

HERSHEY 



# GOODNESS IN ACTION

2020 SUSTAINABLE DEVELOPMENT GOALS FOOTPRINT

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In September 2015, the United Nations General Assembly unanimously approved the Sustainable Development Goals (SDGs). These 17 goals and their 169 sub-targets define the global framework for sustainable development through 2030. The UN has appealed to businesses and the private sector to share responsibility in helping realize these goals.

As a global business, our work at Hershey touches upon many of the objectives of the SDGs throughout our supply chain, in how we treat employees, and how we engage with communities where we operate. We have aligned with the global goals, recognizing that there are areas where our business may directly or indirectly have a potential negative impact on the 2030 Sustainable Development Agenda.

This is our second gap analysis, which stands as a comprehensive inventory of where we are today. Our approach is one of continuous improvement, where we seek to maximize our positive impacts while minimizing or eliminating negative impacts. In the past year, we moved beyond simply mapping our work to the goals and have actively established new programs and targets that align our work with the global goals and better integrate their ambitions into our business.



# SDG AMBITION BENCHMARKS

In January 2020, the SDG Ambition Benchmarks were launched at Davos by UN Secretary-General António Guterres and represent a new call to action by the UN Global Compact for companies “to set ambitious goals and targets in 14 areas that will have the greatest impacts on the SDGs.” Three of our corporate ambitions developed in this past year align with the new SDG Ambition Benchmarks and we have active workstreams related to several more. As UN Global Compact members, we believe it is important to work with global initiatives that amplify our impact.

## SDG Ambition Benchmarks where Hershey’s Commitments are aligned



### SDG Ambition Benchmark

“Science-based emissions reduction in line with a 1.5°C pathway”

#### Goal addressed by

Hershey’s new science-based target (SBT) to reduce Scope 1 & Scope 2 absolute emissions by 50% and Scope 3 emissions by 25% by 2030 compared to 2018.



**SDG Ambition Benchmark** “Land degradation neutrality including zero deforestation”

#### Goal addressed by

Hershey’s new zero deforestation across commodity supply chains by 2030 commitment, which built upon our earlier commitment to no new deforestation in our cocoa supply chain.



### SDG Ambition Benchmark

“100% sustainable material inputs that are renewable, recyclable or reusable”

#### Goal addressed by

Hershey’s new commitment for 100% of plastic packaging to be recyclable, reusable or compostable by 2030.

## SDG Ambition Benchmarks where Hershey has robust workstreams for Business Integration



### SDG Ambition Benchmark

“Seeking to have gender balance across all levels of management”

#### Hershey action

Hershey set 2025 goals seeking gender balance across our total workforce and for women to hold 40 to 42% of people leader roles by 2025. To help achieve these goals, we have tied leader pay to representation goals, established mentoring programs, and strengthened career planning and early-in-career/mid-career development and training.



### SDG Ambition Benchmark

“100% of employees across the organization earn a living wage”

#### Hershey action

In the past year, Hershey used the BSR benchmark to assess full-time employees in our global locations to ensure that the lowest paid employees’ base salaries exceed the living wage for that location. We found that all Hershey full-time employees meet the living wage benchmark in their respective locations. We will conduct this analysis again in 2021 and are also evaluating additional benchmarks and measurement criteria as methodologies evolve. We are also starting to gather household income information on Cocoa For Good farms in Côte d’Ivoire and Ghana that supply cocoa to Hershey through our suppliers, to gain insight that will guide investments aimed at closing the gap between current income and a living income.



### SDG Ambition Benchmark

“Zero incidences of bribery”

#### Hershey action

Intolerance for bribery is an established principle of our Code of Conduct. Hershey provides annual training to reinforce this expectation.



# No Poverty

Potential Impact <sup>1</sup>	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Improve farmer livelihoods</li> <li>+ Drive affordable land-rights documentation</li> <li>+ Provide access to a living wage/ income</li> <li>- Exert a direct or indirect impact on ecosystems and land use in our supply chain that may affect local residents' livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously expanding efforts through our Cocoa For Good program to improve farmer livelihoods and disrupt the cycle of poverty in cocoa growing communities. Efforts include increasing farm productivity, providing coaching to diversify income, supporting female empowerment, enabling youth education, promoting and assisting affordable land titling, and developing Village Savings and Loan Associations</li> <li>• Developed a <a href="#">Living Wage and Income position statement</a>, joined the Living Income Community of Practice (<a href="#">LICOP</a>), and are supporting research to update income benchmarks in seven cocoa origin countries. Re-iterated our commitment to paying the Living Income Differential for our ongoing cocoa purchases in Côte d'Ivoire and Ghana</li> <li>• Maintaining our existing commitments to 100% certified and sustainable cocoa and paying certification premiums to farmer groups and farmers who successfully meet internationally recognized environmental and labor standards</li> </ul> <p>See also: <a href="#">Human Rights</a>, <a href="#">Responsible Sourcing</a> and <a href="#">Cocoa For Good</a>, SDG 13 and SDG 15</p>	 	1.1, 1.4, 1.5, 2.3, 2.4, 5.A, 8.10, 11.5, 13



# Zero Hunger

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Increase access to nutrition</li> <li>+ Improve the resilience and sustainability of small-scale food producers</li> </ul>	<ul style="list-style-type: none"> <li>• Providing fortified snacks to school children including ViVi in Côte d'Ivoire and Ghana, and <i>Soft Plus</i> in India</li> <li>• Training local community members on healthy eating and diversifying crops to support better nutrition through Cocoa For Good in Côte d'Ivoire and Ghana</li> <li>• Partnering with food banks to help children get adequate nutrition when school lunch programs are not in session as part of our philanthropic giving priority to alleviate hunger</li> </ul> <p>See also: <a href="#">Cocoa For Good</a>, <a href="#">Children and Youth</a>, and <a href="#">Communities</a></p>	 	2.1, 2.3, 2.4, 1.5, 13

## Key

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- Regulators and policy makers
- Our consumers
- The natural world



# Good Health and Well-Being

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Improve mental health by promoting social connection, social emotional development, and access to mental wellbeing resources for youth</li> <li>+ Acted responsibly to keep our employees, supply chain partners, and communities safe and protected from the spread of COVID-19</li> <li>- Overconsumption of our products may have negative health outcomes</li> <li>- Value chain operations may exert a direct or indirect impact on ecosystems and environments that could impact human health</li> </ul>	<ul style="list-style-type: none"> <li>• Providing resources and education to suppliers and communities within our supply chain and around our operations to slow the spread of COVID-19, and adopted a precautionary approach to keep our own employees safe, also expanded health benefits specific to mental health and wellbeing in 2020</li> <li>• Manufacturing disposable face masks when PPE was in short supply during the pandemic and increasing philanthropic investment by more than 30% to support no-cost community health care agencies, food banks and other NGOs providing basic needs and health care to vulnerable community members</li> <li>• Enabling youth to connect with one another, caring adults, and their communities to improve social emotional development and mental health through our Heartwarming Project and corresponding Heartwarming Action Grants program</li> <li>• Using our position as a founding member of The Children’s Food and Beverage Advertising Initiative to shift the focus of advertising to children under 12 toward healthier dietary choices and lifestyles</li> </ul> <p>See also: <a href="#">Governance and Approach</a>, <a href="#">Responsible Marketing</a>, <a href="#">Our People</a>, <a href="#">Children and Youth</a>, SDG 13 and SDG 15</p>	<ul style="list-style-type: none"> <li> Individuals and communities in our supply chain</li> <li> Individuals and communities where we operate</li> <li> Our employees</li> <li> Our consumers</li> </ul>	3.3, 3.4, 3.9



# Quality Education

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Increase access to education for children within our supply chains and to disadvantaged youth within the United States</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing access to youth education is among Hershey’s philanthropic giving priorities. Investing in education and youth empowerment programs in cocoa growing communities is an integral part of our sustainable sourcing strategy</li> <li>• Our success directly benefits 2,100 children who attend Milton Hershey School, a cost-free, residential pre-K through 12th grade private boarding school for children of low-income backgrounds</li> </ul> <p>See also: <a href="#">Cocoa For Good</a> and <a href="#">Children &amp; Youth</a></p>	<ul style="list-style-type: none"> <li> Individuals and communities in our supply chain</li> <li> Individuals and communities where we operate</li> </ul>	4.1, 4.4, 4.A, 4.C, 16.9

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# Gender Equality

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Expand female leadership and opportunities across our organization</li> <li>+ Support women-owned businesses</li> <li>+ Train farmer communities on gender sensitivity, and train and assist women in our supply chains</li> </ul>	<ul style="list-style-type: none"> <li>• Tracking above average gender representation on our board<sup>1</sup></li> <li>• Publicly disclosing our gender wage gap to ensure equal pay for work of equal value, achieved a 1:1 aggregate gender wage ratio for salaried employees in the U.S.</li> <li>• Offering work benefits and mentoring programs to advance women’s careers</li> <li>• Providing business-skills training, savings education and other female-focused economic development tools through Cocoa For Good</li> <li>• Actively supporting an inclusive marketplace by maintaining a robust supplier diversity program</li> </ul> <p>See also: <a href="#">Responsible Sourcing</a>, <a href="#">Cocoa For Good</a> and <a href="#">Our People</a></p>	 	4.1, 5.5, 5.B, 8.6



# Clean Water and Sanitation

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Ensure sustainable water use and management to protect water quality and quantity</li> <li>- Indirectly impact water availability and quality through our ingredient supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Managing water usage in our operations and monitoring the quality of effluent</li> <li>• Initiating measurement of our value chain water footprint to create a water risk map. We also joined the Science Based Targets Network’s Corporate Engagement Program to stay aligned with the emerging best practices for companies to set science-based goals on freshwater</li> <li>• Launching a program in 2021 focused on energy and water efficiency/conservation at our manufacturing plants</li> </ul> <p>See also: <a href="#">Environmental Impact</a></p>	  	3.9, 6.3, 6.4, 6.6, 12.4, 14.1, 15.1

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<sup>1</sup> <https://www.catalyst.org/research/women-on-corporate-boards/>



## Affordable and Clean Energy

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Increase the share of renewable energy in the grids in which we operate</li> <li>+ Improving energy efficiency in our facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Working with developers to add more renewable energy to our fuel mix to power our manufacturing, distribution and office properties. In 2020, we signed a power purchase agreement (PPA) that will enable the construction of a new utility-scale solar farm, expected to come online in 2021. A separate solar power PPA was also signed in early 2021</li> <li>• Joined the U.S. Environmental Protection Agency’s ENERGY STAR® Program. Our manufacturing plants will be entering the ENERGY STAR Challenge for Industry and will be seeking to reduce the energy intensity of our manufacturing by 10% within five years</li> </ul> <p>See also: <a href="#">Environmental Impact</a></p>	<ul style="list-style-type: none"> <li></li> <li></li> <li></li> <li></li> </ul>	7.2, 7.3, 9.4, 13



## Decent Work and Economic Growth

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Assist in economic development of local communities</li> <li>+ Promote safe and secure working environments for all workers</li> <li>+ Promote equal pay for equal work</li> <li>+ Seeking to decouple our economic growth from environmental degradation</li> <li>- Industry-wide risk of human rights infringements, including child labor, occurring within agriculture supply chains</li> </ul>	<ul style="list-style-type: none"> <li>• Providing over 11,000 manufacturing jobs globally, and 16,880 jobs overall</li> <li>• Achieved a 1:1 aggregate pay ratio in the United States for salaried women to men in 2020 and for salaried people of color (POC) to non-POC in early 2021</li> <li>• New science-based target seeks to decouple our business growth from growing greenhouse gas emissions</li> <li>• Maintaining our policy commitment and due diligence work to protect human rights in our operations and supply chain. Our Cocoa For Good program also represents a suite of programs that seek to address systemic issues within our cocoa supply chain, including poverty and risks of child labor. In addition, we launched new programs in 2020 to monitor and impose corrective actions for any human rights infractions found at Tier 1 suppliers and to ensure that no worker in our supply chain is coerced to work</li> </ul> <p>See also: <a href="#">Responsible Sourcing Supplier Program</a>, <a href="#">Responsible Recruitment Program</a>, <a href="#">Our People</a> and <a href="#">Responsible Growth</a>, SDG 13 and SDG 15</p>	<ul style="list-style-type: none"> <li></li> <li></li> </ul>	8.4, 8.5, 8.6, 8.7, 8.8, 16.2

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## Reduced Inequalities

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Empower and promote the social and economic inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</li> </ul>	<ul style="list-style-type: none"> <li>• Recognized employer of choice for women, people with disabilities, veterans and LGBTQ employees</li> <li>• Launched robust diversity, equity and inclusion goals to better recruit, develop and retain Black and Latinx talent and create more inclusive communities</li> <li>• Investing up to \$3 million over the next decade to endow a scholarship fund for students pursuing food science degrees at Historically Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs), the first time a company has ever committed to endow a Thurgood Marshall College Fund scholarship</li> <li>• Ongoing partnerships to provide employment and internship experience to students from Milton Hershey School, which provides quality education to children from low-income backgrounds</li> </ul> <p>See also: <a href="#">Our People</a> and <a href="#">Children and Youth</a></p>	 	10.2



## Responsible Consumption and Production

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Support programs focused on improving the sustainable management and efficient use of natural resources</li> <li>+ Transparently and regularly report sustainability information</li> <li>- Generate waste in our operations and indirectly affect food waste within our ingredient supply chain and at the consumer level</li> </ul>	<ul style="list-style-type: none"> <li>• Met many of our 2020 responsible sourcing commitments and set new ambitions for 2025 around responsibly sourcing cocoa, dairy, palm oil, sugar, and pulp and paper</li> <li>• Averaging &gt;80% recycle rate at our manufacturing plants for the past three years</li> <li>• Producing an annual sustainability report and including key sustainability disclosures on our website</li> <li>• Launched new packaging ambitions to help keep our packaging out of nature</li> </ul> <p>See also: <a href="#">Goodness in Action</a>, <a href="#">Responsible Sourcing</a> and <a href="#">Environmental Impact</a></p>	   	12.2, 12.3, 12.4, 12.5, 12.6, 6.3

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# Climate Action

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Reduce CO<sub>2</sub> emissions generated throughout our value chain</li> <li>+ Strengthen suppliers' resilience to climate-related hazards</li> <li>+ Support the objectives of the Paris Climate Agreement</li> <li>- Directly and indirectly add greenhouse gases to the atmosphere throughout our value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Adopted a science-based emissions reduction goal in line with 1.5°C Pathways and now working to deliver the goal by 2030</li> <li>• Improving energy efficiency in our workplaces</li> <li>• Supporting the Cocoa Forest Initiative's (CFI) zero-deforestation commitment, along with agroforestry programs and Climate Smart education for growing</li> </ul> <p>See also: <a href="#">Environmental Impact</a> and <a href="#">Cocoa For Good</a></p>	<ul style="list-style-type: none"> <li> Individuals and communities in our supply chain</li> <li> Individuals and communities where we operate</li> <li> Our consumers</li> <li> Our employees</li> <li> The natural world</li> </ul>	8.4, 7.2, 7.3, 14.3



# Life on Land

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Protect and restore ecosystems in our supply chain and ensure their sustainable management</li> <li>- Increased demand for food commodities (including some of our ingredients) puts pressure on global forest land</li> </ul>	<ul style="list-style-type: none"> <li>• Adopted a zero-deforestation commitment across our supply chain. We are prioritizing achieving independent compliance verification for commodities that present the greatest deforestation risk: cocoa, palm oil, pulp and paper, and soy</li> <li>• Promoting agroforestry and shade-grown cocoa in cocoa growing regions. Aiding reforestation by providing cocoa seedlings and shade trees</li> <li>• Driving greater traceability and transparency in our <a href="#">cocoa</a>, <a href="#">palm</a>, and <a href="#">pulp and paper</a> sourcing</li> </ul> <p>See also: <a href="#">Environmental Impact</a> and <a href="#">Cocoa For Good</a></p>	<ul style="list-style-type: none"> <li> Individuals and communities in our supply chain</li> <li> The natural world</li> </ul>	6.6, 15.1, 15.2, 15.5, 15.B

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# Peace, Justice and Strong Institutions

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>– Risk of directly or indirectly influencing unethical practices, including improper relations between business and government</li> <li>– Risks of infringements on human rights including child or forced labor in our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Systematically managing our compliance and ethical risks based on Hershey’s Ethical Code of Conduct and through our Supplier Code of Conduct</li> <li>• Disclosing our lobbying expenditures and trade association dues on our Corporate Governance external website</li> <li>• Monitoring and addressing human rights risks throughout our supply chain and regularly disclosing the findings of our Responsible Sourcing Supplier Program and the <a href="#">Child Labor Monitoring and Remediation System</a> implemented by our suppliers</li> </ul> <p>See also: <a href="#">Governance and Accountability</a>, <a href="#">Cocoa For Good</a>, <a href="#">Responsible Growth</a> and <a href="#">UNGPRF Report</a></p>	<ul style="list-style-type: none"> <li></li> <li></li> <li></li> <li></li> <li></li> <li></li> </ul>	16.2, 16.5, 16.6, 8.7, 8.8



# Partnerships for the Goals

Potential Impact	Where We Are	Who Is Impacted	Key SDG Sub-targets & Cross linkages
<ul style="list-style-type: none"> <li>+ Provide demand for developing countries’ commodities</li> <li>+ Encourage and promote effective public-private and civil society group partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing cocoa, sugar, coconut and other ingredients from countries on the World Bank’s developing countries list (Côte d’Ivoire, Ghana, India, Indonesia, Philippines, Vietnam)<sup>2</sup></li> <li>• Maintaining partnerships that promote the SDGs’ core objectives to end poverty and hunger, reduce inequalities, and preserve the natural environment in communities where we operate</li> <li>• Upholding partnerships with governments in West Africa, e.g., memorandum of understanding between Côte d’Ivoire and Ghana around providing childhood nutrition through ViVi</li> </ul> <p>See also: <a href="#">Responsible Growth</a> and <a href="#">GRI index</a></p>	<ul style="list-style-type: none"> <li></li> <li></li> <li></li> <li></li> <li></li> <li></li> </ul>	17.11, 17.17

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<sup>2</sup> Countries labeled lower middle income or low income on the World Bank list of economies