PA	%	**3.61%**	4.16%	3.07%
Lancaster, PA	%	**0.58%**	0.47%	0.45%
Stuarts Draft, VA	%	**7.61%**	11.77%	8.45%
Memphis, TN	%	**2.69%**	2.66%	2.56%
Robinson, IL	%	**4.11%**	4.14%	3.92%
Monterrey, Nuevo León, Mexico	%	**27.37%**	79.30%	47.29%
Guadalajara, Jalisco, Mexico	%	**15.33%**	30.77%	22.97%
Mandideep, Madhya Pradesh, India	%	**0.41%**	0.00%	0.00%
Johor, Malaysia	%	**5.67%**	10.03%	8.54%
São Roque, São Paulo, Brazil	%	**26.85%**	39.56%	34.72%
Granby, Quebec, Canada	%	**3.09%**	2.04%	1.74%
St. Hyacinthe, Quebec, Canada	%	**2.81%**	2.78%	2.20%
Edwardsville, IL	%	**1.23%**	1.61%	1.26%
Ogden, UT	%	**8.17%**	6.56%	6.56%
Edgerton, KS	%	**0.82%**	0.59%	0.59%
Goodyear, AZ	%	**8.66%**	17.69%	11.50%
Lenexa, KS	%	**0.66%**	0.51%	0.50%
Velva, ND	%	**1.29%**	1.43%	0.89%
Lawrence, KS	%	**0.76%**	0.75%	0.74%
Bluffton, IN	%	**0.33%**	0.42%	0.34%
Plymouth, IN	%	**1.65%**	1.58%	1.54%
Whitestown, IN	%	**25.00%**	Not Applicable	Not Applicable

1 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 and is updated on a monthly basis to track the dynamics of changes to the world's protected areas. The WDPA database is continuously improving based on new information. The results reflected in this table are up to date as of February 2024.

IUCN Red List Species[1]	2023					2022				
Location	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concerned	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concerned
Arizona, USA	**3**	**5**	**9**	**9**	**542**	3	5	9	11	616
Illinois, USA	**3**	**12**	**26**	**22**	**737**	9	12	27	23	883
Indiana, USA	**5**	**13**	**21**	**26**	**663**	4	15	23	26	757
Jalisco, Mexico	**5**	**18**	**20**	**22**	**743**	5	23	32	33	1,093
Johor, Malaysia	**37**	**83**	**260**	**288**	**2,643**	41	107	300	324	2,902
Kansas, USA	**3**	**13**	**17**	**21**	**616**	2	10	16	22	735
Madhya Prades, India	**5**	**11**	**23**	**25**	**719**	5	12	23	25	725
North Dakota, USA	**1**	**5**	**11**	**11**	**439**	3	6	13	11	449
Nuevo León, Mexico	**3**	**8**	**14**	**20**	**699**	4	14	21	25	884
Pennsylvania, USA	**3**	**10**	**28**	**26**	**660**	5	9	28	26	787
Quebec, Canada	**2**	**11**	**20**	**21**	**546**	5	12	22	21	599
São Paulo, Brazil	**8**	**15**	**38**	**55**	**1,319**	9	19	44	62	1,791
Tennessee, USA	**8**	**10**	**24**	**21**	**732**	8	10	24	21	808
Utah, USA	**2**	**4**	**9**	**10**	**489**	2	4	9	10	551
Virginia, USA	**3**	**6**	**23**	**22**	**606**	3	6	23	22	721

1 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	2023	2022	2021	Notes
Hershey Green Team chapters (globally)	#	**12**	13	11	1
Hershey Green Team members	#	**>350**	>350	>330	—
Trees planted and tree seedlings distributed	#	**214,272**	262,396	218,124	2
Trees planted in partnership with the Arbor Day Foundation	# of trees	**208,333**	104,167	>690,000	3

1 Represents active Green Teams globally.
2 The total trees planted 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.
3 Hershey's 2021-2022 projects included participation in the Arbor Day Foundation's Community Canopy program to create the largest tree-giveaway program ever for Hershey employees across the U.S. The program provided employees with more than 2,000 trees at no cost — delivered right to their homes. As a result, fewer trees were planted for reforestation projects in 2022 than 2023.

Our People

Hershey's culture is about togetherness and collaboration — where everyone feels they are valued and belong.

Nurturing the kind of workplace where inclusiveness is the norm is good for people and for business. When all employees can be their authentic, true selves at work, when we invest in them and support them, the whole team can give its best.

The passion, pride and sense of belonging this forms transcends languages, borders, business units or roles. It is how we make more moments of goodness.

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Lead Today, Create Tomorrow

Lead Today, Create Tomorrow is our strategy for a dynamic workforce and inclusive environment that creates a brighter future for Hershey and each other.

Our values of Togetherness, Excellence, Integrity and Making a Difference, help maintain a workplace that inspires our people to deliver exceptional business performance. In doing so we navigate risks many global businesses face:

- Economic uncertainty and inflation
- Labor shortages, meaning talent is even more in demand
- Staff attrition
- Global events

However, the external labor environment also creates opportunities as we evolve our workforce strategies. Our purpose, to Make More Moments of Goodness, inspires people. This purpose, alongside our Lead Today, Create Tomorrow strategy and Employee Value Proposition (EVP), differentiates us, and strengthens our highly-engaged team to drive our business success.

Our Approach and Strategy

We listen to employees carefully and continuously. We act on the insights they give us to create a workplace that helps them thrive. We adapt to external trends. We embrace technology to reimagine productivity, people development and talent retention. All so every employee, each day, is driven to make and sell the iconic brands consumers love.

Lead Today, Create Tomorrow is composed of four pillars:

Flexibility and Time Use

We support employees' well-being by helping them maximize time at both home and work. The Best of Both Framework gives employees flexibility in when, where and how work gets done. Best of Both has demonstrably driven innovation, engagement, inclusion and belonging across our teams over the last three years.

→See Flexible, Family-Friendly Options on page 86 for more.

Development for All

Nurturing a fulfilling work environment, promoting professional growth for all 20,000 employees and a talent pipeline of future Hershey leaders is at the heart of our development strategy. We have specialized partnerships to curate learning content for employees. In 2023, we launched several initiatives to feed our Director and Critical Role pipeline based on the talent assessment process reported last year. The overall suite of talent development efforts will ensure we have a robust, diverse bench for our most critical roles.

→Learn more in Investing in Development to Create Tomorrow on page 87.

Energizing Experiences

We celebrate the value our inclusive and diverse team brings to our business. The Pathways to JOIN, GROW and REACH OUT Framework welcome, include and help people within and outside Hershey to advance.

→Additional details on the Pathways Project are on pages 89-94.

Care Systems and Rewards

Our system for rewards and recognition meaningfully enriches our people's financial, emotional and physical well-being.

→See Care Systems & Flexibility on page 86 for more information.

Employee feedback and winning a Great Place to Work awards in Brazil, Canada, India, Malaysia, Mexico and the U.S. in 2023 indicate our people strategy is working. Our ranking as 30th in the Wall Street Journal Management 250 reflects how Lead Today, Create Tomorrow contributes to business success.

"We invest in everyone, value our employees and appreciate what they bring to our innovation and growth as a company. To retain and attract top-tier employees, we are committed to providing an employee experience that energizes, equips and inspires everyone toward their potential. We believe a better you makes a stronger us."

Anna Serafin, Vice President,
Talent & Transformation, The Hershey Company

Employee Well-being and Development

Salient Human Rights Issue:

- Gender and social inequality

Employee well-being is essential for a productive workforce: People give their best when they feel valued and cared for.

Our commercial success depends on an engaged, diverse team. Workers today expect attractive careers, flexibility, mental health support at work and an inclusive environment. With the cost of living continuing to increase, companies must balance talent retention with employee demands for higher wages. These issues are accentuated when attracting people in locations with a small pool of qualified talent.

Like other companies, Hershey approaches well-being and flexible work as key differentiators to attract and retain talent. We create a compelling proposition by:

- Listening to employees
- Affording development opportunities for all
- Maintaining pay equity
- Supporting mental health
- Providing the care and flexible benefits people seek

Listening Closely

Our Continuous Listening Strategy involves a constant two-way dialogue with employees via:

- Quarterly surveys
- Small group discussions
- Real-time feedback at key moments in the employee experience

Not only do we use insights to improve engagement, we act on them to develop practices and policies. New efforts to supply individualized pay equity transparency are an excellent example of improvements through listening.

Surveys from 2023 show employees feel inspired by Hershey's vision, confident in our ability to become a Leading Snacking Powerhouse and convinced they can meet their career goals here. They also present an opportunity to improve perceived equity, primarily through increased transparency and candid career conversations. Demographic breakdowns show trends highly consistent with enterprise-level results.

→For Employee Engagement data, see pages 98-99.

Pay Equity

We are strongly committed to providing equal pay for equal work. Achieving pay equity by gender and race is integral to that, and we are making good progress. Placing in the number one spot on the Fair360 Top 50 Companies for diversity[1] firmly endorsed our efforts toward equity for all.

Maintaining pay equity:

- For women across our U.S. salaried workforce in 2020
- For U.S. salaried people of color (POC) in 2021

We have maintained that pay equity to date and periodically review pay practices to continue to do so.

There has been good progress against our ambitious target to achieve pay equity for similar job categories for all global salaried employees by 2025. Gathering data to analyze and monitor our ever-changing workforce is essential. In 2023, we added data collection capabilities in all our non-U.S. locations. The goal here, and on individualized transparency, is to make pay equity routine business — and in the very near future.

Mental Health Support

Mental health remains highly important to employees and their families. Their well-being in and outside the workplace is highly important to us.

Building on past investments to support both managers and employees, in 2023 we:

- Added more mental health support for employees and their families, launching the new Spring Health Employee Assistance Program (EAP) — referred to in last year's report
- Delivered training sessions hosted by employee Business Resource Groups (BRG), to stand alongside colleagues who are caregivers, parents of children with disabilities, neurodiverse, veterans or have a disability
- Provided more resources to leaders on caring for every employee and sharing directly with employees information and resources about staying safe or supporting one another, as we did during times of concern following major world events

Let's Get Transparent About Pay

Continuously listening brings endless learning opportunities. In 2023, a survey revealed that — beyond aggregate pay equity information — many employees wanted to know if they personally were being paid fairly compared to others in similar jobs.

In direct response, starting in 2024, each salaried employee's Annual Compensation Statement includes market-related metrics to illustrate how their base salary is positioned in the external marketplace and the earning potential for their current job. We also created supporting materials to enable open, informed compensation conversations between employees and their leader. These include a new series of educational videos on our compensation philosophy and program.

Reaching this stage in our multi-year journey to increase pay transparency delivers on our commitment to listen, learn and use insights to guide our compensation program.

1 Fair360 is the group previously known as Diversity, Inc.

Employee Well-being and Development
continued

BRGs Inspire Colleagues

The Abilities First BRG hosted three sessions in 2023 to support colleagues' overall well-being. The events brought many insights and truly inspiring stories. On the panel for one event was Sandy Williamson, parent to Kayleigh Williamson — the first woman with Down Syndrome to ever complete the New York City marathon. Kayleigh's achievement, and her and her family's journey, gave employees amazing encouragement.

Kayleigh started running in 2016 after some life events prompted her to seek a healthier lifestyle. With no experience of distance running, she built up through 20 half marathons and the Austin marathon. Kayleigh ran the New York Marathon with Sandy. During the race, whenever spectators offered Kayleigh candy from a bowl, she would excitedly only pick out *Hershey's* bars and *Reese's* Peanut Butter Cups — announcing that her mom works for Hershey and they only eat Hershey products! Sandy told how Kayleigh's joyous dancing and singing after eating a *Reese's* Peanut Butter Cup was all that got her through the last five miles.

All Hershey colleagues are so proud of the Williamson family, and the small but meaningful role our products played.

Care Systems & Flexibility

People seek their employer's support in all aspects of life. As with mental health support, Hershey prioritizes care systems for employees' well-being. We offer comprehensive benefits for well-being, work-life balance and future plans. To differentiate Hershey among employers, we always look for ways to make available benefits more attractive — see Collaboration for New Benefits, right, as an example.

Benefits Overview
The Hershey Company provides comprehensive benefit programs, including resources to help our employees and their families manage their health. A full list of benefits, by country, is available on our website.

As of January 1, 2023 both salaried and hourly U.S. employees receive industry-leading parental leave benefits: Hershey offers up to six weeks paid leave for hourly employees and 14 weeks for salaried employees (up from six weeks), with salaried employees getting a potential maximum of 20 weeks paid leave. Following the rollout, based on feedback from the Women's BRG, we created resources for leaders and employees to plan family leave easier. New and expecting parents can also join events hosted by the Women's BRG to ask questions and support each other.

Flexible, Family-Friendly Options
Hershey's Best of Both program offers employees the flexibility to create their own work-life balance. This is key to attracting talent to an inclusive work environment, as well as boosting productivity and engagement.

Flexibility is available to anyone, regardless of role, with:

- More-adjustable scheduling for manufacturing and retail teams
- Hybrid virtual/office working for corporate employees
- Flexible time management, including the ability to flex time for family and personal appointments

The impact of flexibility in the workplace is increasing. As well as contributing to lower overtime levels, reduced attrition, increased fill rates and a more diverse workforce, this year we saw:

- Tripled in-office collaboration compared to 2022
- 84% of employees telling us they feel they have more flexibility, up seven points from 2022
- 75% of employees reporting productivity was the same or improved since the return of in-person collaboration

Support Beyond the Workplace
Because life beyond works matters to employees, it matters to us. We run programs where we know it matters most to our people:

- Hershey Scholars Program, where Hershey employees' children can apply for financial awards for their post-secondary education
- Hershey Employees 1st Fund, offering grants from company and employee donations to fellow employees and their families when they face unexpected financial hardship

Union Engagement

Employees at our manufacturing facilities craft our world-class products, perform valuable jobs and enjoy competitive wages and benefits. In doing so, they report strong engagement with their work. Local management teams encourage open communication and collaboration with employees.

At some facilities, our manufacturing employees are represented by labor unions and operate under collective bargaining agreements. Our labor relations are conducted in a spirit of collaboration to benefit both employees and Hershey. In 2023, approximately 31% of our employees worldwide were covered by collective bargaining agreements. These employees have the opportunity to renegotiate agreements with Hershey regularly, and have the same access to grievance processes and procedures, including our Concern Line.

Collaboration for New Benefits

We think the way our new, U.S. extended parental leave came about is special. We had increased leave for U.S. salaried employees from six to 14-week potential maximum leave allowance in 2016. Then, Hershey's Women's BRG approached the Talent team with how the company might do even better.

The Talent team collaborated with the BRG on benchmarking, data analysis and policy design. That culminated in launching the 20-week potential maximum leave allowance in 2023.

"I love using the check-in support feature on Spring Health. The app provides tips to manage stress and helps me stay mindful of my thoughts and feelings when things get hectic."

Jacquie Zygmund, HR Services Technical Lead, The Hershey Company

Investing in Development to Create Tomorrow

By investing in each employee's growth, we invest in Hershey's future.

People want to excel. Enabling them to develop, while excelling today, is critical to Hershey's long-term success. Providing development opportunities is also essential to attract and retain top-tier talent. When we say we want to develop people into leaders, we mean it: The majority of our executive officers come from within Hershey.

To us, development means empowering employees to learn and practice new ideas, behaviors and skills. We offer a variety of programs to build skills and plan development, rooted in our Development for All philosophy, which customizes development plans to individuals' goals. The approach includes:

- Adding more opportunities to learn skills
- A focus on tomorrow's leaders
- Investing in more Pathways to GROW
- Mentoring for all

More Opportunities to Learn

Development for All means 100% of employees can access training through our Learning Management System.

We have been growing our available resources since 2017, in partnership with leading online content experts. In 2023, we almost doubled our catalog of online and classroom courses, now offering 40,000 modules. Combined with the real responsibility and experience employees get, this makes Hershey a place people can become leaders in their fields.

Some 2023 highlights include:

- Integrating getAbstract into our Learning Management System, giving access to business, leadership and personal development summaries anytime, anywhere, in a choice of seven languages.
- 30% of employees completing training in LinkedIn Learning — a 4% increase from 2022. They completed over 7,500 learning hours and the top content area was Leadership Skills.
- Investing over $1.4 million in new learning and development programs and content.

Focus on Tomorrow's Leaders

We continued to accelerate expansion of our pipeline of future leaders in 2023, following the talent assessment exercise we reported last year. We added several strands to our multi-year approach to invest in future leaders by:

- Launching new LSP Leader Accelerator programs for people that talent assessments identify as having development potential or the ability to learn and adapt at an accelerated rate. We put those with highest development potential on a one-year development journey and those with reasonable development potential on a six-to-eight month program. Both programs develop skills and behaviors that are critical for Director-level roles. Programs consist of experiential career-development workshops, coaching and classes taught by Hershey leaders.
- Devising and implementing an enhanced leadership workforce planning process for Director-level critical roles. It assesses incumbents, coaches participants to interpret their assessments, then uses the insights to augment their personal development plans.
- Designing and piloting a new leadership development journey for frontline leaders. We trialed modules covering 10 fundamental skills, gathering feedback and assessing effectiveness.

With these additions, Hershey is well-placed with a diverse bench for our most critical roles. The LSP Leader Accelerator programs received excellent feedback, and we see lower attrition and more promotions among participants than their peers. We are also looking to scale the leadership development journey based on similarly excellent feedback.

Mentoring For All

We encourage all employees to take advantage of mentoring opportunities through our Stronger & Growing Together program. As well as developing skills, the social and experiential learning experience with internal experts is invaluable. Over 680 mentor-mentee matches have been made since Stronger & Growing Together began in 2022.

What's Next in Employee Well-being and Investing in Development

- Achieve pay equity by job category for salaried employees globally
- Scale the new leadership development journey to cover manufacturing and retail leaders, with a goal that 50% of participants in each cohort identify as women or People of Color (POC)

Safety First

Salient Human Rights Issue:

- Health and safety

Valuing our people means putting their safety first.

Health and safety is a fundamental human right. Everyone's well-being matters at Hershey, from employees, to contractors, to guests. That is reflected in our CEO, Michele Buck signing the Environmental, Health & Safety Policy Statement that applies to all Hershey employees.

We hold ourselves to the highest standards to ensure every employee's physical and mental safety.

Safety the Hershey Way

Our safety approach applies global best practices and meets or exceeds regulations. It involves:

- A global Environmental, Health and Safety (EHS) management system using ISO 14001 and 45001 standards, at all Hershey locations
- A program of auditing and assessments
- Thorough safety training
- Work on ergonomic safety

EHS Management, Audits and Assessments
The new global EHS management system has been in place since 2022. Visit our website for details on the standardized practices, audit system, risk assessments and training it comprises.

In 2023, following initial implementation of the new system and as part of our robust system of risk assessments and internal audits, our EHS team evaluated Hershey sites for their safety culture and compliance with procedures. They assessed 80% of sites, and identified opportunities to improve, creating a plan for each site. We will track implementation of those plans and evaluate the remaining 20% of sites in 2024.

We also:

- Launched the Life Saving Rules referred to in last year's report, with nine safety imperatives for areas posing high injury risk. The rules have been communicated to all employees and every site performed a gap analysis. The goal is for all sites to close all gaps by the end of 2024.
- Advanced our ongoing machine-guarding program. We had previously set every site a target to mitigate identified risks. By the end of 2023, 16 of 22 sites have met or exceeded their targets, mitigating 50% of the overall risk.
- Redoubled our focus on process safety by cataloging all processes at every Hershey site for which we will include Process Safety Management Program requirements that exceed applicable regulations. This will help manage hazards, reducing the frequency and severity of incidents.

Training in Safety
Our comprehensive training program equips employees to comply with all company and regulatory training requirements. See our Health and Safety website for an overview. We continuously evaluate delivery and completion of training, as well as any new training needs. In 2023, we started developing the new Human Factors Training, noted in last year's report. We aim to finish development and implementation in 2024.

Our Ergonomics Program
We began a culture-based ergonomics program in 2022 to increase productivity and employees' comfort. Its goal: a 50% hazard reduction by 2025 for job functions with ergonomic risks. We can achieve this through:

- Risk assessments and implementing corrective and preventative action plans
- Incorporating ergonomics into project planning and finding opportunities to automate processes
- Training employees and involving them through ergonomics committees

The rollout continued in 2023 through a six-step maturity ladder process. Steps one through three involve raising awareness, forming the committees, training, completing risk assessments and making at least three ergonomic improvements at each location. Seven recently acquired sites were added to the process in 2023 and started working on steps one and two. The 14 sites already in the program expect to complete step four (implementing plans to address the identified risks) as planned in early 2024. Hershey purchased two further manufacturing sites in 2023 and will integrate them into the maturity ladder process in 2025.

With the improvements made by the end of 2023, we reduced ergonomic risk against our 2025 goal by 24.6% for all 21 sites now in the program.

What's Next in Safety

- Close all gaps identified in the Life Saving Rules gap analysis
- Finish developing and implement Human Factors Training to provide awareness of individual factors that may affect performance
- Maintain increased focus on process safety via the Hershey Process Safety Management Program
- Set up a Hazard Identification Rate, tracking performance finding and correcting potential hazards through near-miss and observation reporting, for each manufacturing site and Hershey Chocolate World
- Develop and implement a Clinical and Case Management Program to standardize health services globally and increase early intervention in cases of injury to minimize the severity of both work- and non-work related health issues

→For Safety data, see page 102.

"Incorporating sustainability into health and safety initiatives is important as it can help reduce harmful environmental exposures that may lead to illness or injury. Adopting sustainable practices can create healthier, safer workplaces and communities, reduce our carbon footprint and contribute to a better future for all."

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

Accelerating Togetherness Efforts

Material ESG issue:
- Diversity, Equity and Inclusion (DEI)

Salient Human Rights Issue:
- Gender and social inequality

Our business' success relies on our holistic Togetherness strategy, The Pathways Project, to truly include many different people within and from outside Hershey.

Togetherness is the foundation of innovation and excellence at Hershey. Our long-standing commitment to creating an environment where everyone can bring their whole selves to work:

- Brings a wider range of perspectives and unlocks everyone's best ideas
- Enables Hershey to connect with global consumers
- Gives access to a wider talent pool
- Diversifies our supplier base
- Enriches our culture, attracting and retaining the best talent

Hershey's programs and policies champion inclusion, while seeking to avoid any kind of discrimination in either our company or supply chain.

Pathways to Greater Inclusion

There is a deep connection between inclusion and our commercial success. Everything flows from The Pathways Project ("Pathways"), our five-year plan for an even more inclusive workforce and community. Co-created with a diverse group of employees, it guides our journey to true inclusion along three pathways.

Pathways to JOIN is about attracting a diverse range of talent to work at or supply Hershey.

Pathways to REACH OUT steers how we show up for the communities around us.

Pathways to GROW ensures we capitalize on the talent already working at Hershey.

We use Pathways to inform business decisions and hold ourselves accountable to achieve our aims. While embedding inclusion into everyday business continued in 2023, we redoubled our focus on nurturing a higher sense of belonging for all employees. We also accelerated efforts on programs across the three pathways.

DEI Governance
Our CEO and her direct reports hold us accountable. Enterprise DEI goals have been linked to executive team performance since 2022. The Compensation and Human Capital Committee use them in assessing non-financial performance factors that may impact executives' pay and annual incentive payouts.

We increased transparency by discussing progress at town hall meetings, in addition to quarterly reviews with the executive team, reporting to our Board of Directors and sharing with BRGs.

Our consolidated EEO-1 Report remains available on our corporate website.

Togetherness Makes More Moments of Goodness
We believe having inclusion ingrained in our values, Code of Conduct and leadership accountability makes us more successful. Not only do we win awards, like being named #1 in the Fair360 Top Companies for Diversity, but our inclusive culture drives business success: we rank high for overall management and see commercial wins directly linked to diverse thinking.

What's Next in Accelerating Our Efforts

- Continue linking our 2025 Pathways framework strategy to our Leading Snacking Powerhouse goals
- Further leverage our value of togetherness to drive commercial integration and enrich employees' experience
- Establish our togetherness mindset as a tool enabling leaders to unlock the best capabilities of everyone in their team and deepen each person's pride in Hershey

"Hershey earned a perfect score in the Human Rights Campaign Foundation's 2023-2024 Corporate Equality Index. This index is considered the U.S.'s leading benchmarking survey, evaluating corporate policies and practices related to LGBTQ+ inclusion in the workplace."

Alicia Petross, Chief Diversity Officer, The Hershey Company

How Hershey Defines

Diversity: Refers to dimensions of difference between people, often referred to in terms of race and gender. Hershey also includes 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.

Women Steering Hershey and Our Industry

Two Hershey leaders were named Rising Stars in the 2023 Top Women in Grocery program. Stacey Simpson and Wendy Weintraub were chosen from among 1,000+ nominees. Both were recognized for tireless work helping Hershey and our retail partners take innovative approaches to keep consumers engaged, as well as their volunteering.

Stacey and Wendy characterize the Hershey way by displaying the continuous learning needed in career development and thinking outside-the-box mentality necessary for businesses to stand out with consumers. They champion embracing your individuality and building knowledge to share with others as the way to success. Top Women in Grocery clearly agree — and so do we!

More Pathways to JOIN

We find creative ways to draw a wider range of people to work with Hershey.

It is strategically important to our business to garner a broader, deeper range of perspectives among employees and suppliers. That is the overall goal of Pathways to JOIN and its ambitious targets for recruitment and suppliers. We also work with educational partners to cultivate tomorrow's talent.

Inclusive Recruiting

Having a wide range of the best talent starts with hiring. We hire the most qualified person for a role and maximize our chances of finding them with diverse candidate slates.

The following 2025 aims drive discovery of the best talent to add to our innovation and culture:

- Candidate slates to consist of 50% diverse individuals (POC or gender) — 69% of slates met this expectation in 2023.
- 50% of talent acquisition search volume through search firms to be conducted with diverse-owned firms — we changed our strategy in 2023 to invest in Talent Acquisition and source more roles internally, relying less on search firms in 2023 and beyond. In 2023, we also sought to fill a higher volume of technical roles requiring support from specialty search firms. As a result, 83% of search volume was with diverse partners and 33% with diverse-owned firms.

We also aspire to have interview teams consist of 50% diverse individuals and, in 2024, will devise a new strategy to attract Black applicants in partnership with our Black Heritage BRG.

The Say "Hola" approach to going bilingual English-Spanish at our manufacturing plant in Hazelton, Pennsylvania, has seen excellent results already. We were more consistently able to hire talent with desirable food experience, contributing to a 56% lower attrition rate in 2023 than 2022. This saved approximately $800,000 in recruitment costs. The plant also doubled representation of POC to 36% and of Hispanic employees to 32% since before Say "Hola" commenced.

We will examine lessons for other areas of recruitment, onboarding and training. POKA is a great example of how being inclusive can unlock wider improvements and a better experience for all employees. One lesson already learned from Say "Hola:" Inclusion that broadens the candidate pool and produces an attractive culture makes a major difference.

College Recruitment

We promote diversity by maintaining several Historically Black Colleges and Universities (HBCU) and Hispanic-Serving Institutions (HSI) on the roster of universities and schools we recruit from. In 2023:

- We increased the total number of HBCUs and HSIs on the roster from 21 to 53
- HBCUs and HSIs constituted approximately 50% of the 100+ schools we recruit from
- Those institutions sent us 30% of the candidates for entry-level sales roles we advertised

→**For more on how Hershey supports HBCUs and HSIs, see More Pathways to REACH OUT on page 92.**

Hiring From Milton Hershey School

Hershey is uniquely positioned to connect with students of Milton Hershey School (MHS) through the special relationship between MHS and the company. We create real opportunities for MHS students through internships, apprenticeships and hiring them as employees. In 2023, we:

- Hired 23 MHS graduates as employees
- Helped 14 MHS students obtain their pre-apprenticeship certification, collaborating with MHS and the Manufacturers' Association of South Central Pennsylvania
- Put 31 MHS students and 5 MHS graduates through an internship program

→**See Education and Opportunity on page 106 for more about our growing partnership with MHS.**

Say "Hola" to POKA

Being inclusive really teaches you unexpected things: Say "Hola" may have given us a transformational training tool.

POKA is a digital training and translation app we have been trialing to give employees on the production line insight on-the-fly. Accessible on company provided smart devices near the production line, it allows employees to:

- Get training while at work, when they need it, in English or Spanish
- View multiple media types, including video, via QR codes on equipment they want to learn more about
- Translate what a colleague is saying, so they can collaborate without speaking the same language

The initial pilot took place on one production line at our Hazelton, Pennsylvania location. In 2024, the pilot goes live across the whole facility. It has already shown potential to decrease training time — and spend — at onboarding, so new team members can safely start working sooner. It also appears to increase retention by improving employees' experience at work. We are excited about the possibilities for onboarding and on-the-job training if this larger pilot succeeds.

"Milton Hershey's legacy is everlasting. As a graduate from his institution, I feel privileged to be employed at The Hershey Company. After years of higher education and other work experiences, returning to chocolate town has been sweet."

Brock Romano, Specialist, Procurement, The Hershey Company

More Pathways to JOIN
continued

Veterans Welcome

We are proud to have supported the U.S. military since sending chocolate bars to troops in World War I. The legacy continues by supporting military members and their families as they transition to civilian life. The Veterans BRG creating community is essential to that support and our recognition as leading in veteran inclusion.

We work closely with several organizations to increase veteran hires. In 2023, approximately 5.5% of employees identified as veterans or military. This is part of Hershey's larger goal to diversify candidate slates and increase representation among employees. Activities included setting up new SkillBridge programs and partnering with Orion HirePurpose®, Hiring Our Heroes and MilitaryHire.com.

Inclusive Procurement and Supplier Diversity

Our Supplier Diversity Program drives the inclusive procurement that is critical for business success. As well as being a powerful way to connect with employees, customers and consumers, it widens the pool of potential suppliers to stimulate competition, innovation and supply chain resiliency.

The strategy is supported by partnerships that help us access and contribute to various diverse supplier networks. Details on the strategy and partnerships are available on our website.

Growing a Diverse Pool

We are making progress toward the overall goal of $400 million in spend with diverse suppliers by 2030.[1]

In 2023, we:

- Increased total spend with diverse suppliers from $172 million to $178 million
- Set and exceeded a target to engage a diverse slate of prospective suppliers for sourcing events, such as requests for proposal (RFP) worth $250,000 or more
- Launched an e-learning module about our Supplier Diversity Program, required for all procurement employees globally and for managers and above in the U.S. and Canada
- Re-established our network of supplier diversity champions — senior leaders across business functions who drive visibility, accountability and engagement

As well as fulfilling a business imperative for Hershey, this growth helps foster economic equality and opportunity for businesses with diverse leadership.

A Stronger Program

We are taking several steps to make our program even more robust. Having identified opportunities based on last year's benchmarking, we are using those insights to improve collaboration between Hershey functions through supplier diversity champions. Diversity-related procurement data, including spend and the use of diverse slates, is now part of quarterly updates to the executive committee.

To start expanding the Supplier Diversity Program beyond the U.S., we partnered with WEConnect and colleagues from our international business to set our baseline spend with international women-owned suppliers.

What's Next in Pathways to JOIN

- Collaborate with the Black Heritage BRG on a new strategy to add more Black talent to our candidate pools for salaried positions
- Maintain our enterprise-wide goal to engage a diverse slate of prospective suppliers for RFPs worth $250,000 or more
- Embed our inclusive procurement strategy more deeply by using our supplier diversity champions to engage internal stakeholders
- Partner with Global Procurement colleagues to build awareness of supplier diversity in Hershey international regions and develop a 2025+ roadmap
- Deepen partnerships with national councils and BRGs

1 Diverse spend includes formal industry-recognized certification and self-certification, and Tier 1 and Tier 2 spend. 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

Hershey invests in building communities where underrepresented groups can access quality education and everyone feels valued.

This commitment is to all our stakeholders' local communities, from our home in Pennsylvania to the diverse areas where we operate around the world. As a part of this commitment, we make an impact through:

- Educational investments
- Community programming
- Togetherness Initiatives with supply chain partners

As well as our own direct investments, we empower BRGs to connect with consumers in new ways and encourage employee volunteerism.

Partnerships That REACH OUT

Hershey continued funding scholarships for exceptional college graduates in food science-related fields through the Thurgood Marshall College Fund (TMCF). We added $125,000 to our endowment this year, making a total of over $2 million since 2020 and well on track for our 2030 target for full endowment. We also donated $150,000 to other TMCF programs. TMCF supports nearly 300,000 students at 47 schools, including public colleges that provide advanced education to people from underrepresented groups.

We proudly maintained our partnerships with Asian Americans Advancing Justice and Equal Justice Initiative (EJI).

In a new 2023 initiative, we sponsored the Center for Innovation & Entrepreneurship (CIE) at Harrisburg University. CIE is part of a national ecosystem of entrepreneurs and network of innovation incubators. Hershey support included:

- Setting CIE entrepreneurs a business challenge and hosting them at our headquarters for them to present their solutions
- Alicia Petross, our Chief Diversity Officer, serving as a judge at a CIE "shark tank" event

Hershey will continue this connection in 2024, sponsoring a CIE innovation event.

Mentoring Where it Matters Most

In 2023, we sustained existing relationships with mentorship programs for talent young people from underrepresented communities, including with those:

- At MHS — a long-time mentoring partner.
- Through MHS Hispanos Exitosas — our Latino BRG celebrated its 10th anniversary of mentoring high school students through this program. Every year, mentoring these future leaders culminates in a presentation to our leadership at Hershey corporate headquarters.
- Attending Dauphin County Technical School in Harrisburg, Pennsylvania.
- Participating in the NAACP ACT-SO Achievement Program for the Harrisburg area.

What's Next in Pathways to REACH OUT

- Continue to deepen MHS and Hershey talent pipeline
- Continued collaboration with TMCF, Asian Americans Advancing Justice, EJI and CIE

New Ways to Delight Consumers

Including diverse perspectives is fundamental to connecting with all Hershey consumers. Like finding new ways to delight them.

Josh Quiambao, a member of our Asian Pacific Islander (API) BRG, came up with the idea for a special product for the Lunar New Year falling on February 10, 2024. Working with teams across Hershey, the API BRG conceived the Year of the Dragon candy-filled lantern. From previous work with Hershey customer Costco, Josh knew they were the perfect partner for this seasonal special, involving them in the collaboration.

As a result, consumers found new delights at 139 Costco locations across the U.S., bringing in an estimated $1 million in additional sales. This is just one example of how our inclusive culture leads to more moments of goodness.

"Costco leadership, internal and external commercial teams and the Asian & Pacific Islander BRG worked together to develop a different way to celebrate the 2024 Lunar New Year — a Hershey-branded Year of the Dragon Lantern gift box. The promotion was so well received that we are now working on the 2025 Lunar New Year program."

Josh Quiambao, Hershey Sales team and Asian & Pacific Islander BRG Co-Lead, The Hershey Company

$2.1M

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

$1M

in estimated additional sales from Lunar New Year special edition product

More Pathways to GROW

Hershey strives to be a place where all colleagues operate confidently, learn from each other and advance their careers.

We use multiple channels to achieve this, including:

- Training and resources on leadership, racism, unconscious bias and well-being
- Investing in early- and mid-career development for all colleagues with training on commercial skills and career building

Investing in Talent

The Pathways to GROW educational program trains all colleagues in skills they need to progress to managerial roles.

For the first time since its 2021 launch, the intensive five-month program this year culminated in an in-person event with a business simulation and presentation to a panel of senior leaders. The new set-up sought to increase people's exposure to more leaders, in person. We also added access to skills assessment elements of the LSP Leader Accelerator program for Pathways to GROW graduates.

We graduated 35 participants in 2023 and over 130 since instituting the program. Graduates continue to have a higher lateral and upward promotion rate than the rest of the enterprise.[1] In 2024, while continuing to invest in the program, we will evaluate a possible combination with the LSP Leader Accelerator to enrich training for all and better invest in POC colleagues.

In 2023, we also invested specifically in potential leaders from among U.S. API colleagues. A group attended LEAP Pathways, an external leadership course for API professionals. Alongside general skills for leaders, the course covers navigating situations where API cultural norms do not match those of a U.S. corporate workplace. We plan for another cohort to attend in 2024.

Management Sensitive to All

To contribute to an environment of togetherness, we offer everyone ways to understand their own perspectives and others'. We ask, and expect, all employees to participate in unconscious bias training annually. In 2023, 98% of employees assigned the course completed it, totaling nearly 4,000 hours of training. We also focused on giving leaders more resources to care for their teams — see Mental Health Support on page 85.

Coaching and Feedback for Leaders

We continued conversations with leaders on how micro-aggressions, micro-advantages, inequities and micro-actions affect others. A total of 175, up from 112 in 2022, have completed Leadership Essentials training on coaching and giving feedback. This teaches them how to avoid micro-inequities and micro-advantages.

What's Next in Pathways to GROW

- Evaluate whether to combine the Pathways to GROW educational program with the LSP Leader Accelerator program
- Conduct unconscious bias training for the fourth consecutive year
- Expand early-in-career development opportunities and offer Career Development Action Planning workshops

1 Program graduates are promoted at a rate that is 11% higher than non-participant colleagues. We also consider Pathways to GROW graduates for further programs designed for all early-in-career colleagues.

CASE STUDY

The Impact of BRGs

“Women’s History Month marks a deliberate moment in time to harness our year-round commitment to amplifying the powerful voices of women and girls around the world to carve a path for everyone to succeed.”

Michele Buck, Chairman, President & CEO, The Hershey Company

Hershey BRGs are crucial in attracting diverse talent and providing mentoring, career development support, business insight, connection to communities and much more. BRG membership includes 60% of salaried employees who belong to at least one of the eight groups.

→Visit Fostering Diversity, Equity and Inclusion on our website for more about Hershey BRGs.

→See New Ways to Delight Consumers on page 92 for more on our API BRG.

→See Mental Health Support on page 85 for examples of how Hershey BRGs stand by colleagues.

***PayDay* Salutes Everyday Heroes**
We highlighted three nonprofits who support military members, healthcare workers and teachers, saluting their service with prominent placement on *PayDay* candy packaging. *PayDay* partnered with and donated to the USO, Project HOPE and AdoptAClassroom.org.

Future CEOs and Women’s History Month
Beyond co-designing new Hershey parental leave benefits, the Women’s BRG helped organize a host of events to celebrate Women’s History Month in March 2023. The month started with a video from our CEO Michele Buck and 11 employees sharing their inspiring stories. That led into:

- The inaugural Future CEO program, launched March 7, 2023, with nonprofits Girl Up and Girls on the Run
- Liz Kunz, CEO of Girls on the Run, joining Michele Buck on International Women’s Day for a keynote speaker event, with a live audience of 950 at our corporate HQ and 21 watch parties in Hershey and Kroger offices
- Hershey teams taking part in the SHE IS Active Step Challenge National Teams Competition, promoting women’s physical and mental well-being, and completing a combined 24.5 million steps

If we had to pick our favorite, it would be young women worldwide joining the Future CEO launch. The full-day virtual program was co-created by Girl Up, Girls on the Run and a Hershey team. It brought together 10 driven young leaders, all alumnae of Girl Up or Girls on the Run from the U.S., Mexico, Brazil, Canada, India and the Philippines.

After a high-energy series of dialogues, working sessions and mentorship conversations with senior Hershey executives, including our CEO, the day was capped by lively reverse-mentorship meetings where the young women advised Hershey leaders on issues important to them.

Our Progress

Our People	Target Year	Progress (as of Dec. 31, 2023)	Goal Status	Notes
Achieve pay equity for similar job categories across our global salaried employees	2025	**We have maintained aggregate salary U.S. gender pay equity since 2019 and aggregate U.S. salary POC pay equity since 2020.**	On Track	1
47–50% women representation across all employees globally	2025	**48.2%**	Achieved	1
30–40% People of Color (POC) representation across U.S. employees	2025	**28.5%**	On Track	1,2
50% hazard reduction for job functions with ergonomic risks through process improvements	2025	**24.6%**	On Track	3

1 Aspirational ranges based on economic labor analysis and Hershey's business outlook.
2 POC refers to Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two or more races.
3 In 2023, this goal was expanded to include our North America Salty Snacks segment. As such, the denominator for this calculation has changed. All sites are on track to complete hazard reduction for ergonomic risks as planned.

Employees	Unit	2023	2022	2021	Notes
Global Employees: Total	# of employees	**20,505**	19,865	18,990	1
Global Employees: Full-time	# of employees	**18,650**	18,077	16,619	1
Global Employees: Part-time	# of employees	**1,855**	1,788	2,371	1
Union representation Collective Bargaining Employees	%	**31%**	33%	33%	2

1 Data in this table represents approximate total global, full-time and part-time employees and is consistent with employee headcount data as reported in Hershey's 2023 Form 10-K.
2 This value represents the percentage of employees covered by collective bargaining agreements and includes employees worldwide.

	2023			2022			2021		
Employees[1]	Total	Female	Male	Total	Female	Male	Total	Female	Male
Global Employees	**20,507**	**9,878**	**10,626**	19,271	9,216	10,055	17,848	8,507	9,341
Full-time	**18,650**	**8,866**	**9,784**	17,489	8,252	9,237	16,379	7,690	8,689
Part-time	**1,857**	**1,012**	**842**	1,782	964	818	1,469	817	652
Regular	**19,393**	**9,243**	**10,150**	17,893	8,313	9,580	16,934	7,894	9,040
Temporary	**1,113**	**635**	**475**	1,378	903	475	914	613	301

1 Race/ethnicity and gender data in this table are based on employee self-identification in Hershey's HR data system as of December 31, 2023. Totals may not add up exactly as this data is not required.

Employees by Type and Region[1]	2023		2022		2021	
	Regular	Temporary	Regular	Temporary	Regular	Temporary
Globally	**19,393**	**1,112**	17,893	1,378	16,934	914
United States (including Puerto Rico)	**11,657**	**593**	10,788	551	9,972	355
Non-U.S.	**7,737**	**519**	7,105	827	6,962	559
Asia	**1,216**	**105**	1,191	116	1,077	30
Africa	**0**	**0**	0	0	0	0
North America	**989**	**1**	929	0	850	0
Europe	**55**	**1**	42	0	29	0
Latin America	**5,477**	**412**	4,943	711	5,006	529

1 Data in this table is based on information from Hershey's HR data system as of December 31, 2023. Totals may not add up exactly as some information is not required.

Global Workforce by Age[1,2,3]	2023			2022			2021		
	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	**24.8%**	**47.1%**	**28.2%**	24.4%	46.8%	28.8%	24.4%	46.1%	29.5%
Non-management	**27.6%**	**43.9%**	**28.4%**	27.1%	43.7%	29.1%	27.0%	43.2%	29.8%
Management	**7.4%**	**66.2%**	**26.4%**	6.5%	66.7%	26.8%	7.0%	65.4%	27.6%
Senior Leader	**0.0%**	**57.4%**	**42.6%**	0.0%	53.9%	46.1%	0.0%	55.2%	44.8%
Executive team	**0.0%**	**36.4%**	**63.6%**	0.0%	40.0%	60.0%	0.0%	44.4%	55.6%

1 Select data in the global workforce by age table received limited assurance by EY and the corresponding limited assurance statement is found on our corporate website.
2 Data may not equal 100% due to rounding. Employees include both full-time and part-time employees.
3 Employee gender and race/ethnicity are based upon employee self-identification data as of December 31, 2023. Other indicators of diversity are defined as POC. POC includes U.S. employees identified as Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two or more races.

U.S. Workforce by Hershey Internal Job Category[1]	2023		2022		2021	
	Female	POC	Female	POC	Female	POC
Executives/senior leaders	**34.4%**	**19.4%**	34.6%	17.2%	32.2%	17.3%
Entry-level professional employees	**47.6%**	**19.0%**	47.4%	18.4%	46.5%	18.0%
Leaders in commercial functions	**34.6%**	**15.4%**	34.2%	14.1%	33.3%	13.9%
Sales employees	**46.7%**	**16.6%**	46.9%	16.9%	48.1%	14.6%
Hourly manufacturing employees	**38.7%**	**34.8%**	38.5%	33.5%	35.0%	30.5%

1 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, 2023.

U.S. Workforce by Employee Category	2023	2022	2021	Notes
Senior leader as percentage of total workforce	**2.0%**	1.9%	2.0%	1
Management as percentage of total workforce	**14.1%**	13.3%	13.0%	–
Non-management as percentage of total workforce	**85.9%**	86.7%	87.0%	–
Proportion of senior management hired from the local community	**79.3%**	100.0%	87.5%	2

1 Senior leader level data includes Hershey people leaders or employees at an internal pay band level of 3B or higher. This data is not mutually exclusive and overlaps with some headcount also included in the Management level data, 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, 2023.
2 "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.

Workforce Representation[1,2,3]		Total Hershey			Senior Leader			Management			Non-Management		
		2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Global	Female	**48.2%**	47.8%	47.7%	**34.4%**	34.6%	32.0%	**39.4%**	39.5%	37.7%	**49.6%**	49.1%	49.1%
Global	Male	**51.8%**	52.2%	52.3%	**65.6%**	65.4%	68.0%	**60.6%**	60.5%	62.3%	**50.4%**	50.9%	50.9%
U.S.	Total People of Color (POC)	**28.5%**	27.7%	24.6%	**19.4%**	17.2%	17.0%	**17.7%**	17.1%	16.7%	**30.7%**	29.7%	26.0%
U.S.	Asian	**4.3%**	4.2%	4.2%	**9.0%**	8.3%	7.5%	**5.7%**	5.6%	5.9%	**4.0%**	4.0%	3.9%
U.S.	Black	**12.4%**	12.9%	12.1%	**2.9%**	3.1%	2.9%	**4.9%**	4.7%	4.9%	**13.9%**	14.4%	13.3%
U.S.	Hispanic/Latino	**9.6%**	8.7%	6.6%	**6.6%**	5.3%	5.9%	**6.2%**	6.1%	5.1%	**10.3%**	9.1%	6.9%
U.S.	White	**71.5%**	72.3%	75.4%	**80.6%**	82.6%	83.0%	**82.3%**	82.8%	83.3%	**69.3%**	72.3%	74.0%

1 Select data in the workforce representation table received limited assurance by EY and the corresponding limited assurance statement is found on our corporate website.
2 Employees include both full-time and part-time employees. 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, which includes employees at an internal pay band level of 3B or higher.
3 Employee gender and race/ethnicity are based upon employee self-identification data as of December 31, 2023. Other indicators of diversity are defined as POC. POC includes U.S. employees identified as Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two of more races. However, we only disclose Asian, Black and Hispanic/Latino. Thus, totals will not add up to 100%.

Executive Team[1,2,3]	Unit	2023	2022	2021
Executive Team Members	#	**11**	10	9
Total Executive Team	% of total workforce	**0.1%**	0.1%	0.1%
Executive Team - Female	# (%)	**2 (18.2%)**	2 (20.0%)	2 (22.2%)
Executive Team - Male	# (%)	**9 (81.8%)**	8 (80.0%)	7 (77.8%)
Executive Team – POC	# (%)	**4 (36.4%)**	3 (30.0%)	2 (22.2%)
Executive Team - Asian	%	**18.2%**	10.0%	11.1%
Executive Team - Black	%	**0%**	0%	0%
Executive Team - Hispanic/Latino	%	**9.1%**	10.0%	11.1%

1 Select data in the executive team data table received limited assurance by EY and the corresponding limited assurance statement is found on our corporate website.
2 The executive team includes employees who report to Hershey's CEO, including the CEO.
3 Employee gender and race/ethnicity are based upon employee self-identification data as of December 31, 2023. Other indicators of diversity are defined as POC. POC includes U.S. employees identified as Black, African American, Hispanic/Latino, Asian/Asian Pacific Islander, Hawaiian Pacific Islander and those who identify as two of more races.

Board of Directors[1]	Unit	2024	2023	2022
Total Directors	#	**11**	11	12
Women on Board of Directors Number	#	**4**	5	5
Women on Board of Directors Percent	%	**36%**	45%	42%
POC on Board of Directors Number	#	**4**	3	2
POC on Board of Directors Percent	%	**36%**	27%	16%

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

2023 Q4 Global Employee Engagement Results[1]	Global Enterprise	Age/Generation				Gender (Global)	
		Boomer	Gen X	Gen Y	Gen Z	Male	Female
Employee engagement (eNPS)	**44**	**50**	**47**	**43**	**31**	**44**	**43**
Intent to stay	**82%**	**88%**	**84%**	**81%**	**70%**	**83%**	**81%**
Expectations (meet/exceed)	**90%**	**91%**	**90%**	**90%**	**86%**	**91%**	**89%**

1 This employee engagement data represents results from The Hershey Company's 2023 Q4 Continuous Listening Survey, which included both salaried and hourly Hershey employees. Data by race/ethnicity reflects U.S. salaried employees only.

2023 Q4 U.S. Employee Engagement Results by Race/Ethnicity[1]	Asian	Black	Latino	2 or More Race/ Ethnicities	White
Employee engagement (eNPS)	**53**	**44**	**46**	**28**	**37**
Intent to stay	**85%**	**79%**	**80%**	**79%**	**82%**
Expectations (meet/exceed)	**94%**	**85%**	**90%**	**89%**	**90%**

1 This employee engagement data represents results from The Hershey Company's 2023 Q4 Continuous Listening Survey, which included both salaried and hourly Hershey employees. Data by race/ethnicity reflects U.S. salaried employees only.

	2023			2022			2021			Notes
Parental Leave[1]	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Entitled to parental leave	**66**	**124**	**190**	35	72	107	43	61	104	–
Took intermittent leave	**0**	**5**	**5**	0	1	1	0	0	8	–
Took continuous leave	**57**	**105**	**162**	28	57	85	37	41	78	–
Employees who did not elect	**9**	**14**	**23**	7	14	21	6	12	18	2
Returned to work	**54**	**105**	**159**	28	57	85	35	41	76	–
Return to work rate	**95%**	**100%**	**98%**	100%	100%	100%	95%	100%	97%	–

1 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.
2 Of the nine female employees in the "did not elect" category, four did not elect to use this benefit and one employee works at a plant that does not have this parental leave benefit. The remaining four employees still have an opportunity to elect and use the benefit in 2024.
Of the 14 male employees in the "did not elect" category, only one actually did not elect to use this benefit. Five employees work at a plant that does not have the parental leave benefit. The remaining eight still have an opportunity to elect and use the benefit in 2024.

Pathways to JOIN	Unit	2023	2022	2021	Notes
Diverse candidate slates	%	**69%**	67%	Not Available	1
Total search volume led by diverse-owned firms	%	**33%**	69%	Not Available	2
Veteran Hires	%	**5.5%**	Not disclosed	Not disclosed	3

1 Our goal is 50% diverse candidate slates.
2 In 2023 our needs included a higher volume of Engineering + Information Technology roles. As such, we partnered with several specialty/boutique firms. 83% of search volume was with diverse partners and 33% with diverse owned firms.
3 Represents U.S. veteran hires.

Supplier Diversity[1]	Unit	2023	2022	2021	Notes
Total spent with diverse suppliers	USD (in millions)	**$178**	$172	$129	2
Diverse suppliers	#	**177**	165	172	3
Proportion of spending on local suppliers	%	**82%**	81%	79%	4

1 Diverse spend includes formal industry-recognized certification and self-certification, and Tier 1 and Tier 2 spend. 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.
2 Identification of diverse spend includes recognition by both formal industry-recognized certification and self-certification. This value represents Hershey spending with direct diverse suppliers (Tier 1) as well as spend with diverse suppliers made on our behalf by our direct suppliers (Tier 2).
3 This value represents the number of diverse suppliers Hershey is directly spending dollars with in a given calendar year.
4 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.

Pathways to GROW	Unit	2023	2022	2021	Notes
Online and classroom training courses available for employees	# of courses	**40,000**	20,000	20,000	1
Unconscious bias training completed	# of hours	**3,972**	5,727	6,943	–
Business Resource Groups (BRGs)	# of BRGs	**8**	8	8	–

1 The number of courses available doubled in 2023 when we integrated GetAbstract into our SuccessFactors LMS learning library.

Average hours of training per year per employee[1]		2023			2022			2021		
	Unit	Female	Male	Total	Female	Male	Total	Female	Male	Total
Total	# of hours	**9.4**	**14.4**	**12.0**	8.4	11.9	10.2	8.4	10.6	9.6
Full-time	# of hours	**9.9**	**15.1**	**12.7**	8.9	12.6	10.9	8.6	10.9	9.8
Part-time	# of hours	**4.4**	**5.4**	**4.9**	3.5	3.4	3.4	6.6	6.9	6.7

1 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[1]		2023		2022		2021	
		# employees	Rate (%)	# employees	Rate (%)	# employees	Rate (%)
New employees hired		**9,362**		9,797		7,870	
AGE GROUP	<18	**102**	**178%**	80	139%	38	109%
	18-24	**2,976**	**132%**	3,177	144%	2,548	151%
	25-34	**3,145**	**58%**	3,207	65%	2,539	61%
	35-44	**1,746**	**38%**	1,758	41%	1,480	41%
	45-54	**895**	**22%**	997	26%	827	24%
	55+	**498**	**13%**	578	16%	438	12%
GENDER	Male	**4,109**	**39%**	4,283	43%	3,572	41%
	Female	**5,247**	**54%**	5,514	60%	4,298	56%
REGION	Asia	**365**	**28%**	443	37%	205	19%
	North America	**3,881**	**29%**	4,290	36%	3,600	34%
	Europe	**19**	**38%**	15	46%	12	48%
	Latin America and the Caribbean	**5,097**	**88%**	5,049	87%	4,053	84%

1 Data is reliant upon employee self-identification in Hershey's HR data systems. Totals may not add up exactly as this data is not required. 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.

Employee Turnover[1]		2023		2022		2021	
		# employees	Rate (%)	# employees	Rate (%)	# employees	Rate (%)
Employee turnover		**7,883**		8,265		6,521	
AGE GROUP	<18	**33**	**56.9%**	19	34.8%	31	91.4%
	18-24	**2,438**	**108.4%**	2,588	117.5%	1,998	118.7%
	25-34	**2,601**	**48.1%**	2,715	55.2%	2,024	48.5%
	34-44	**1,414**	**30.3%**	1,411	32.6%	1,132	31.4%
	45-55	**705**	**17.2%**	814	20.8%	578	16.7%
	55+	**692**	**17.7%**	718	19.5%	758	21.4%
GENDER	Male	**3,367**	**31.7%**	3,527	35.7%	2,818	32.1%
	Female	**4,514**	**46.4%**	4,738	51.4%	3,703	47.9%
REGION	Asia	**265**	**20.2%**	238	19.8%	244	22.2%
	North America	**2,855**	**21.6%**	3,173	26.4%	2,679	25.4%
	Europe	**3**	**6.1%**	1	6.2%	1	8.0%
	Latin America and the Caribbean	**4,760**	**82.2%**	4,853	84.0%	3,597	74.5%

1 Data is reliant upon employee self-identification in Hershey's HR data systems. Totals may not add up exactly as this data is not required. 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[1]	Unit	2023	2022	2021
Total Recordable Incident Rate (TRIR)	Rate	**1.18**	1.26	1.46
Days Away, Restricted, Transferred (DART)	#	**0.91**	1.06	1.17
Lost Workday Incident Rate (LWIR)	Rate	**0.40**	0.58	0.63
Fatalities (work-related)	#	**0**	0	0

1 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 organizations. We do not track metrics for contractors. Each contractor company is responsible for gathering this information and reporting it according to local requirements.

Youth

Hershey believes every child should get the chance to fulfill their potential. Supporting brighter futures for children has long been part of our DNA.

Since Milton Hershey founded a school for orphaned boys in 1909, we have had a vision to help children thrive. We follow that vision by investing in them — their education, nutrition and social-emotional well-being.

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Projects for Well-being

Hershey is stepping up to meet the critical need to support young people's social-emotional well-being.

In the U.S., there is a mental health crisis facing young people. In 2023, the U.S. Surgeon General stated that young people are facing a range of serious well-being challenges.[1] Research shows increasing social and emotional skills, fostering inclusion and ensuring meaningful connections with others can improve outcomes.[2]

With our dedication to making more moments of goodness with products that bring people together, Hershey's Heartwarming Project (HWP) invests in projects and partnerships empowering young people to:

- Practice inclusion, empathy and other social-emotional skills
- Nurture meaningful connections with others
- Take action to create kinder, more inclusive communities

Heartwarming Project Highlights

Our work in 2023 advanced all those aims. We also celebrated the fifth year of our signature HWP Action Grants Program, which awards micro-grants to teens to create heartwarming changes in their communities.

In 2023, the program announced it would:

- Double the amount of grant awards to $500
- Surprise several teens who pitched the best projects with grants of $1,000

More information will follow when final reports are available, at the end of 2023-2024 academic year.

Creating Connection and Sparking Change
We continued to partner with Boys & Girls Clubs of America (BGCA) to help teens practice social-emotional skills and connect with their communities.

BGCA's Think, Learn, Create Change (TLC) program teaches teens to become effective year-round champions for change by encouraging them to:

- Think about what issues they care about
- Research an issue in depth
- Develop a plan to take action

The program centers young people's experiences, increases their self-confidence, helps them see that their perspective matters, and enhances their ability to connect with others.

In 2023, Hershey's support assisted 204 young people in four Boys & Girls Clubs: Denver, Middle Tennessee, Los Angeles and East Providence. Students developed projects on ending violence, supporting mental health, advocating for the unhoused and fostering inclusion.

We also supported BGCA's Summit for America's Youth (SAY) in Washington D.C. Over 400 club members from 32 states shared their projects with elected officials and explored careers in public service.

We continued support for Youth Service America's Heartwarming Young Heroes micro-grants program. It enables young people to take action in their communities through volunteer service projects as part of Global Youth Service Day. 6,900 young people took part in 138 projects promoting kindness, inclusion, empathy and connection.

→See The Heartwarming Project data on page 107.

Connecting Across Difference
We continued to support Global Nomads Group (GNG), a nonprofit offering safe digital spaces designed by global youth, for global youth. These spaces include online courses, internships, discussion platforms and events — all for young people worldwide to connect and learn from one another, express themselves and share their different experiences.

With our support, in 2023 GNG expanded their Overcoming Bias program to Mexico. The program brought together 127 students from the U.S. and Mexico to practice their second language, learn about each others' lived experiences and explore how to overcome biases. A fresh cohort will complete the course in 2024.

Easing Back to School Stress
Hershey partnered again with Crisis Text Line (CTL) to refresh their popular Mental Health School Supplies toolkit for teens. The 2023 toolkit, released for the back-to-school season:

- Featured new finals-week and self-care student planner resources in English and Spanish
- Included further mental health resources for the whole school year
- Had more than 7,000 downloads and 24,000 page views in fall 2023

In addition, we contributed to CTL's text platform supporting over 63,800 teens.

> **"I will never forget standing on the steps of the Capitol and looking at hundreds of kids empowered to be youth advocates. In school I felt the need to be class clown and not stand out academically, but at SAY I truly found my voice."**
>
> **Dougie, member, Boys & Girls Club, East Providence, Rhode Island**

1 Current Priorities of the U.S. Surgeon General: Youth Mental Health.
2 Loneliness and Social Isolation as Risk Factors for Mortality | Perspectives on Psychological Science.

Empowering the Next Generation

Hershey believes passionately in supporting youth development to ensure that young people have the skills they need to succeed in all aspects of life.

We were proud to deepen our support for youth development programs through two social impact campaigns in 2023. Together with our nonprofit partners, we found new ways to create authentic and meaningful collaborations that allowed the talent and unique contributions of young people to shine through.

Empowering Young Women

Beyond our collaboration with Girl Up and Girls on the Run for the Future CEO program launch on International Women's Day, we supported them by:

- Sponsoring and showing up for Girls on the Run 5K races in five communities across the U.S.
- Providing 11 Hershey employees to serve as mentors for Girl Up's first-ever alumnae mentorship program, an intensive three-month initiative

→**Learn more about Future CEOs and Women's History Month on page 94 within the Our People chapter.**

Celebrating Creativity

Hershey continued its partnership with Memphis Music Initiative (MMI) in 2023, as part of *KIT KAT*®'s Black Music Month campaign. The campaign expanded its geographic focus to include partnerships with five additional creative youth development nonprofits in cities across the U.S.

The campaign:

- Celebrated the next generation of Black creatives
- Connected participating organizations, staff and young people to build relationships and learn from one another
- Convened young people from each organization to join a national youth advisory council that met regularly with Hershey employees to advise on the campaign, packaging design and amplification strategy
- Shared insights from Hershey employees on careers and how to plan and execute creative marketing campaigns

The participating organizations were:

- Memphis Music Initiative of Memphis, Tennessee
- We Are Culture Creators of Detroit, Michigan
- DC Strings of Washington, DC
- Urban Word of New York, New York
- The Harmony Project of Los Angeles, California
- Trombone Shorty Foundation of New Orleans, Louisiana

"The young people were deeply impacted... It's hard to capture the singular experience of a young person seeing something they contributed to making in the public eye. For them to go into a store and find a product that was informed by their feedback and feature young people that look like them — is a powerful moment of representation."

Kathy Lindenmayer, Director of Development, Memphis Music Initiative

Education and Opportunity

Investing in children's education is second nature to Hershey, not least through our special relationship with Milton Hershey School (MHS).

We believe all young people should have the opportunity to maximize their talents. We invest in educational opportunities in many ways, through MHS and beyond.

A Special School and Relationship

MHS offers an excellent private education to qualifying students from pre-K through 12th grade. Not only did Milton Hershey found MHS, he bequeathed his ownership of the company to a trust with MHS as the sole beneficiary. That trust is still our largest shareholder, receiving a substantial portion of any dividends we pay. So, our success directly benefits MHS and its more than 2,100 students.

We build on that relationship, adding programs that connect with MHS students and staff. We have taken a number of steps to support alumni and students with the kind of skills and experience that contribute to generational change. In 2023, we significantly grew the formal talent pipeline partnership with MHS, originally created in 2022.

Hershey Honors Business Program
The Hershey Honors Business Program offers MHS students opportunities to experience the business world. The five-month program involves students:

- Learning various business topics in classes taught by Hershey employees
- Receiving mentoring and coaching from Hershey team members
- Pitching their own business ideas in presentations that close out the course

Fifteen students participated in the 2023 program. They pitched exciting ideas to Hershey leaders for their final presentations, such as:

- A new product — a *KIT KAT*® Bar-dipped Pretzel
- Using meditation to improve employee well-being and performance
- Potential acquisition targets to empower women-owned businesses

Project Fellowship Update
Our Project Fellowship program connects MHS students with caring people across the wider community. There are fun activities every month for student homes — the places students live together while at school — with Hershey employees and their families taking part. In 2023, over 500 Hershey employees participated in regular activities with 51 student homes.

Internships With a Difference
2023 saw 31 MHS interns join us, 10 times the number of students we hosted in 2022. Ten students participated in internships during the school year. The other 21 joined the summer internship program at our corporate headquarters — four weeks' exposure across every business function. The program also included on-site visits to a manufacturing facility and our research and development center. The internship culminated with students presenting new product ideas they had created in response to current, actual Hershey business needs.

A Growing Apprenticeship Program
More MHS students obtained their Pennsylvania-recognized pre-apprenticeship certificate with Hershey in 2023. We have now supported 25 MHS students through this two-week program to learn more about manufacturing, how it works and the available career options.

Scholarships for Continuing Education

In 2023, we expanded the Dearden Foundation and The Hershey Company Joint Scholarship for Continuing Education to the Hazleton Community. First launched in 2022 for students in the area of Stuarts Draft, Virginia, the scholarship is now available to applicants from Hazleton, Pennsylvania.

The scholarship continues William E. Dearden's legacy. One of MHS's most beloved alumni, Mr. Dearden worked at both the school and The Hershey Company after his graduation. His career at Hershey spanned decades, and he became CEO in 1976. Mr. Dearden's care for young people lives on through the Dearden Foundation's support for MHS alumni and opportunities in continuing education, leadership and character development for youth across Hershey communities.

"Since the Pre-Apprenticeship experience, I have used many of the procedures we went over... As I near graduation, I hope to further expand what I have learned to work even more efficiently and safely."

Allen Snyder, MHS student and Pre-Apprenticeship participant

Our Progress

Youth	Target Year	Progress (as of Dec. 31, 2023)	Goal Status	Notes
50 million children globally supported through education, nutrition, and social and emotional well-being	2025	**34,820,750 children**	On Track	1
100,000 children take Heartwarming actions and impact their communities	2025	**251,152 children**	Achieved	2

1 More than 34 million children were supported cumulatively from January 1, 2020 to December 31, 2023.
2 More than 250,000 children took action and impacted their communities, cumulatively from January 1, 2020 to December 31, 2023.

The Heartwarming Project	Unit	2023	2022	2021	Notes
Children reached through The Heartwarming Project (HWP) partnerships	# of children	**7,552,577**	9,650,047	7,056,038	1
Youth directly benefiting from HWP investments	# of youth	**679,066**	615,484	617,194	2
Youth taking part in Heartwarming actions	# of youth	**42,895**	79,434	67,581	3

1 In 2023, our partner organization rebranded and updated their educational model to provide more tailored programming.
2 Increased resources enabled our partner organization to reach more youth in 2023.
3 The number of youth who participated in Heartwarming actions decreased in 2023 as we had fewer partners engaged in youth actions and also awarded fewer action grants.

HERSHEY

Community

Everyone at Hershey is proud to live our value of Making a Difference. It comes from Milton Hershey's legacy of kindness, support and showing up for our communities.

We strive to make that difference through programs supporting basic needs, education, workforce development and inclusive community economic development. Beyond Hershey's philanthropic giving and product donations, our remarkable people volunteer for causes they care about for hundreds of thousands of hours a year.

We start by asking each community what it needs from us, then find a way to respond.

In this chapter:

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Hershey For Communities

Hershey has been committed to the communities where employees live and work since the day we were founded.

We do this with philanthropic contributions and product donations, often paired with employee volunteering for even greater impact.

Rather than using a corporate foundation, we dedicate part of our annual consolidated net sales to philanthropy. In 2023, this was 0.27%. Our giving guidelines, criteria and application process are on our website.

All philanthropy and volunteerism efforts are managed by the Global Sustainability team, working closely with colleagues in each Hershey location. They partner to:

- Identify community needs and tailor our response
- Nurture relationships with NGOs
- Dispense grants and review impact reports
- Organize employee volunteering and fundraising

We focus our community philanthropic investments on communities where we live and work. Our giving supports more inclusive communities, basic needs, disaster response efforts and educational initiatives.

The following are highlights from 2023 and include example projects from across our U.S. communities.

Supporting Inclusive Communities

Fulton Theatre
Hershey has long supported Lancaster County's historic Fulton Theatre, which provides cultural offerings for audiences of all ages, socio-economic groups and backgrounds.

In 2023, we continued our long-standing sponsorship of the beloved Children & Family Series, allowing young audience members and their families to enjoy shorter, family-friendly theater productions.

We also co-sponsored Fulton's Festival of New Works: Stories of Diversity for the second year. The festival invites playwrights from diverse backgrounds to share their work. Over 36 pieces were submitted, with three selected for performance.

Celebrating with Service Members
Hershey partnered with the United Service Organizations (USO) to support celebrations by service members and families for Halloween and El Dia de los Muertos. Our sponsorship covered events at three military bases:

- Fort Liberty, North Carolina
- Fort Drum, New York
- Wright-Patterson Air Force Base, Ohio

These are two of many diverse holidays celebrated by USO, bringing together service members and families from different backgrounds and cultural traditions. The El Dia de Los Muertos celebrations offered attendees the opportunity to dress up in masks, colorful makeup and costumes while building an ofrenda to honor loved ones. In total, over 15,000 people attended the celebrations. Hershey provided seasonal candy for each celebration and a contribution to help support holiday celebrations at USOs nationwide.

Basic Needs, Disaster Response and Supporting Our Plant Communities

We proactively support American National Red Cross (ANRC) Disaster Relief efforts by pre-funding the organization before disasters strike. This helps deploy resources to the thousands of disasters ANRC responds to every year. As large disasters increase in frequency and intensity, Hershey's support maintains ANRC's readiness.

In 2023, ANRC supplied over 4.5 million meals and snacks to local partners, and more than 112,000 households received over 903,000 relief items.

Robinson, Illinois
On March 31, 2023, this community experienced a category three tornado. There was major damage to residences and businesses, impacting many families. Hershey made a major gift to United Way of Crawford County's Tornado Relief fund to support those most affected.

Memphis, Tennessee
Since 1997, our plant has joined other Memphis-area businesses to prevent food insecurity by contributing to food pantries and assembling food boxes for local families around key holidays. In 2023, our partnership with nonprofit Feed the Needy enabled them to distribute over 285,000 pounds of food to approximately 5,000 families. Hershey employees volunteered their time to assemble holiday meal boxes and the plant donated funds and *Reese's* peanut butter.

Stuarts Draft, Virginia
The local YMCA in Waynesboro, Virginia serves over 10,000 people a year, and needed to upgrade aging facilities. Hershey helped support their Reimagine Campaign to modernize, improve accessibility and increase the capacity of their building.

Hershey For Communities
continued

Education

Resources for Young People
Every year we fund several Ready, Set, Explore! events by WITF, central Pennsylvania's PBS Public Television station. These free, accessible family programs reach over 100,000 young people across Central Pennsylvania. They offer fun, engaging tools to set children up for success in school.

Themes for the Ready, Set, Explore! events are tailored to the needs of the region's communities and include topics like the arts, connections to nature, science, space, literacy and health.

Hazleton, Pennsylvania
The Hazleton Integration Project (HIP) has supported local, economically underserved families for 10 years and Hershey is proud to have supported HIP over the last four.

Our funding enabled HIP to provide children in the community with bilingual educational services through the After School Scholars program and teach adults English as a second language. This partnership has been strengthened by engagement from Hershey employee volunteers, and has positively impacted hundreds of families and over 1,200 children.

Educating Students on A Big Birthday
Hershey is a Semiquincentennial Founders' Circle Sponsor of America250PA. A Pennsylvania-wide effort to commemorate the 250th anniversary of the founding of the U.S., America250PA will highlight the state's integral role in the founding of our nation and celebrate the impact of its people on the nation's past, present and future. Celebrations and educational events continue through 2026.

Our sponsorship of America250PA helped launch a fun effort to educate young students across Pennsylvania about the nation's upcoming birthday: the Keystone Classroom Initiative (KCI). This unique storytelling and visitation program for children's hospitals, pre-kindergarten through fourth grade classrooms and youth camps teaches about Pennsylvania's historic role. After each visit, children are given a drawstring backpack containing:

- An original-design America250PA Coloring Book in five languages, with crayons
- A T-shirt
- Other special Pennsylvania-themed treats, including healthy Hershey snacks

Since its launch, KCI has visited 8,341 students in 19 counties. 24 more school visits are scheduled through May 2024 and it is on track to reach 50,000 children by 2026.

> **"The Hershey Company's early and generous support of America250PA has been critical in our efforts to make 2026 E.P.I.C. as we strive to Educate, Preserve, Innovate and Celebrate Pennsylvania's rich history, culture and future, and enables us to ensure that this historic semiquincentennial commemoration is one that is most inclusive, engaging ALL Pennsylvanians in ALL 67 counties."**
>
> Cassandra Coleman, Executive Director, America250PA

Hershey For Communities
continued

Goodness Around the World

Hershey's international teams do great work in their communities and beyond. Here are some examples from 2023.

Supporting Mental Health in South Korea
In South Korea, our employees, their families and 4,000 others participated in an overnight run organized by Lifeline Korea, a local NGO that aims to raise awareness about suicide, support bereaved families and help those in crisis. The Hershey Company also donated funds to support Lifeline Korea.

Canada Initiatives
Our manufacturing plants in Quebec partnered with The Christian Vachon Foundation to provide children with school supplies, clothing, meals and fun activities. With this support, 20 students in schools near the factories will receive resources from the Christian Vachon Foundation throughout the school year.

Hershey Canada relaunched the Random Acts of Chocolate initiative in 2023 to celebrate the amazing heroes doing great work in the community. Hershey Canada employees nominated the following organizations to receive a sweet surprise for their role in driving belonging, support, togetherness and safety within our community:

- Camp Erin youth bereavement program
- St Joseph's Health Centre Emergency Department
- Ronald McDonald House accommodation for families near hospitals where their child is being treated
- Armagh House secure housing for abused women
- Del Manor Retirement Home in Toronto

Award-winning in Malaysia
Hershey Malaysia received the 2023 MY AMCHAM CARES AWARD from the American Malaysian Chamber of Commerce. This is their fourth consecutive win!

The award recognizes our commitment to corporate citizenship in key areas like strategy, sustainability, measurability, communication and partnerships. Of the 120 participants, Hershey is one of 60 scoring high across all pillars by implementing responsibility and sustainability initiatives.

Product Donations
Hershey often augments cash donations to support events and programs by donating Hershey products. In 2023, we made donations such as gift baskets for local charity fundraising events and cases of our most iconic products to over 700 organizations in Pennsylvania.

In addition, we have partnerships with Convoy of Hope, Feeding America and Operation Blessing for product donations in larger quantities. This supports:

- Networks of food banks across the U.S.
- Disaster responses
- Others in need around the world

In 2023, we provided over 7.1 million pounds of product to children and families in need via these partnerships.

Employee Impact

Employee giving and volunteering, combined with corporate philanthropy, allows for more goodness in action.

Hershey employees give their time to causes that matter to them. We encourage this generosity with programs to match donations and support time off to volunteer.

→Community Giving and Volunteering data is on page 113.

Giving Back by Volunteering

Our employees give back in many ways, from hands-on projects to applying their expertise for community nonprofits. Hershey offers employees up to two days of paid time off per year to volunteer.

Good to Give Back

Good to Give Back Month is our annual event to encourage employees to come together to volunteer in their communities. In 2023:

- 1,400 employees participated
- 3,500 total hours were volunteered
- 45 nonprofit organizations supported globally
- Volunteers worked on 65 events

We brought back our Rise Against Hunger (RAH) meal packing event in 2023. RAH is a growing global movement to end hunger.

Our largest volunteer activity during Good to Give Back Month, the event brought together over 500 employees to pack more than 285,000 nutritious meals at the Giant Center in Hershey, Pennsylvania. Hershey employees have packed over two million meals with RAH since 2013.

We also collaborated with organizations to volunteer virtually. Employees joined webinars to learn more about Big Brothers Big Sisters, Junior Achievement South Central PA, Salvation Army and Partners in Food Solutions, and did some virtual brainstorming for EmbraceRace's efforts supporting parents and caregivers.

Stuff the Bus

We also supported the United Way of Capital Region by placing bins in our Hershey office locations to collect items for their Stuff the Bus campaign, and bins in our local Hershey plants for Greenlight Operation, an organization working to disrupt human trafficking and support survivors.

Doubling Donations

For more than 30 years we have offered programs matching employee charitable donations. These programs include:

- An annual Matching Gift Program — a one-to-one match up to $5,000 per employee for donations each year.
- Season of Giving Campaign — up to $10,000 per employee for payroll deduction donations each year. We also offer this campaign match to retirees.
- Dollars for Doers Program — $500 donated to the nonprofit of choice for any employee logging 50 hours volunteering in a calendar year.

Hershey's combined employee giving and corporate matches across all of these programs raised over $3.3 million for community nonprofits in 2023.

These funds support many different causes across the globe, including:

- Hunger
- Social and emotional learning
- Social justice and inclusive organizations
- Workforce development
- Environmental conservation

2023 Employee Impact in Numbers

127,440
hours volunteered by employees

$1.7M+
raised by Season of Giving Campaign

$1.6M+
raised by employee and matched giving

Fundraising for Children's Miracle Network

For the past 34 years, Hershey employees have assembled a core team of volunteers to help fundraise on behalf of Children's Miracle Network (CMN).

Our employees host public fundraising events including an annual golf tournament, egg hunt and a five-kilometer run. This supplements an annual corporate philanthropic donation supporting The Penn State Milton S. Hershey Medical Center.

In 2023, Hershey also took part in Extra Life, a campaign where families and individuals raise funds by playing board games or video games. Together, these efforts raised more than $400,000 for CMN, bringing our fundraising total to more than $7 million since our employees first began hosting events.

Our Progress

Community	Target Year	Progress (as of Dec. 31, 2023)	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	**$103.7 million**	On Track	1

1 Hershey donated nearly $104 million in cash and products cumulatively from January 1, 2020 to December 31, 2023.

Community Giving and Volunteering	Unit	2023	2022	2021	Notes
Cash donations	USD (in millions)	**$12.9**	$11.1	$11.3	1
In-kind/product donations	USD (in millions)	**$17.4**	$19.4	$5.1	2
Annual net sales directed to community philanthropic endeavors	%	**0.27%**	0.29%	0.18%	–
Employee volunteer hours	# of hours	**127,440**	108,794	117,197	–
Total employee volunteers during Good to Give Back Month	# of employees	**1,400**	800	1,050	–
Total organizations supported globally during Good to Give Back Month	# of organizations	**45**	30	55	3
Total volunteer hours during Good to Give Back Month	# of hours	**3,500**	1,800	1,500	4

1 The company continued its commitment to invest in communities where we do business and therefore increased its financial contributions supporting, children, communities and employees in 2023.
2 Hershey did not provide any major in-kind donations in 2023.
3 The company continues to engage with partners to offer in-person and virtual volunteer events for employees in their local communities.
4 The 2023 Good to Give Back campaign offered more volunteer opportunities due to lifted pandemic restrictions.

About This Report

Hershey's 2023 ESG Report covers our most material ESG topics and the issues where we can have the greatest impact.

This ESG Report covers the 2023 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.

- 2023 EY Limited Assurance Statement
- 2023 Quantis data verification statement

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:

- 2023 Consolidated Index (GRI, UNGPRF) in accordance with GRI Universal Standards and UN Guiding Principles Reporting Framework
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- United Nations Global Compact (UNGC)
- UN Sustainable Development Goals (SDGs)

Additional ESG-related policies and resources can be found on our Sustainability Reports, Policies and Resources website.

Forward-looking Statements

Hershey's 2023 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 an industry-leading snacks company known for making more moments of goodness through its iconic brands, remarkable people and enduring commitment to doing the right thing for its people, planet and communities. Hershey has more than 20,000 employees in the U.S. and worldwide who work daily to deliver delicious, high-quality products. The company has more than 90 brand names in approximately 80 countries that drive more than $11.2 billion in annual revenues, including *Hershey's*, *Reese's*, *KIT KAT®*, *Jolly Rancher*, *Twizzlers* and *Ice Breakers*, and salty snacks including *Skinny Pop*, *Pirate's Booty* and *Dot's Homestyle Pretzels*.

For 130 years, Hershey has been committed to operating fairly, ethically and sustainably. The candy and snack maker's founder, Milton Hershey, created Milton Hershey School in 1909, and since then, the company has focused on helping children succeed through equitable access to education.

→To learn more visit, www.thehersheycompany.com

We welcome any feedback you may have on our ESG disclosures.

Please direct inquiries to **sustainability@hersheys.com**

Material Issue Definitions

Environment
Governance
Social

Issue	Definition
Advocacy and lobbying	The extent to which the company is involved in supporting, whether financial or otherwise, any political candidate or issue in jurisdictions that it operates. **Sub-issues:** Political expenditures, lobbying, brand activism
Animal welfare	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. **Sub-issues:** Cage-free housing, judicious use of antibiotics/growth hormone, feeding practices, unnecessary suffering
Biodiversity	Engaging in the protection of ecosystems, including the protection of wildlife (e.g., plants, animals and other species) and their habitats. **Sub-issues:** Ecosystem protection, sustainable agriculture, wildlife protection and conservation, chemical management
Board and executive oversight	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. **Sub-issues:** Board diversity, independent board members, executive compensation
Business operations and supply chain resilience	The active management of supply chain activities to minimize disruptions of any form and maximize company and customer value. **Sub-issues:** Natural disaster preparedness, climate change, pandemic, risk assessment, geo-politics, tax
Child labor	Prohibiting work that deprives children of their childhood, their potential and their dignity, and is harmful to physical and mental development. **Sub-issues:** Education access, poverty, nutritional access
Data protection and cybersecurity	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 cybersecurity. **Sub-issues:** Privacy, responsible use of technology, ethical use of data, data privacy
Deforestation	Use and management of forest resources to meet business and customer needs, as well as measures of any relevant contamination, deterioration or destruction. **Sub-issues:** Sustainable forestry and harvesting, land titles, law enforcement, agroforestry
Diversity, Equity and Inclusion (DEI)	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. **Sub-issues:** Racial and social justice, discrimination, psychological safety, supplier diversity, equal access and opportunity for underrepresented groups, women's empowerment along the supply chain
Employee attraction, retention and development	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. **Sub-issues:** Learning and development, talent acquisition, compensation and benefits, pension management
Energy management	Optimizing operational practices and power sources to conserve energy and reduce overall energy consumption. **Sub-issues:** Renewable energy, energy efficiency, LED lighting
Ethics and compliance	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. **Sub-issues:** Anti-competitive behavior, anti-corruption, compliance with relevant standards, ethical behavior, regulatory compliance
Farmer livelihoods	The opportunity for growers to influence decision-making processes and to undertake transformative actions that can help them to improve their livelihoods. **Sub-issues:** Employment opportunity, fair wages, living wage

Material Issue Definitions
continued

Environment
Governance
Social

Issue	Definition
Food safety and quality	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. **Sub-issues:** Product safety, quality inspection and certification
GHG emissions and climate change	Taking action to reduce Hershey's carbon footprint and reduce climate-related risks. **Sub-issues:** Emissions reduction, low-carbon logistics, business travel, facility footprint, decarbonization, resilient supply chains
Human rights (supply chain)	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. **Sub-issues:** Fundamental human rights, forced labor, human trafficking, living wage and income
Labor relations	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. **Sub-issues:** Labor rights, collective bargaining, grievance mechanisms, freedom of association
Nutrition and health	The company's involvement in making healthy products widely available and affordable. **Sub-issues:** Consumer well-being, children's nutrition, transparency
Packaging and end-of-life	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. **Sub-issues:** Plastic reduction, circular systems, recycled and reusable sources, customer waste and post-consumer recycling
Responsible marketing and labeling	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. **Sub-issues:** Fair and responsible selling, customer labeling, responsible marketing, ingredients and product transparency
Responsible sourcing	The company's ability to maintain a secure, sustainable and fair supply chain for its assets and services. **Sub-issues:** Ethical sourcing, sustainable sourcing, safety, transparency
Soil health	Efforts to protect and ensure the capacity of soil to function as a vital living ecosystem that sustains plants, animals and humans. **Sub-issues:** Regenerative agriculture, chemical management and pesticide/fertilizer use, desertification
Supporting communities	Supporting, developing and enhancing the well-being and livelihoods of communities where Hershey is present through charitable giving and employee volunteering. **Sub-issues:** Philanthropy, employee volunteering, community relations, disaster response, hunger and food scarcity
Traceability	The ability of the company to follow the movement of a food product and its ingredients through all steps in the supply chain. **Sub-issues:** Blockchain, supply chain transparency, risk management
Waste management	Responsible management and disposal of hazardous/non-hazardous waste in production and operations and where possible, reducing, recycling or reusing within the supply chain. **Sub-issues:** Hazardous/non-hazardous waste disposal, facility and corporate recycling programs, customer and supplier engagement, food waste
Water use	Responsibly using, managing and conserving water resources while meeting business needs. **Sub-issues:** Water efficiency, wastewater management, water quality and effluent
Workplace health and safety	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. **Sub-issues:** 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
Child labor	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.
Forced labor	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.
Land rights and acquisition	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.
Living wage and income	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.[1]
Health and safety	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.
Access to water and sanitation	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.
Climate impacts and deforestation	The impacts of climate change and commodity-driven deforestation on people and communities.
Gender and social inequality	Equal human rights for historically marginalized groups including women and the BIPOC community, and those further marginalized based on intersecting identities.

1 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.

HERSHEY