



The Hershey Company Statement Against Slavery and Human Trafficking

Complying with both the California Transparency in Supply Chains Act and the United Kingdom Modern Slavery Act

OUR COMPANY & OPERATIONS

The Hershey Company, together with its subsidiaries, 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.

As the largest producer of quality chocolate in North America, The Hershey Company is also a leading snack maker in the U.S. and a global leader in chocolate and non-chocolate confectionery. We operate 14 factories in six countries and employ more than 16,000 people worldwide who help bring more than 80 beloved Hershey brands to approximately 85 countries worldwide. With more than \$8 billion in total revenue in 2020, our North America business generates around 91 percent of Hershey's total revenue, through the sale of traditional chocolate and non-chocolate confectionery, as well as our grocery, food service and snacking product lines. Our manufacturing operations in Mexico, Brazil, India, Canada, and Malaysia produce products for consumers in these regions.

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 supplies of materials and ingredients such as cocoa, sugar, dairy, palm oil, coconut, pulp & paper, peanuts and tree nuts, flour, soy and more.

POLICIES & GOVERNANCE

The Hershey Company recognizes that issues like child labor, forced labor, human trafficking, and other forms of modern slavery are less likely to occur in environments where human rights are respected, governance is 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.

[The Hershey Company Ethical 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.

[The Hershey Company 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 (UNGPs)-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.

The Hershey Company Supplier Code of Conduct

The backbone of Hershey's commitment to a responsible and sustainable supply chain is our [Supplier Code of Conduct](#). This document sets forth Hershey's standards and expectations with respect to environmental, social and governance issues. Our Supplier Code of Conduct prohibits forced labor and human trafficking, including but not limited to, any form of prison, slave, bonded or forced indentured labor. Our Supplier Code of Conduct also emphasizes responsible recruitment practices including prohibiting recruitment fees and withholding of identity documents as well as freedom of movement, knowing these issues often contribute to forced labor. Finally, we communicate our Supplier Code of Conduct via multiple means, including through 1) language in Hershey's contracts that requires Supplier Code of Conduct compliance, 2) our [Responsible Sourcing Supplier Program](#) that requires enrolled suppliers' formal acknowledgment, and 3) our website where our Supplier Code of Conduct is available in 11 languages.

The Hershey Company Responsible Recruitment & Employment Policy

The Hershey Company does not tolerate child or forced labor in our operations and in our value 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 of Conduct to third-party labor providers.

Governance: The Hershey Company Sustainability Steering Committee

The Hershey Company Global Sustainability Team is responsible for managing human rights issues, including forced labor, modern slavery and human trafficking. Day-to-day management of human rights is overseen by our Manager for Global Sustainability & Social Impact, and the implementation of human rights in our supply chain, including our agricultural supply chain, is overseen by our Director for Global Responsible Sourcing and Senior Director of Strategic Sourcing. All sustainability efforts, including human rights, are directly overseen by the Sustainability Steering Committee, which is led by our Senior Vice President and Chief Supply Chain Officer and includes senior level representation from Hershey's global procurement, sustainability, legal, investor relations, human resources, R&D and commercial organizations. Ultimate oversight for human rights falls within our Board of Directors (BOD) and our Executive Committee (which includes our Chief Executive Officer and direct reports) who are briefed on at least a bi-annual basis by the Sustainability Steering Committee and its members.

HERSHEY'S HUMAN RIGHTS DUE DILIGENCE & RISK ASSESSMENT APPROACH

The Hershey Company approach to human rights due diligence is guided by the United Nations Guiding Principles (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 saliency assessment, forced labor and human trafficking are priority issues for Hershey's human rights due diligence efforts, along with related topics such as child labor and access to grievance mechanisms. Hershey worked with the leading human rights nonprofit organization, Verité, to create a methodology that would allow us to map current and future human rights risk across our key value chains and geographic footprint. Based on our work with Verité, we developed a number of business risk processes and controls in order to identify risks in various parts of our supply chain. Detailed information on our approach to human rights due diligence and work with Verité can be found [here](#).



Risk Mapping

Tier 1 Supplier Program 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. We assessed more than 1,300 suppliers and 100% of spend in the aforementioned areas through this tool to develop a prioritized list for due diligence. Our risk assessment resulted in the following:

- A list of 450 high-risk suppliers and supplier sites. The majority of the high-risk suppliers are located in China, India, Malaysia, South Korea and the U.S. and are suppliers of cocoa, packaging material, palm oil, sugar, or are co-manufacturers/co-packers, licensing partners or The Hershey Experience vendors. Our goal is to enroll 100% of high-risk suppliers in our [Responsible Sourcing Supplier Program](#) by the end of 2021; we are on track with a 75% enrollment rate at the end of 2020.
- A recognition that responsible recruitment risks are higher in South and East Asia, but we should be monitoring risks globally for all vulnerable groups such as migrant workers and women. As a result, we developed our new [Responsible Recruitment Policy and Program](#) and the goal is to expand the program to 100% of in-scope labor service providers (~75 suppliers). We also began tracking the number and geographic location of migrant workers in our broader supply chain both through our Responsible Sourcing and Recruitment programs.
- Integration of human rights risk screening into our supplier qualification and monitoring process to ensure we are assessing forced labor and other human rights risks prior to entering into a commercial relationship. This new process will be implemented starting in 2021.

Priority Ingredients and Materials Risk Assessment: In addition to our Tier 1 suppliers, Hershey uses the Risk Segmentation tool to assess risks across the full value chain 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 currently address. Through this, we defined priority ingredients and materials which will be revisited annually to assess 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 a process identified the following:

- [Cocoa](#), [sugar](#), and [palm oil](#) present the most significant risks of forced labor due to the nature of their value chains and geography. These ingredients remain the focus areas for Hershey's human rights and responsible sourcing efforts.
- While cocoa is sourced from multiple regions, Cote d'Ivoire and Ghana remain the focus of our sustainable cocoa sourcing efforts, including the implementation of [Child Labor Monitoring & Remediation Systems \(CLMRS\)](#). Based on identified risks, Hershey has committed all cocoa from Cote d'Ivoire and Ghana in our supply chain will be sourced directly through our suppliers by 2025. We also committed to 100% CLMRS coverage of our directly sourced cocoa in these two countries by 2025. We have found 0 instances of forced labor in our supply chain to date.
- Child Labor & Forced labor risks in sugarcane exist across multiple origins, including but not limited to Mexico, Brazil and Belize. We are currently working on an updated sustainable sugar sourcing strategy in 2021.
- Child labor and forced labor risks in palm oil exist across multiple origins from which Hershey sources, including Indonesia and Malaysia. Hershey updated our [Responsible Palm Oil Sourcing Policy](#) to further strengthen 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.



COVID-19: Finally, the COVID-19 pandemic has only 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](#) amongst 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 identified through our risk assessment process described above.

Hershey Facilities: Hershey facilities undergo the Sedex Member Ethical Trade Audit (SMETA) 4-Pillar audits on at least a three-year cadence, and more frequently as needed per customer requests. *Zero instances or evidence of forced or child labor identified through these audits to date.*

Tier 1 Suppliers: Our Responsible Sourcing Supplier Program verifies our Tier 1 suppliers' compliance to our Supplier Code of Conduct. 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 to check compliance. 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 Program also promotes ongoing training and capability-building and works to drive suppliers' continuous improvement.

When a Supplier Code of Conduct violation is identified, the Hershey Global Responsible Sourcing team reviews the findings and suppliers are asked 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 violation 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 2020, 82 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 & benefits. All non-compliances require a corrective action plan to be closed out via a desktop or follow up onsite audit. More information about the results of our Tier 1 Responsible Sourcing Supplier Program can be found in our [Sustainability Report](#). *Zero instances of forced or child labor have been identified amongst Tier 1 suppliers to date.*

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 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 2020, Hershey assessed 30 labor service providers in India, Malaysia, and the United States and identified 25 findings on recruitment-related policies and management practices. Approximately 25% are fully remediated with the remainder in progress, supported by training through the Responsible Labor Initiative E-Learning Academy. *Zero instances of forced or child labor have been identified to date.*

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



Ingredient & Material Sourcing

Hershey has laid out expectations for certain materials and ingredients that go beyond the requirements of our Supplier Code of Conduct 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](#), [farm animal welfare](#), [pulp and paper sourcing](#), [responsible palm oil sourcing](#), and [sustainable sugar sourcing](#).

Cocoa For Good

Hershey is purchasing 100% certified and sustainable cocoa, and each certification program prohibits the use of forced and illegal child labor. Beyond purchasing certified cocoa, Hershey is working with key suppliers and sustainability partners, [listed on Hershey's website](#), through Hershey's flagship [Cocoa For Good](#) program, to holistically address systemic social and environmental issues in our cocoa supply chain. Through *Cocoa For Good*, Hershey aims to disrupt the cycle of poverty which is an underlying contributor to issues like child or forced labor. Specifically, the program works to increase the profitability of cocoa farming 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.

We further strengthened our efforts to combat child labor by introducing the [Child Labor Monitoring and Remediation System](#) (CLMRS) through our suppliers on *Cocoa For Good* farms and their local communities in Cote d'Ivoire (CDI) and Ghana. Hershey has committed that all cocoa sourced from Cote d'Ivoire and Ghana will be directly sourced by 2025 and with 100% CLMRS coverage of our directly sourced cocoa in these two countries by 2025. We expect this expansion of CLMRS to cover 125,000 children by 2025, which would be a [350% increase in the number of children](#) (2018 baseline) being supported by our CLMRS system. CLMRS is the leading method of detection and remediation of child labor amongst children aged 5-17 and was developed through the International Cocoa Initiative (ICI). We are encouraged by the early, but positive, impact of CLMRS and the scalability this system can have. To date we have identified 0 instances of forced labor. More information on the results of our CLMRS program can be found [here](#).

In 2020, Hershey also developed a more [comprehensive approach to human rights due diligence in cocoa](#). This process includes country of origin risk assessments, a supplier sustainability assessment, which evaluates suppliers' policy commitments, and management systems for addressing topics like child labor, forced labor, grievance mechanisms and living income. It also includes manufacturing site risk assessments using the SMETA audit protocol, farm level risk assessments through our certification partnerships like Rainforest Alliance, and our existing [CLMRS](#). We are in the process of creating action plans with suppliers based on results from these supplier sustainability assessments.

Palm Oil

We progressed our work in 2020 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. With our partner, Earthworm Foundation, we developed a public [Palm Oil Grievance Procedure](#) and [Log](#) 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 2020, 13 palm companies have been suspended, two of which 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 our partner, Earthworm Foundation to support remediation efforts. More details can be found [here](#) and on our updated [palm oil webpage](#).



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 illegal 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 ethical trade audit from SEDEX (or equivalent), a leading nonprofit focused on improving ethical performance in corporate supply chains.

We are in the process of strengthening our approach to certification and on the ground programming. This will include a more comprehensive approach to human rights due diligence with the implementation of a supplier sustainability assessment similar to the one being applied for cocoa.

MULTI-STAKEHOLDER ENGAGEMENT & PARTNERSHIPS

We recognize that situations of 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](#). SMETA 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 through SEDEX, a platform that facilitates swift exchange of audit information.
- Joining the [Society of Product Licensors Committed to Excellence \(SPLiCE\)](#) and actively participating in the 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 tools and best practices, and worker voice engagement models. In 2020, six Malaysia-based Hershey suppliers participated in the AIM-Progress/ELEVATE virtual responsible recruitment series.
- 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 has the opportunity to leverage industry best practices and tools, including training resources, risk assessment tools, and migration corridor data and research, among other resources. 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. In 2020, Hershey leveraged the RLI E-learning Academy to train Hershey employees on forced labor and suppliers of labor services on responsible recruitment practices.
- Continuing our partnership with the [World Cocoa Foundation](#) and participating in key industry initiatives such as the Cocoa & Forest Initiative, which directly inform how we address underlying issues such as poverty that contribute to situations of human rights 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 \(ICI\)](#), which drives the industry approach, opinions and public statements, programs and best practices, and 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 engage the Governments of Cote d'Ivoire and Ghana on topics like child and forced labor.
- 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.

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 our Cocoa for Good Farms, we maintain schedules for regular farm and community visits throughout the year. These stakeholder visits are an opportunity to gain insights into our sustainability programs and investments, including CLMRS programs, prevention and remediation efforts (such as building schools or helping get birth certificates), and training farmers on topics like child labor. Farmers and farmer groups also receive independent announced and unannounced audits from third-party certification bodies. This is supported with field audits by Hershey's local team for ground-truthing.

TRAINING & 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](#).

In 2020, we met our goal of training 100% of procurement professionals on human rights – well ahead of our 2021 deadline. Procurement professionals must achieve an 80% or higher score to pass the training, which accounted for more than 100 hours of e-learning. The Hershey Company Human Rights training which will be required every other year, is a 40-minute e-learning module that covers key human rights topics such as the UNGPs: Hershey's salient human rights issues, including child and forced labor; considerations for human rights and purchasing practices; and how to be an internal champion for human rights. In addition to the procurement function, more than 400 additional Hershey employees voluntarily completed the course and in 2021, Hershey will expand the requirement to at least two additional departments. Finally, Hershey also partnered with the Responsible Labor Initiative (RLI) to train Hershey procurement and human resource professionals on recognizing and preventing forced labor via the RLI e-learning Academy course modules.

Supplier Training

Hershey recognizes that our suppliers have different levels of maturity 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. In 2020, six Malaysia-based Hershey suppliers participated in the AIM-Progress/ELEVATE [virtual responsible recruitment series](#). The program helped communicate brand expectations around responsible recruitment and provided practical guidance on how to strengthen existing recruitment and employment practices of migrant workers. More information on supplier training can be found [here](#).

ASSESSING EFFECTIVENESS

Hershey reports annually on its [progress against stated human rights goals](#) on our website and in our sustainability report. We continue to work 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 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 program and Child Labor Monitoring and Remediation Systems, give specific insight into rights and experiences of smallholder farmers and their families. The CLMRS system has also underscored the importance of remedy and investing in the root causes of poverty (such as income, gender discrimination, land rights, etc.) that increase the likelihood of child labor.

We will continue to explore more specific KPIs that will help us track effectiveness in our efforts to promote human rights and address 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. Our [focus areas for 2021](#) can be found on our website and include:

- **Accelerate efforts to address child labor in cocoa:** Deliver on our commitment that 100% of the cocoa in our products that originates from Cote d'Ivoire and Ghana will be sourced directly by 2025 and expand Child Labor Monitoring and Remediation Systems (CLMRS) to 100% across these two countries by 2025.
- **Expand supply chain human rights due diligence:** Deliver our goal of enrollment of 100% of high risk-suppliers in our supplier program by 2021 (~450 suppliers), expand responsible recruitment program to 100% of in-scope labor service providers (~90 suppliers), and remediate 100% of any child or forced labor-related findings through corrective actions plans and investments in supplier training & capability building.



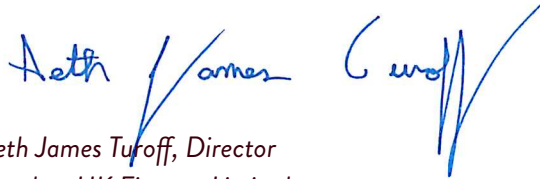
- **Strengthen employee training:** Maintain 100% completion rate of the Hershey Human Rights E-learning program for all procurement employees, expand mandatory human rights training to at least two additional departments, and train Hershey procurement and human resources managers of contingent labor providers on preventing forced labor through the Responsible Labor Initiative (RLI) e-Learning platform.
- **Promote a living wage & income within our value chain:** Share our position on living wage & income in our value chain, including continuing to pay a living wage to Hershey employees and implementing concrete actions to improve farmer incomes in cocoa.

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 2021

