



The Hershey Company Statement Against Slavery & Human Trafficking

Complying with both the California Transparency in Supply Chains Act
and the United Kingdom Modern Slavery Act for reporting year 2021

OUR COMPANY & OPERATIONS

The Hershey Company, together with its subsidiaries ("Hershey", "we," "us" or "our"), is committed to operating responsibly and sustainably throughout the world. Hershey has a history of operating with the highest ethical standards and integrity. The manner in which our employees and business partners manage social, environmental and economic impacts is critical to our long-term business success.

Hershey is a global confectionery leader known for Making More Moments of Goodness through chocolate, sweets, mints and other great tasting snacks. We are the largest producer of quality chocolate in North America, a leading snack maker in the U.S. and a global leader in chocolate and non-chocolate confectionery. We operate 15 factories in six countries – Brazil, Canada, India, Malaysia, Mexico, and the U.S. – and employ more than 19,000 people worldwide. We market, sell and distribute our products under more than 100 brand names in approximately 80 countries.

With more than \$8.9 billion in total revenue in 2021, our North America Confectionery segment generates around 86% of that total revenue, through the sale of traditional chocolate and non-chocolate confectionery, gum and refreshment products, spreads, snack bites and mixes, as well as our pantry and food service lines. Our manufacturing operations in Mexico, Brazil, India, Canada and Malaysia produce products for consumers in these regions as well as other Hershey markets.

We rely on a global supply chain to source our ingredients and to manufacture and deliver our products. Through our extended supply chain, large-scale agricultural sites, family farms and smallholders help deliver affordable, reliable and quality materials and ingredients such as cocoa, sugar, dairy, palm oil, pulp and paper, peanuts and tree nuts, coconut, flour, soy, corn and more.

POLICIES & GOVERNANCE

Hershey recognizes that issues like child labor,¹ forced labor,² human trafficking, and other forms of modern slavery are less likely to occur in environments where human rights are respected, governance and economic development policies are strong and corruption levels are low. As a result, we have a number of foundational standards and expectations that guide our programming and activities in this space, including the following key policies and programs.

¹ Child Labor is defined by ILO Conventions 138 on the Minimum Age for Admission to Employment and 182 on the Worst Forms of Child Labor.

² Forced Labor is defined by ILO Convention 29.



Code of Conduct

[Hershey's Code of Conduct](#) sets forth the standards by which we conduct our operations and establishes a clear expectation that the standards be followed in all job-related activities, regardless of business pressure. It further memorializes our guiding principles to act lawfully, ethically and in the best interests of Hershey.

Human Rights Policy

The Hershey Company [human rights policy](#) outlines our broader commitment to respect human rights throughout our value chain, including efforts to prevent and address modern slavery and forced labor. Our policy was informed by undertaking a United Nations Guiding Principles ("UNGP")-guided [saliency assessment](#) that included in-depth consultation with diverse internal and external stakeholders including suppliers, human rights groups, nonprofit organizations working in our raw material value chains, government representatives and labor organizations, amongst others.

Supplier Code of Conduct

The backbone of Hershey's commitment to a responsible and sustainable supply chain is our [Supplier Code of Conduct \("Supplier Code"\)](#). This document sets forth Hershey's standards and expectations with respect to environmental, social and governance issues in our supply chain. Our Supplier Code prohibits forced labor and human trafficking, including but not limited to, any form of prison, slave, bonded or forced indentured labor. Our Supplier Code also emphasizes responsible recruitment practices, including prohibiting recruitment fees and withholding of identity documents, as well as freedom of movement, as these issues often contribute to forced labor. Finally, we communicate our Supplier Code through multiple channels, including through (i) language in Hershey's contracts that requires Supplier Code of Conduct compliance, (ii) our [Responsible Sourcing Supplier Program](#) that requires enrolled suppliers' formal acknowledgement of our Supplier Code and (iii) our website where our Supplier Code is available in 11 languages.

Responsible Recruitment & Employment Policy

Hershey does not tolerate child or forced labor in our operations and in our supply chain. One of the ways Hershey combats forced labor is through our commitment to responsible recruitment and employment and our endorsement of the Priority Industry Principles and the Employer Pays Principle. Our [Responsible Recruitment & Employment Policy](#) is our global standard for responsibly recruiting workers employed by third parties that support Hershey operations. It is meant to be used in conjunction with and to provide additional guidance beyond our Supplier Code to third-party labor providers.

Living Wage & Income Statement

Hershey believes that all individuals deserve the opportunity to earn a decent standard of living. We recognize the concepts of living wage and living income as human rights for people that work for Hershey directly or are within our extended supply chain – and that poverty increases the risk of human rights violations such as child or forced labor. Our [Living Wage & Income Position Statement](#) is our global commitment to pay a living wage to full-time Hershey employees as well as to establish new partnerships to measure the incomes of farmers in our Cocoa For Good programs in Côte d'Ivoire and Ghana to better target our investments focused on improving incomes.

Oversight of Environmental, Social and Governance (ESG)

Managing ESG and sustainability initiatives at Hershey and operating with integrity are key drivers for how we build trust with our consumers and make a positive impact in our society. Our ESG and sustainability governance model includes a multi-level operating structure to ensure we are aligned on the most important



issues facing the Company and allocating the right resources to drive progress within our Shared Goodness Promise. Accountability for managing ESG and sustainability at the management level resides with our Vice President of Global Sustainability and Corporate Communications, who reports to our Chief Supply Chain Officer.

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

Executive Committee

Our Chief Executive Officer and her direct reports conduct at least quarterly reviews of our Shared Goodness Promise strategy, data, and progress against our commitments and targets, as well as emerging ESG and sustainability challenges and opportunities.

ESG Advisory Committee

Established in 2021, this group of executive team members and senior leaders meets bi-monthly to review ESG governance, strategic direction and delivery, and proposed ESG-related investments. The committee reviews and provides key input on key decisions related to our global ESG and sustainability programs, including review of enhanced disclosures and policy changes.

Disclosure Committee

In 2021, Hershey expanded its external disclosure review committee to include the Vice President of Global Sustainability and Corporate Communications to ensure consistent disclosures across the Company's financial and ESG reports.

Sustainability Steering Committee

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

Global Sustainability Team

Led by our Vice President of Global Sustainability and Corporate Communications, this team is composed of ESG experts and leaders from across the business who manage the strategy, implementation and reporting of our global ESG and sustainability initiatives, including managing human rights issues, including forced labor, modern slavery and human trafficking. The Global Sustainability team communicates regularly with external stakeholders who provide valuable perspectives on our program decisions and focus.

Hershey's Human Rights Due Diligence Approach

Hershey's approach to human rights due diligence is guided by the UNGPs and is an ongoing risk management process that allows us to identify, prevent and mitigate human rights risks throughout our value chain. As



identified by our 2021 materiality assessment as well as our human rights saliency assessment, forced labor, child labor and human trafficking remain priorities for Hershey's human rights due diligence efforts, along with related topics, such as living wage & income and access to grievance mechanisms. Hershey continues to rely on and adapt the human rights risk assessment approach we developed with Verité, that allows us to dynamically identify current and future human rights risks across our key value chains and geographic footprint even as our business changes. Detailed information on our approach to human rights due diligence and work with Verité can be found [here](#).

Identifying and Assessing Risks

Tier 1 Supplier Risk Assessment: Hershey used the Risk Segmentation tool developed in partnership with Verité to assess all our Tier 1 raw material and packaging suppliers as well as co-manufacturers, co-packers, licensees and labor service providers across all Hershey regions. We use this tool to develop a prioritized list for supplier due diligence, resulting in the following:

- In 2021, we enrolled the 450 high-risk suppliers and supplier sites that were prioritized for due diligence following our initial risk assessment of 1,300. We also refreshed our supplier risk assessment across over 900 suppliers not prioritized for initial enrollment, as well as in new areas within our business such as our World Travel Retail group. This resulted in 42 additional high-risk suppliers and sites that were enrolled into the Responsible Sourcing Supplier Program. The majority of the high-risk suppliers are located in China, India, Malaysia, South Korea and the U.S. who supply cocoa, packaging material, palm oil, sugar, or are co-manufacturers/co-packers, licensing partners or The Hershey Experience vendors. This refresh also resulted in a list of 90 high-priority suppliers and sites, predominantly North America-based sites across our co-manufacturer and co-packer network and dairy supply chain, to be enrolled in the first half of 2022.
- Our risk assessment approach and active engagement in the Responsible Labor Initiative indicates that responsible recruitment risks remain higher in South and East Asia. However, we monitor risks globally for all vulnerable groups such as migrant workers and women, including tracking the number and geographic locations of migrant workers in our broader supply chain through supplier audits. In 2021, we expanded our [Responsible Recruitment Program](#) to cover 100% of labor service providers (68 suppliers) in six regions – Brazil, Canada, India, Malaysia, Mexico and the United States.
- In 2021, we integrated human rights risk screening into our ingredient supplier qualification and monitoring process to ensure we are assessing forced labor and other human rights risks prior to entering a commercial relationship.

Priority Ingredients and Materials Risk Assessment: In addition to our Tier 1 suppliers, Hershey uses the Risk Segmentation tool to assess risks across the supply chains of our ingredients and materials. In 2020, we conducted an internal gap analysis to assess which risks our Responsible Sourcing specific ingredient and material policies and programs addressed. We reassess our defined priority ingredients and materials for possible reprioritization based on (i) changes in our supply chain, (ii) developments in the environmental and human rights strategies, and (iii) changes in sustainability risks.



Overall, this process identified the following:

- [Cocoa](#), [sugar](#) and [palm oil](#) continue to present risks of forced labor due to the nature of their value chains and a range of social and economic factors in the regions where they are produced. These ingredients remain the focus areas for Hershey's human rights and responsible sourcing efforts.
- While cocoa is sourced from multiple regions, Côte d'Ivoire and Ghana remain the focus of our responsible cocoa sourcing efforts, including the implementation of [Child Labor Monitoring & Remediation System \("CLMRS"\)](#). Hershey seeks to achieve **100% sourcing visibility** of Hershey's cocoa volume in Côte d'Ivoire and Ghana by 2025, which together supply a significant amount of the cocoa we purchase worldwide. Clear visibility into how and under what conditions the cocoa volume we source is grown and cultivated enables us to implement programs that focus on helping to improve farmer incomes, prevent and eliminate child labor, and protect the environment. Understanding the origin of cocoa is essential to ensure that it meets our human rights and environmental requirements. We also committed to 100% of farmers producing Hershey's cocoa volume in Côte d'Ivoire and Ghana are covered by Child Labor Monitoring and Remediation System (CLMRS) to prevent, monitor and remediate child labor.
- Child labor and forced labor risks in sugarcane exist across multiple origins, including but not limited to Mexico, Brazil and the Dominican Republic. We updated our [sustainable sugar sourcing strategy](#) in 2021 to focus on greater traceability, enhanced supplier engagement, monitoring and verification, and transformation projects.
- Child labor and forced labor risks in palm oil exist across multiple origins from which Hershey sources, including Indonesia and Malaysia. Hershey's [Responsible Palm Oil Sourcing Policy](#) communicates our requirements around an exploitation-free palm supply chain, including promoting and following ethical recruitment, hiring and employment practices in line with the Priority Industry Principles.
- We have identified zero instances of forced labor in our supply chain.

We have integrated Responsible Sourcing priority ingredient and materials commitments and criteria into our Research and Development, Innovation and Quality and Regulatory Compliance processes. This helps us ensure that all existing ingredients meet our responsible sourcing commitments and that we consider and mitigate any human rights risks associated with the introduction of new ingredients or materials to our portfolio.

COVID-19: Finally, the COVID-19 pandemic has underscored the importance of protecting and promoting human rights and the need to urgently deploy resources to those most impacted. We used the guidance of the UNGPs to identify and help address broad [COVID-19 related human rights vulnerabilities](#) among workers in our supply chain as well as our own employees. More information on our Response to COVID-19 can be found [here](#).

Due Diligence

Hershey performs due diligence on our own facilities and on high-risk suppliers based on the results of our risk assessment process described above.

Hershey-Owned Operations:

- Onsite Audits: Hershey facilities undergo the 4-Pillar Sedex Member Ethical Trade Audit ("SMETA") on a three-year cadence, and more frequently as needed based on issue remediation or per customer requests.



- **Worker Voice Surveys:** In 2021, we piloted two worker voice/engagement surveys in our India and Malaysia manufacturing plants. The survey targeted contract labor including migrant workers (Malaysia only) and proved to be an effective way to better understand recruitment and labor practices amongst this population. While the surveys predominately showed that workers were treated fairly and enjoyed working for Hershey, we found opportunities for improvement including:
 - o The repayment of nominal fees for uniforms that workers had paid and updated our internal policy to explicitly prohibit this
 - o Development of a new electronic badging system to ensure contract workers could always maintain possession of their Identity Documents while being consistent with the facilities quality requirements
 - o A new training for agency workers on the Hershey Concern Line, including more posters onsite, and trained agencies on Hershey's grievance procedures.
 - o In Malaysia, we are conducting human rights assessments and SMETA 2-Pillar audits on our labor agencies to identify additional improvement opportunities in their recruitment processes and management systems.

Tier 1 Suppliers:

Responsible Sourcing Supplier Program: Our Responsible Sourcing Supplier Program ("Supplier Program") verifies our Tier 1 suppliers' compliance with our Supplier Code. The program is aligned with our saliency assessment of our most significant human rights issues and leverages third-party verification tools, including self-assessment questionnaires (SAQ) and independent third-party audits. The high-risk and priority suppliers in Hershey's program are required to complete or update their facility's Sedex SAQ or equivalent on an annual basis and undergo the SMETA 4-Pillar social compliance audit or equivalent on a cadence determined by risk and historic performance. The Supplier Program also promotes ongoing training and capability-building and works to drive suppliers' continuous improvement.

When a Supplier Code violation is identified, the Hershey Global Responsible Sourcing team reviews the findings and suppliers are required to develop a corrective action plan that includes addressing the root cause of the issues. A follow-up audit is then required to verify that the non-conformity has been addressed. In instances where a supplier is unwilling or unable to remediate violations in the appropriate timeframe, Hershey reserves the right to suspend or remove the supplier.

In 2021, 238 initial, periodic and follow-up audits were completed by high-risk suppliers. The top three categories of non-compliances identified through audits included health and safety, working hours, and wages and benefits. All instances of non-compliances require a corrective action plan to be closed out via a desktop or follow-up onsite audit. As of the end of 2021, 88% of all audit reports with instances of non-compliances have corrective action plans in place by suppliers. More information about the results of our Supplier Program can be found in our [Sustainability Report](#).

Responsible Recruitment: Our Responsible Recruitment and Employment program verifies labor service providers' compliance with our Responsible Recruitment Policy and our commitment to the Employer Pays and Priority Industry Principles. Suppliers in the program are required to complete a recruitment specific self-assessment questionnaire and corrective action plan for identified instances of non-compliances and receive access to training through the Responsible Labor Initiative E-learning Academy. Suppliers are further assessed via audits of Hershey's own facilities.



In 2021, Hershey assessed 68 labor service providers in Brazil, Canada, India, Malaysia, Mexico and the United States. Outside of Malaysia, Hershey has very few migrant workers in our contract labor population. However, we believe that any contracted labor population is at risk of vulnerabilities and therefore focus on the management systems and practices that promote responsible recruitment practices amongst all contracted labor. Through the due diligence process, the top three findings were lack of formal recruitment-related policies and procedures, inadequate processes to ensure contract accuracy, and lack of a formal grievance mechanism and procedure. As of the end of 2021, approximately 86% of the findings have been fully remediated with the remainder in progress.

More details on our [Responsible Sourcing Supplier Program](#) and [Responsible Recruitment & Employment Program](#) are available on our website.

Pre-Qualification Process: In 2021, we assessed 32 potential suppliers and licensees through our new human rights risk screening as part of our supplier qualification process. This screening has been successful in identifying risks, resulting in two suppliers that were not qualified for use due to potential human rights risks and the implementation of an in depth Participatory Human Rights Assessment of the potential supplier in the United Arab Emirates. In 2022, we will continue to integrate this human rights risk screening into the prequalification process for our licensing business.

Ingredient and Material Sourcing:

Hershey has expectations for priority materials and ingredients that go beyond the requirements of our Supplier Code and reflect our commitment to human rights and a transparent supply chain. These commitments include, but are not limited to, our positions or policies on [cocoa sourcing](#), [pulp and paper sourcing](#), [responsible palm oil sourcing](#), and [sustainable sugar sourcing](#).

Hershey has also developed a more comprehensive approach to human rights due diligence in priority ingredients, including cocoa, palm oil and sugar. This due diligence process includes country of origin risk assessments, supplier sustainability assessments, and manufacturing site risk assessments using the SMETA audit protocol. We work with our suppliers to create action plans based on results from these various assessments.

Cocoa For Good

Hershey is purchasing 100% independently verified cocoa³ and each program prohibits the use of forced and child labor. Beyond purchasing independently verified cocoa, Hershey is working with key suppliers and sustainability partners, [listed on Hershey's website](#), through Hershey's flagship [Cocoa For Good](#) program, to address systemic social and environmental issues in our cocoa supply chain. Through Cocoa For Good, Hershey aims to disrupt the cycle of poverty that is an underlying contributor to issues like child or forced labor. Specifically, the program works to improve cocoa farming practices as well as diversify incomes at the household level, educate families on the value of savings, empower communities, foster women's leadership, and improve the quality of nutrition and access to education.

³ Certified and sustainable cocoa refers to cocoa that is either certified to the Rainforest Alliance standard, Fair Trade USA standard, or verified to suppliers' standards meeting the international ISO/CEN criteria.



We further strengthened our efforts to combat child labor by introducing the [Child Labor Monitoring and Remediation System](#) (“CLMRS”) through our suppliers on farms in the Cocoa For Good program and local communities in Côte d’Ivoire and Ghana. Hershey has committed that all cocoa sourced from Côte d’Ivoire and Ghana will be directly sourced by our suppliers by 2025 and we will have 100 percent visibility into cocoa volume sourced by our suppliers by 2025 and 100% CLMRS coverage of our cocoa volume from these two countries by 2025. CLMRS is the leading method of detection and remediation of child labor among children aged 5-17 and was developed through the International Cocoa Initiative. We are encouraged by the early, but positive, impact of CLMRS and the scalability this system can have. To date, we have identified no instances of forced labor. More information on the results of our CLMRS program can be found [here](#).

Palm Oil

We progressed our work in 2021 towards achieving a traceable and exploitation-free palm oil supply chain, which requires continuing to identify human rights risks and partnering with our suppliers to address them. We continue to support the work of the Roundtable for Sustainable Palm Oil (“RSPO”) and remain committed to purchasing 100% RSPO Mass Balance certified palm oil, which we have been doing since 2017. We continue to follow our public [Palm Oil Grievance Procedure](#) and [Log](#), developed in partnership with our partner, Earthworm Foundation, to investigate allegations of child labor and forced labor, transparently disclose how we investigate violations against our Responsible Palm Oil Sourcing Policy and establish formalized thresholds for suspension and re-entry into our supply chain. As of 2021, 16 palm companies have been suspended, three of which were suspended due to human rights violations. Finally, given our role in the value chain, we work with suppliers leveraging tools and on-the-ground investments led by Earthworm Foundation to support remediation efforts. More details can be found [here](#).

Sugarcane

For all sugar we use that is grown outside the U.S., we seek to purchase Bonsucro certified mass balance sugar where possible. Bonsucro prohibits the use of forced and child labor. When this is not feasible, we purchase Bonsucro credits to match the volumes of the conventional sugar we buy from international sources. We also require that all the refining facilities we source sugar from have an up-to-date SMETA 4-Pillar (or equivalent). We are strengthening our approach to certification and on-the-ground programming. This includes a more comprehensive approach to human rights due diligence with the implementation of a supplier sustainability assessment similar to the one applied in cocoa. In addition, we continue to co-invest with a sugar supplier in the “Learn to Grow” sugar programs in Mexico and Belize to holistically address social issues, including supporting the development of a standard labor contract between the cane cutters and cane farmer associations that provide cane to mills that supply Hershey via our sugar supplier.

Multi-Stakeholder Engagement and Partnerships

We recognize that situations of child labor, forced labor and modern slavery often stem from socio-economic and cultural barriers that no one company or organization alone can solve. As a result, our partnerships with nonprofit organizations and pre-competitive industry collaborations, along with engagement with local governments, play a critical role in informing, implementing and evolving our human rights policies and programs including those related to forced labor and human trafficking. Some of our key collaborations this past year included:



- Continuing as a member of the Associate Auditor Group of the Sustainable Ethical Data Exchange (“SEDEX”) and using the [SEDEX Member Ethical Trade Audit \(SMETA\)](#) standard or equivalent for verifying compliance with our [Supplier Code of Conduct](#). The SMETA 4-Pillar standard is a prescriptive audit procedure that is a compilation of effective ethical audit techniques covering Health and Safety, Labor Standards (including audit criteria on forced labor, human trafficking and child labor), Environment and Business Ethics. We share the audits of our facilities with our customers and request our suppliers share their audits and corrective action plans with us through SEDEX.
- Participating in the [Society of Product Licensors Committed to Excellence](#) Social and Environmental Responsibility Committee, which works to build capacity and alignment on tools and social compliance audit standards and programs across Licensors which include addressing human rights risks like forced and child labor.
- Serving as members of the [AIM-PROGRESS](#) Human Rights Steering Committee, which continues to drive industry alignment on tools and best practices for addressing forced and child labor, mutual recognition of social compliance audits, alignment on responsible recruitment and living wage tools and best practices and worker voice engagement models. In 2021, we co-sponsored and co-developed a capacity building training for China-based suppliers that focused on several human rights related topics, including worker engagement, working hours and social security benefits.
- Joining the [Responsible Labor Initiative \(“RLI”\)](#), a multi-stakeholder, multi-industry initiative focused on ensuring that the rights of workers who are vulnerable to forced labor in global supply chains are consistently respected and promoted. Through our participation in the RLI, Hershey leverages industry best practices and tools, including training resources, risk assessment tools, and migration corridor data and research. Participating in the RLI also allows Hershey to support advocacy efforts and larger initiatives to address the root causes of forced labor and recruitment-related issues. We continue to leverage the RLI E-learning Academy to train suppliers on best practices for identifying and preventing forced labor along with responsible recruitment practices.
- Continuing our partnership with the [World Cocoa Foundation](#) and participating in key industry initiatives such as the Cocoa & Forests Initiative, which directly inform how we address underlying issues such as poverty that contribute to situations of human rights violations and forced labor. We also rely on these groups to engage as an industry with local governments in West Africa to discuss opportunities to prevent and address risks associated with child and forced labor.
- Serving on the board of the [International Cocoa Initiative \(“ICI”\)](#), as well as a member of ICI’s Forced Labour Sub-Group. Since the early 2000s, ICI has driven the industry approach, served as a thought-leader on child labor, published studies on the problem, implemented programs, championed best practices and provided in-country organizational resource allocation towards eliminating child and forced labor in the cocoa supply chain in West Africa. ICI is also an important platform for industry (including Hershey) to partner with the Governments of Côte d’Ivoire and Ghana on topics like child and forced labor.
- Joining the [Child Learning and Education Facility \(“CLEF”\)](#), a public-private coalition focused on improving access to quality education for children living in the cocoa-producing areas of Côte d’Ivoire



so they can benefit from full enjoyment of their rights, and to contribute to the fight against child labor. In partnership with the Ivorian government, the Jacobs Foundation, and other companies in the chocolate and cocoa sector, through CLEF, Hershey will support the construction of classroom facilities and schools as well as quality education. CLEF supports industry due diligence with respect to human rights, as described in the United Nations Guiding Principles on Business and Human Rights and other international standards and demanded by law in a growing number of countries.

- Partnering with [Earthworm Foundation](#) to support our palm oil supply chain, including co-sponsoring and participating on the coalition level of the Areas for Priority Transformation project in the Southern Aceh and Aceh Tamiang landscapes to support capacity building of palm producing communities around topics of labor exploitation, opportunities for supplementary livelihoods and deforestation.
- Participating in the [Palm Oil Collaboration Group](#) which brings together companies across the palm oil supply chain along with NGOs and other industry partners to accelerate effective implementation of No Deforestation, No Peat Expansion, No Exploitation commitments.

More information on our collaborations and partnerships can be accessed [here](#).

Engaging Affected Stakeholders

Hershey recognizes the importance of directly engaging with workers and farmers who are impacted by our supply chain. Cocoa farmers and cocoa communities remain a priority stakeholder group. On smallholder farms reached through our Cocoa For Good strategy, Hershey and supplier team members maintain schedules for regular farm and community visits throughout the year. These visits are an opportunity to gain insights into the effectiveness of our sustainability programs and investments, including CLMRS, and prevention and remediation efforts (such as building schools, helping get birth certificates, and distributing vitamin-fortified snacks to schoolchildren at risk of malnutrition). They also help continue the important work of awareness-raising among farmers and communities on topics like child labor. Farmers and farmer groups also receive independent announced and unannounced audits from third-party certification bodies. In 2021, we started piloting a survey to better understand laborers' experiences working on cocoa farms in Côte d'Ivoire, with key learnings coming in 2022.

Training and Capacity Building

Hershey Employees

Hershey's [Code of Conduct](#) is distributed to all Hershey employees and is supplemented by targeted training and communications addressing the principles set forth within it. Every year, employees must complete training modules or acknowledge the standards, guidelines and practices set forth in our Code of Conduct. Non-compliance with the Code of Conduct and related company policies may subject employees to discipline, up to and including termination. Hershey employees are also instructed to report anything that may be considered a violation via our [Concern Line](#).



We maintained our commitment to train 100% of procurement professionals on human rights. In 2021, we expanded the requirement to our international supply chain and licensing teams as well as employees at The Hershey Experience, our global retail operations. 93% of required Hershey employees have taken the human rights training and achieved the required score of 80% or higher to pass the training with the remaining working towards completion. Since launch, more than 1,400 Hershey employees have successfully completed the training which equates to more than 700 hours of e-learning.

Supplier Training

Hershey recognizes that our suppliers have different levels of expertise when it comes to sustainability, human rights and broader responsible business practices, and we actively seek opportunities to support suppliers on their journey of continuous improvement. Our [Supplier Guidebook](#) provides specific resources on how to prevent forced labor and other human rights abuses and our memberships with the RLI and SEDEX provide a broad range of e-learning and education on key human rights topics including forced labor and responsible recruitment. We also support supplier capacity building through our partnerships with AIM-Progress. More information on supplier training can be found [here](#).

Assessing Effectiveness

Hershey reports its [progress against stated human rights goals](#) on our website and in our sustainability report annually. We continue to develop policies and practices that will help us assess and understand our effectiveness when it comes to addressing key human rights topics, including forced labor and modern slavery. However, several of our existing processes are beginning to give us insight into our performance and areas for future action. Some examples include:

- Grievance mechanisms, such as our [Concern Line](#) (available in more than 47 languages and accessible to our suppliers) and our palm grievance log, help us understand the nature of the complaints against our company and our supply chain and effective remediation strategies.
- Our social compliance auditing and responsible recruitment programming surfaces labor and human rights related performance and activity (both positive and negative) within our own manufacturing base and those of our Tier 1 suppliers – and more importantly opens a dialogue for sharing concerns, best practices, and where training and investment is needed for continuous improvement.
- Our origin-level investments, such as our Cocoa For Good strategy and CLMRS, give specific insight into rights and experiences of smallholder farmers and their families. CLMRS has also underscored the importance of remediation and investing in addressing the root causes of poverty (such as low income, gender inequalities, lack of access to land titles, etc.) that increase the likelihood of child labor.
- Our direct worker engagement surveys in our India and Malaysia facilities allowed us to understand the experiences of more than 650 contract and temporary workers in Hershey’s supply chain and identified opportunities for growth and improvement. This engagement mechanism has led to meaningful conversations with individuals in various capacities and functions across the globe—an initiative we’ll continue to implement and expand in 2022.



We will continue to explore more specific KPIs that will help us track effectiveness in our efforts to promote human rights and address child labor and forced labor.

Looking Ahead

[Respecting human rights](#) is a continuous effort and we are committed to revisiting and reassessing our approach in light of new best practices, changes in the external environment and landscape and the evolution of our business model and footprint. We will also continue to publish our [Responsible Sourcing](#) efforts on our corporate website as well as in our annual Sustainability Report. Over the next year, we will specifically focus our efforts on:

- **Accelerate efforts to address child labor and forced labor in cocoa**, including delivering on our commitment to have 100 percent visibility into cocoa volume sourced by our suppliers by 2025 and expand CLMRS to 100% coverage of our cocoa volume across these two countries by 2025.
- **Expand supply chain human rights due diligence** approaches and mechanisms, such as direct worker engagement surveys, to additional segments of our value chain to help proactively identify and address potential human rights impacts and remediate child or forced labor-related findings through corrective actions plans and investments in supplier training and capability building.
- **Promote a living wage and income within our value chain**, including continuing to pay a living wage to Hershey employees and implementing concrete actions to improve farmer incomes in cocoa as well as assess living wage in our Tier 1 supply chain.

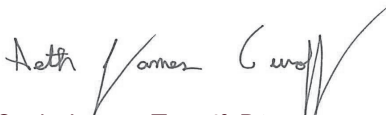
Should any employee, customer, consumer or business partner have concerns about the conduct of The Hershey Company or its partners, they may confidentially report concerns at www.HersheysConcern.com.

Hereby Signed,



Michele Buck

President and CEO of The Hershey Company



Seth James Turoff, Director
Hershey UK Finance Limited



Mark Taylor, Senior Director, Strategic Sourcing
Hershey Trading GmbH

Approved by The Hershey Company Board of Directors, February 2022

