

HERSHEY 



# GOODNESS IN ACTION

2020 UN GUIDING PRINCIPLES REPORTING FRAMEWORK REPORT

# Hershey United Nations Guiding Principles Reporting Framework

Over the past few years, Hershey has been strengthening and formalizing our long-standing commitments to human rights. Our growing resolve to increase our impact has coincided with an incredibly challenging year for human rights, as the COVID-19 pandemic disrupted the world of work and global economies, and the scale of long-standing racial inequalities was exposed. In response, Hershey aims to do more, including submitting our first UNGPRF Report to increase our transparency and accountability.

The content of this report – and our Sustainability Report – details the work Hershey has been doing to address our most salient issues, including child labor and living wage & income. However, we have also provided extensive detail on Hershey’s significant efforts to support people within and outside our organization through the unexpected and disruptive events of 2020: the COVID-19 pandemic and the impact of long-standing racial injustice.

You can read more about our ongoing activities in the Responsible Growth and People sections of our Goodness in Action Report 2020 and human rights webpages on [www.thehersheycompany.com](http://www.thehersheycompany.com).

References used throughout this Report include:

[Annual Report Sustainability Report](#)  
[Hershey Sustainability website](#)  
[Hershey Corporate Governance website](#)  
[Human Rights Policy](#)  
[Environmental Policy](#)  
[Statement Against Slavery and Human Trafficking](#)  
[Code of Conduct](#)  
[Supplier Code of Conduct](#)  
[Responsible Recruitment Policy](#)



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Policy commitment

<p>A1 What does the company say publicly about its commitment to respect human rights?</p>	<p><a href="#">Annual Report, page 23</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Cocoa For Good webpage</a>  <a href="#">Human Rights Policy</a>  <a href="#">Environmental Policy</a>  <a href="#">Responsible Recruitment Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Code of Conduct</a>  <a href="#">Supplier Code of Conduct</a></p>
<p>A1.1 How has the public commitment been developed?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53</a>  <a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Human Rights Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Responsible Recruitment Policy</a></p>
<p>A1.2 Whose human rights does the public commitment address?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Human Rights Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Code of Conduct</a>  <a href="#">Supplier Code of Conduct</a>  <a href="#">Responsible Recruitment Policy</a></p> <p>As part of our ongoing human rights due diligence, we are constantly assessing and considering risks faced by vulnerable groups. We identified our manufacturing workforce, field sales force, working families and older workers as disproportionately vulnerable to human rights risks and in need of additional support, flexibility and resources.</p> <p>Cocoa farmers are some of the most vulnerable workers in our supply chain. To prevent the spread of COVID-19 into rural communities, we worked with our suppliers, CARE International and International Cocoa Initiative (ICI) on awareness activities through official materials shared by governments and the World Health Organization , provision of hygiene kits and medical equipment to supplier staff and farmer groups, installment of clean water equipment at facilities and farmer group warehouses, and video tutorials to farmer groups and Village Savings and Loans Associations (VSLAs) to stimulate self-reliance and give guidance on how to deploy savings if needed as a collective. Additionally, as a major employer in the town of Hershey, Pennsylvania, we have engaged in discussions about where community resources (such as Personal Protective Equipment (PPE), food, childcare, etc.) would be needed as part of our response to the COVID-19 pandemic.</p>

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<p>A1.3 How is the public commitment disseminated?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, Training, page 25</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Human Rights Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Code of Conduct</a>  <a href="#">Our Human Rights Progress</a>  <a href="#">Supplier Code of Conduct</a></p> <p><b>Suppliers:</b> When onboarding suppliers to our Responsible Sourcing Program and Responsible Recruitment Program we provide them with the Supplier Code of Conduct and/or Responsible Recruitment Policy as well as our Human Rights Policy. Our suppliers must formally acknowledge our Supplier Code of Conduct and Responsible Recruitment Policy via surveys. Our Human Rights Policy, Supplier Code of Conduct and Supply Guidebook are available in multiple languages. We also share materials on our policies in our Responsible Recruitment Program onboarding documents.</p> <p><b>Employees:</b> We conduct online human rights training (which is mandatory for all procurement employees) and discuss our Human Rights Policy, Responsible Sourcing Program and Responsible Recruitment Program at leader staff meetings and leader forums. For our procurement teams, we held a series of onboarding webinars to discuss these topics and what we require from our suppliers. We communicate our human rights commitment on our internal intranet and in our Leading Conversations management newsletter. We also developed a training deck for our Quality and Regulatory Compliance (QRC), Research and Development (R&amp;D) and Marketing teams on the importance of responsible sourcing, human rights and the considerations they need to keep in mind. These are also now embedded in our supplier selection process.</p> <p><b>Farmers:</b> As part of the certification programs/production of sustainable cocoa, every farmer group in our cocoa supply chain undergoes training with dedicated sessions on human rights that focus specifically on child labor, worst forms of child labor, forced labor, worker conditions – all key elements of our Human Rights commitments and expectations. Each year, the number of farmers trained on child labor is tracked.</p> <ul style="list-style-type: none"> <li>- In the new Rainforest Alliance/UTZ standard, the Assess and Address system requires the certificate holder to set up an internal committee that manages monitoring and remediation; these committees are trained on all relevant issues as well.</li> <li>- In some communities where cocoa farmers live, additional awareness-creation sessions are held to educate and sensitize community members on these issues. These training and awareness-creation sessions are held in person and for groups of farmers and community members.</li> <li>- Child Protection Committees that have been set up in some cocoa communities are also trained on child labor, WFCL, forced labor, etc., and support monitoring and sensitization activities.</li> <li>- Additionally, other groups such as VSLAs often are established with majority female engagement, and support awareness creation, children’s education and child protection.</li> <li>- Through the CocoaLink mobile app – CocoaLink features customized software that delivers gamified cocoa farming content to young and smartphone-empowered cocoa farmers to provide access to capacity-building information resources that improve productivity and outputs.</li> </ul>
<p><b>Embedding respect</b></p>	
<p>A2 How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Human Rights Policy</a>  <a href="#">Responsible Recruitment Policy</a>  <a href="#">Supplier Code of Conduct</a></p>
<p>A2.1 How is day-to-day responsibility for human rights performance organized within the company, and why?</p>	<p><a href="#">Governance, Hershey’s Commitment to Human Rights web page</a></p> <p>Our Global Responsible Sourcing Group – in partnership with procurement leads for high-risk regions and commodities – is responsible for implementing human rights in our agricultural supply chain and broader Tier 1 supply chain. Our Global Sustainability &amp; Global Responsible Sourcing teams are currently developing human rights dashboards for supplier performance (including human rights and labor topics on audits and field assessments) to further inform commercial decisions and reward good performance.</p>

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<p>A2.2 What kinds of human rights issues are discussed by senior management and by the Board, and why?</p>	<p><a href="#">Hershey's Commitment to Human Rights web page</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53</a></p> <p><b>Board and senior management responsibility</b>  The Sustainability Steering Committee, which includes executive level leaders from the company, meets monthly to discuss Hershey's overarching ESG strategy including human rights topics. These meetings are an opportunity to review progress, discuss challenges and refine approaches. 2020 discussion topics included child labor and responsible recruitment among other topics. The Finance and Risk Management Committee (FRMC) of the Board Of Directors now has formal oversight over ESG topics including human rights. In 2020 key discussion topics with the Board Of Directors included the Child Labor Monitoring and Remediation System (CLMRS) program for cocoa and our Modern Slavery Statement, among other topics.</p> <p>Finally, the full Hershey Board has been meeting on an increased cadence to review implications of the COVID-19 crisis for the company and its employees and stakeholders. This includes specific accountability of the Board's Compensation Committee for protecting our employees' health and wellbeing. The senior management team has also taken responsibility for COVID-19 response and protecting employee rights and safety, with the Chief Human Resources Office (CHRO) in the lead from a management perspective.</p>
<p>A2.3 How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, Training, page 25</a>  <a href="#">Human Rights Progress</a>  <a href="#">Code of Conduct</a>  <a href="#">Supplier Code of Conduct</a>  <a href="#">Human Rights Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a></p> <p>Our Procurement employees complete mandatory human rights training every other year. In 2020 Hershey expanded this requirement to two additional departments (Licensing and International Supply Chain). We also have a broader training on our enterprise commitments including certified materials and ingredients and have been training our R&amp;D, QRC and Marketing teams on these commitments, including human rights issues, and why they are important. A number of our senior leaders have ESG goals (including human rights topics) embedded in their goals.</p>

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<p>A2.4 How does the company make clear in its business relationships the importance it places on respect for human rights?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Supplier Code of Conduct</a>  <a href="#">Human Rights Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Responsible Sourcing Supplier Program webpage</a>  <a href="#">Embedding Responsible Recruitment &amp; Employment webpage</a>  <a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Cocoa For Good webpage</a>  <a href="#">Human Rights Due Diligence in Cocoa</a>  <a href="#">Palm Oil webpage</a></p> <p>In palm oil, Hershey gains deeper insights into our suppliers’ practices, activities, performance and opportunities for improvement through Engagement for Policy Implementation (EPI). We use this data to structure how we engage with our suppliers to identify gaps related to their No Deforestation No Peat and No Exploitation (NDPE) policies and commitments and help create a responsible palm oil supply chain. We support our suppliers to develop action plans to close these gaps.</p> <p>In 2020, we also sponsored a Malaysian palm oil refiner to participate in Earthworm Foundation’s Tools for Transformation (T4T) system in order to scale best practices at the mill and plantation levels. T4T’s online platform includes a self-assessment questionnaire (SAQ), practical action planning and step-by-step tools to support mills and plantations to implement NDPE. Through this sponsorship, 90 additional Malaysian mills linked to the refiner are expected to be enrolled and understand how they can strengthen their compliance with and implementation of NDPE.</p> <p>In 2020, Hershey published our Palm Oil Grievance Procedure, and we maintain a public grievance log. The grievance procedure outlines how we receive any reported allegations of violations against our Responsible Palm Oil Sourcing Policy, including alleged human rights violations. It also guides how we engage with our direct suppliers to investigate, monitor and remediate these allegations, and if needed, suspend or remove the direct or indirect supplier from our supply base. We also made the decision to reduce volumes from a supplier who was not meeting our traceability requirements.</p>
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<p>A2.5 What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Human Rights Progress</a>  <a href="#">Sustainability Report, Our People: Stronger Together, page 52</a>  <a href="#">Sustainability Report, The Big Picture: Stepping up in 2020—Our Response to a Unique Year, page 6</a></p> <p>We also began to embed human rights into our supplier prequalification process, including updating tools we use for approving ingredients, supplier sites and co-manufacturers.</p>
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**Statement of salient issues**

<p>B1 Statement of salient issues: State the salient human rights issues associated with the company’s activities and business relationships during the reporting period.</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Hershey’s Commitment to Human Rights webpage</a></p>
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<p>B2 Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Hershey's Commitment to Human Rights webpage</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Joining Forces to Protect Human Rights</a></p> <p>We worked with the leading human rights nonprofit organization Verité on our approach to identifying human rights risks throughout our operations and value chain.</p>
<b>Geographical focus (if any)</b>	
<p>B3 Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Hershey's Commitment to Human Rights webpage</a>  <a href="#">Responsible Sourcing Priority Ingredients and Raw Materials webpage</a>  <a href="#">Statement Against Slavery and Human Trafficking</a></p>
<b>Additional severe impacts (if any)</b>	
<p>B4 Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.</p>	<p><a href="#">Sustainability Report, Our People: Diversity, Equity and Inclusion at Hershey, page 54</a>  <a href="#">Sustainability Report, Governance and Approach: Secure. Transparent. Resilient, page 16</a></p> <p>In 2020, COVID-19 affected workers across our value chain. We consulted with our unions throughout the pandemic and we typically interact with them several times a week, even during normal business circumstances. In the early days of the pandemic, we conducted a series of pulse surveys to understand the impacts on our various stakeholders across our operations. We have continued to conduct roundtable discussions with plant leadership and employees in groups of about 10 as a way to listen to and address the concerns of our employees. From the start of the pandemic, our Manufacturing team implemented a daily crisis call with plant managers worldwide to access issues, make safety decisions, implement remediation actions, track illness, monitor quarantine actions and manage a daily tracking tool to assess illness and the situation across the entire supply chain.</p> <p>Racial and social justice is one of our material topics and in 2020, In the wake of George Floyd's death on May 25, and the subsequent unrest in the U.S. and globally, we co-created a strengthened inclusion strategy with our employees called The Pathways Project. The Pathways Project is designed to help Hershey work toward ambitious new diversity goals by bringing in a wider range of talent, recognizing and developing talent we haven't in the past, and showing up for consumers and communities in new ways against racism. <a href="#">#ListenAndLearnMoments</a>.</p>

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**Specific policies**

<p>C1 Does the company have any specific policies that address its salient human rights issues and, if so, what are they?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Human Rights Policy</a>  <a href="#">Responsible Recruitment Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Code of Conduct</a>  <a href="#">Supplier Code of Conduct</a>  <a href="#">Equal Opportunity Policy</a>                      We expect all employees who feel they may have experienced or witnessed discrimination to immediately report the incident(s) to their manager, another manager, HR or the Concern Line. Vendors or contractors can use the same methods for reporting. We monitor all employee issues through our compliance-reporting measures and documentation. This monitoring helps us determine any additional training or resources that may be needed. Also, our inter-company Discrimination and Harassment Prevention Policy and Inappropriate Conduct in the Workplace Policy also reinforce our inclusive culture and expectations on non-discrimination.</p>
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<p>C1.1 How does the company make clear the relevance and significance of such policies to those who need to implement them?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Responsible Sourcing Supplier Program webpage</a>  <a href="#">Human Rights Due Diligence webpage</a></p>
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**Stakeholder engagement**

<p>C2 What is the company’s approach to engagement with stakeholders in relation to each salient human rights issue?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a>  <a href="#">Responsible Sourcing Supplier Program webpage</a>  <a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Joining Forces to Protect Human Rights</a></p>
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C2.1 How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Statement Against Slavery and Human Trafficking</a></p> <p>We collaborate with Non-Governmental Organizations (NGOs) on the ground and key partners (including Earthworm Foundation, Care, Cocoa Action and ICI) to identify rightsholders and vulnerable populations with whom to engage. We also engage with unions, as approximately 37 percent of our employees worldwide are covered by collective bargaining agreements.</p> <p>Our grievance mechanisms help identify issues or rightsholders to follow up with. Social compliance audits – which include worker interviews (both in Hershey operations and in our supply chain) – also highlight issues on manufacturing sites and help us identify vulnerable workers like migrants or women, who may be disproportionately impacted. The audits conducted by our certifying bodies (including Rainforest Alliance, Bonsucro and Roundtable on Sustainable Palm Oil) also include worker perspectives.</p> <p>Our employees are key stakeholders and in response to events that raised awareness about racial injustices we engaged them to help shape a new Diversity, Equity and Inclusion strategy and to respond to grievances and feedback in the Many Voices, One Hershey survey. We keep the conversation going through The Pathways Project and <a href="#">#ListenAndLearnMoments</a>.</p> <p>We had planned worker wellbeing/sentiment surveys for temporary workers in our India and Malaysia facilities last year, but we had to postpone due to COVID-19. We are on track to implement these in 2021.</p>
C2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good: Fighting Deforestation, page 43</a>  <a href="#">Sustainability Report, Environmental Impact: Acting on Climate Change, page 46</a>  <a href="#">Sustainability Report, The Big Picture: Stepping up in 2020—Our Response to a Unique Year, page 6</a>  <a href="#">Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53</a>  <a href="#">Sustainability Report, Environmental Impact: Strengthening our Holistic Approach, page 50</a>  <a href="#">Sustainability Report, Environmental Impact: Acting on Climate Change: Engaging Employees for Our Shared Environment, page 47</a>  <a href="#">Sustainability Report, Environmental Impact: Protecting Water Supplies, page 49</a>  <a href="#">No Deforestation Policy</a>  <a href="#">Commodity Specific Approach for No Deforestation</a></p>
C2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	<p><a href="#">Sustainability Report, Our People: Diversity, Equity and Inclusion at Hershey, page 54</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a></p> <p>We engage with our stakeholders to regularly review any policies we develop before they are published.</p> <p>Non-discrimination is a priority issue for Hershey, and Hershey has long-standing policies and practices dealing with this issue. We engaged with our employees through The Pathways Project and <a href="#">#ListenAndLearnMoments</a> to continue the conversation and improve inclusive representation.</p>

Assessing impacts

<p>C3 How does the company identify any changes in the nature of each salient human rights issue over time?</p>	<p><a href="#">Hershey's Commitment to Human Rights webpage</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a></p> <p>The individuals and team members responsible for human rights regularly monitor and assess changes in the nature or severity of our salient human rights issues. We employ a range of methods, including engaging with external stakeholders such as NGOs, academics and governments. We also review new literature or research conducted on countries or on commodities we have deemed high risk. We regularly assess input from our Concern Line and employee pulse surveys to hear directly from workers. We also consult with peer companies, industry groups and nonprofits that we partner with to gain insight into risks we might not have considered.</p> <p>In 2020 we assessed how human rights have been impacted by the COVID-19 crisis. Our human rights managers and cross-functional team leads looked at our salient issues and how they might have changed due to COVID-19 pressures. Health and safety and access to grievance mechanisms were of particular importance in this assessment.</p> <p>We also updated our responsible sourcing strategies for palm oil, sugar and dairy in a process that included human rights desktop research and consultations with NGOs. We recognize a need to further investigate how our salient issues and other human rights issues are prevalent in these commodity value chains to more specifically understand how to prevent and mitigate risk in Hershey's supply chain. We are planning further research in 2021.</p> <p>Finally, as a result of recent activities by U.S. Customs and Border Protection, we have been reviewing and updating our licensing and supplier agreements to strengthen our commitment to and expectation of no forced labor.</p>
<p>C3.1 During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?</p>	<p><a href="#">Sustainability Report, The Big Picture: Stepping up in 2020—Our Response to a Unique Year, page 6</a>  <a href="#">Sustainability Report, Our People: Stronger Together, page 52</a>  <a href="#">Sustainability Report, Governance and Approach: Secure. Transparent. Resilient, page 16</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Our Performance: Our Year in Review—Progress Against Our Goals, page 8</a></p>
<p>C3.2 During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?</p>	<p><a href="#">Togetherness during the COVID-19 health crisis webpage</a>  <a href="#">Hershey's Commitment to Human Rights webpage</a>  <a href="#">Sustainability Report, Governance and Approach: Secure. Transparent. Resilient, page 16</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a>  <a href="#">Sustainability Report, The Big Picture: Stepping up in 2020—Our Response to a Unique Year, page 6</a>  <a href="#">Sustainability Report, Our People: Stronger Together, page 52</a>  <a href="#">Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Child Labor Monitoring and Remediation System webpage</a>  <a href="#">Cocoa webpage, Human Rights Due Diligence in Cocoa</a>  <a href="#">Palm Oil Grievance Log</a></p>

**Integrating finding and taking action**

<p>C4 How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</p>	<p><a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Hershey blog, Operational Updates in Response to COVID-19</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, Our People: Stronger Together, page 52</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53</a>  <a href="#">Sustainability Report, Environmental Impact: Controlling Our Waste: Strengthening Our Holistic Approach, page 50</a>  <a href="#">Sustainability Report, Environmental Impact: Acting on Climate Change: Engaging Employees for Our Shared Environment, page 47</a>  <a href="#">Sustainability Report, Environmental Impact: Protecting Water Supplies, page 49</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a>  <a href="#">Child Labor Monitoring and Remediation System webpage</a>  <a href="#">Cocoa webpage, Human Rights Due Diligence in Cocoa</a></p> <p>As many of our salient human rights issues are interconnected, our approach and actions have followed a holistic approach. Human rights are embedded within our Shared Goodness Promise and are a part of our supplier management process. In our responsible sourcing program, we use SAQs and social compliance audits to surface risks (including salient issues like health and safety and grievance mechanisms) and then support suppliers to implement corrective action plans. Similarly, in our Responsible Recruitment Program, we look at issues such as recruitment fee policies (which contribute to forced labor) and follow up with corrective actions. Our cocoa supplier sustainability assessment and EPI in palm oil led to action planning with suppliers. This can cover areas like child labor, living wage and income, deforestation and land rights. All of these processes are tracked and inform our overall supplier management process and who we work with.</p> <p>We also support the implementation of <a href="#">Child Labor Monitoring and Remediation Systems</a> through our cocoa suppliers.</p> <p>Our human rights and responsible sourcing teams are currently developing human rights dashboards for supplier performance (including human rights and labor topics on audits and field assessments) to further inform and embed results from SAQs and social audit performance into commercial decisions and to reward good supplier performance.</p>
<p>C4.1 How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?</p>	<p><a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Human Rights Policy</a></p> <p>The Sustainability Steering Committee supports the implementation of solutions for our salient topics and works with Procurement to deliver on human rights and develop strategies for high-risk commodities.</p>
<p>C4.2 When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?</p>	<p>At Hershey we have a framework for balancing affordability, reliability, food safety and sustainability in our procurement practices. This ensures that we consider human rights as part of a holistic decision-making framework that balances the need to ensure our products meet consumer and customer expectations of high-quality and safe products that are made sustainably. Our approach includes meeting the expectations of Hershey’s Human Rights Policy and Supplier Code of Conduct.</p> <p>This year, when launching our new Kit Kat Mocha product, the Sustainability Team was brought in to ensure the product would meet Hershey’s expectations. The business supported the recommendation to use Rainforest Alliance-certified coffee (which includes standards related to human rights). Even though certified coffee is more expensive than uncertified coffee, we implemented the recommendation to use it as part of our commitment to prevent human rights risks, which can be a concern in global coffee supply chains.</p>

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C4.3 During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?

[Hershey's Commitment to Human Rights webpage](#)  
[Sustainability Report, Our Performance: Our Year in Review—Progress Against our Goals, page 8](#)  
[Sustainability Report, The Big Picture: Stepping Up in 2020—Our Response to a Unique Year, page 6](#)  
[Sustainability Report, Governance and Approach: Secure. Transparent. Resilient, page 16](#)  
[Sustainability Report, Our People: Diversity, Equity and Inclusion at Hershey, page 54](#)  
[Sustainability Report, Responsible Growth: Responsible Sourcing, page 28](#)  
[Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23](#)  
[Sustainability Report, Responsible Growth: Cocoa For Good, page 33](#)  
[Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53](#)  
[Sustainability Report, Environmental Impact: Controlling Our Waste: Strengthening Our Holistic Approach, page 50](#)  
[Sustainability Report, Environmental Impact: Acting on Climate Change: Engaging Employees for Our Shared Environment, page 47](#)  
[Sustainability Report, Environmental Impact: Protecting Water Supplies, page 49](#)  
[Child Labor Monitoring and Remediation System webpage](#)

**Board and senior management responsibility**

The full Hershey Board has been meeting more frequently to review the implications of the COVID-19 crisis for the company and its employees and broader stakeholders. This includes specific accountability of the Board's Compensation Committee for protecting our employees' health and wellbeing. The senior management team has also taken responsibility for COVID-19 response and protecting employee rights and safety with the CHRO in the lead from a management perspective.

**Responding to employee wellbeing needs**

Hershey created a dedicated COVID-19 employee resource site focused on mental health and wellbeing with links to resources and external support providers. Mental health resources have also been shared via our weekly Learning Lineup newsletter, as well as our management newsletter, where people leaders were given resources to conduct mental wellbeing checks with their direct reports. We also worked with our health care partners and Employee Assistance Plan to allow a greater number of counseling sessions. We modified operations with enhanced safety protocols throughout the pandemic and enhanced our paid leave, short term disability and unpaid leave, allowed flexible work for any role where possible and in some cases (retail sales) altered the work that was required so it could be done remotely. Employees quarantined due to COVID-19 also received benefits.

**Working with suppliers**

We have supported our suppliers across our value chain throughout the crisis. We have shared our approaches to health and safety and operational best practices (inclusive of remote work). We also used video/remote working with a European supplier to start up a new production line without in-person meetings for the first time ever. Additionally, we conducted line trials remotely with co-manufacturers rather than going on site. Our focus was not on preventing layoffs but ensuring our suppliers had the health and safety protocols in place for frontline workers to continue production safely even as demand increased. In sharing our overall best practices with suppliers, we encouraged them to adopt our adjusted absentee policy, which did not penalize COVID-19-related absences. We have funded temporary wage incentives for our strategic co-man and co-pack partners to help their employees manage through the challenges associated with COVID-19. For certain supply chain partners, we also contracted medical staff on their behalf, bought equipment for medical scanning and provided capital to allow for social distancing.

We also took steps to build capacity with our suppliers. Our supplier agreements for direct sourcing (Côte d'Ivoire and Ghana) now include specific language and requirements on preventing child and forced labor. We work with suppliers to ensure responsible recruitment and prevent risks, including the forced labor training event provided to a number of our Malaysian suppliers through our membership of AIM-PROGRESS. Our cocoa sustainability assessment and surveys of palm suppliers help inform where gaps exist, and after identification we create action plans with suppliers on topics that include human rights.

Tracking performance

<p>C5 How does the company know if its efforts to address each salient human rights issue are effective in practice?</p>	<p><a href="#">Sustainability Report, Our Performance: Our Year in Review—Progress Against Our Goals, page 8</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a>  <a href="#">Child Labor Monitoring and Remediation System webpage</a></p> <p>To meet our corporate and responsible sourcing commitments, we utilize a tiered risk assessment process to prioritize our due diligence efforts and program investments in cocoa. The SEDEX Members Ethical Trade Audit (SMETA) process tracks human rights issues, potential areas of risk and potential vulnerable populations in a manufacturing site (Hershey-owned and supplier sites). We review supplier CLMRS data on multiple child labor risks and responses and supplier management systems around recruitment, including human rights. We direct our supplier engagement based on our findings. We also have due diligence systems that look at manufacturing sites, farms and the community.</p>
<p>C5.1 What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?</p>	<p><a href="#">Hershey’s Commitment to Human Rights webpage</a>  <a href="#">Sustainability Report, Our Performance: Our Year in Review—Progress Against Our Goals, page 8</a>  <a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Sustainability Report, The Big Picture: Stepping Up in 2020—Our Response to a Unique Year, page 6</a>  <a href="#">Sustainability Report, Our People: Stronger Together, page 52</a>  <a href="#">Sustainability Report, Responsible Growth: Responsible Sourcing, page 28</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa For Good, page 33</a>  <a href="#">Sustainability Report, Our People: Priority #1: Help Keep People Safe, page 53</a>  <a href="#">Sustainability Report, Environmental Impact: Controlling Our Waste: Strengthening Our Holistic Approach, page 50</a>  <a href="#">Sustainability Report, Environmental Impact: Acting on Climate Change: Engaging Employees for Our Shared Environment, page 47</a>  <a href="#">Sustainability Report, Environmental Impact: Protecting Water Supplies, page 49</a>  <a href="#">Annual Report, page 15</a></p>

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Remediation

<p>C6 How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Human Rights Policy</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Code of Conduct</a>  <a href="#">Supplier Code of Conduct</a></p>
<p>C6.1 Through what means can the company receive complaints or concerns related to each salient issue?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain, page 23</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Human Rights Due Diligence webpage</a>  <a href="#">Child Labor Monitoring and Remediation System webpage</a>  <a href="#">Concern Line website</a>  <a href="#">Palm Oil Grievance Log</a>                      We also work with third parties like <a href="#">Earthworm Foundation</a> and <a href="#">ICI</a> to understand concerns related to our salient issues.</p>
<p>C6.2 How does the company know if people feel able and empowered to raise complaints or concerns?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain: Engaging With Rightsholders, page 24</a>  <a href="#">Palm Oil Grievance Log</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Concern Line website</a></p>
<p>C6.3 How does the company process complaints and assess the effectiveness of outcomes?</p>	<p><a href="#">Sustainability Report, Responsible Growth: Human Rights Across Our Value Chain: Providing Remedy, page 24</a>  <a href="#">Palm Oil Grievance Procedure</a>  <a href="#">Palm Oil Grievance Log</a>  <a href="#">Statement Against Slavery and Human Trafficking</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa for Good: Collaborating to End Child Labor, page 36</a>  <a href="#">Concern Line website</a>                      Hershey began implementing industry aligned best practice CLMRS executed by supply chain and community partners in 2018. Supply chain and community partners identify child labor and monitor and remediate when cases are found. For Hershey, “remediated” means that through our supply chain partners a child has received mitigation efforts appropriate to their situation, such as being enrolled in school. As a result, the child no longer participates in activities defined as child labor and is no longer at risk of being enlisted to undertake these activities.                      Due to case-by-case differences between child labor situations, remediation can be done at child, household or community level. Remediation responsiveness, therefore, can range from almost instant (e.g., household awareness training that is done when data is collected and/or cases found) to 6–18 months (e.g., renovation of classrooms or school canteens to get kids back to school). Children identified as victims of child labor receive 2–3 follow-up visits over several months to establish whether they are out of child labor. Continued monitoring then reveals whether those children stay out of child labor persistently or are identified once more engaging in hazardous activities.</p>

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C6.4 During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	Over the past year, we increased our engagement on topics like health and safety and social justice through many channels and listening sessions. We are being especially vigilant of vulnerable rightsholders such as women, children and migrant workers. We also developed a new Responsible Recruitment Policy and verification efforts and a pilot program with suppliers in Malaysia, which are important recent steps to begin to close the gap in recruitment. The updated methodology also pushes for statements on favoring direct recruitment, which has significant implications regarding the use of labor. Lastly, in 2020 we worked on including human rights and responsible sourcing questions in our supplier qualification process, which allows us to assess and address any human-rights-related risks prior to entering a commercial relationship.
C6.5 During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	<p><a href="#">Togetherness during the COVID-19 health crisis webpage</a>  <a href="#">Sustainability Report, Our People: Stronger Together, page 52</a>  <a href="#">Sustainability Report, Responsible Growth: Cocoa for Good: Collaborating to End Child Labor, page 36</a>  <a href="#">Child Labor Monitoring and Remediation System webpage</a>  <a href="#">Cocoa webpage, Human Rights Due Diligence in Cocoa</a>  <a href="#">Responsible Sourcing Supplier Program webpage</a></p> <p>We identified child labor risks in our cocoa supply chain and invested significantly to remedy these impacts. We also enhanced our protocols for employees and provided suppliers with resources when the COVID-19 pandemic started to make sure they stayed healthy and safe.</p>