



HERSHEY

Goodness in Action: Insights on ESG at Hershey
June 21, 2021



KEY TAKEAWAYS

STRATEGIES & GOVERNANCE

Our purpose and values are rooted in our strong legacy and **sustainability** is woven into our **strategy** and **organization**. We **prioritize** material issues.

AMBITIOUS COMMITMENTS

We make commitments, and we keep them. We have a **proven track record** reaching our commitments, and a plan to deliver against our new ambitions.

DIFFERENTIATED APPROACH

To meet these commitments, we build **differentiated, multi-faceted programs** that seek to improve the lives of people across our value chain.

TRANSPARENCY

We remain **transparent** and provide candid **disclosures** of our progress and our setbacks.

STRATEGIES & GOVERNANCE



making *more* moments of goodness.

A GROWING
PORTFOLIO OF
**BELOVED
BRANDS**

**UNMATCHED
CAPABILITIES**
CONNECTING US
TO CONSUMERS

**A DYNAMIC
WORKFORCE**
LEADING US
FORWARD

**THE LONG-
TERM VIEW**
GUIDING OUR
GROWTH

deliver peer-leading
SHAREHOLDER RETURNS



THE LONG-TERM VIEW

GUIDING OUR GROWTH

FARMERS | RAW INGREDIENT SUPPLIERS | EMPLOYEES | RETAILERS | CONSUMERS

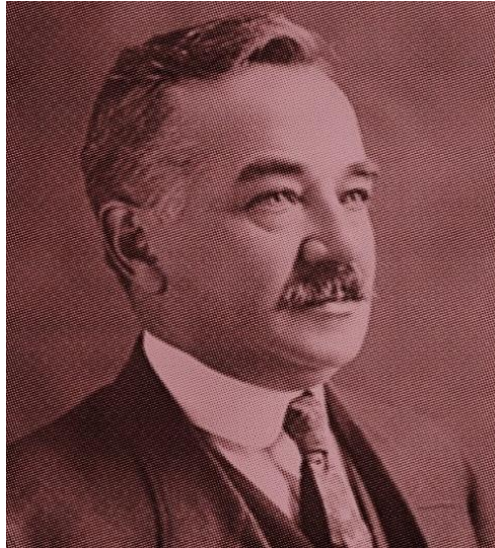


ENSURING LONG-TERM, MULTI-STAKEHOLDER VALUE CREATION



“DOING WELL BY DOING GOOD”

Milton S Hershey



MILTON
HERSHEY
SCHOOL®
FOUNDED 1909

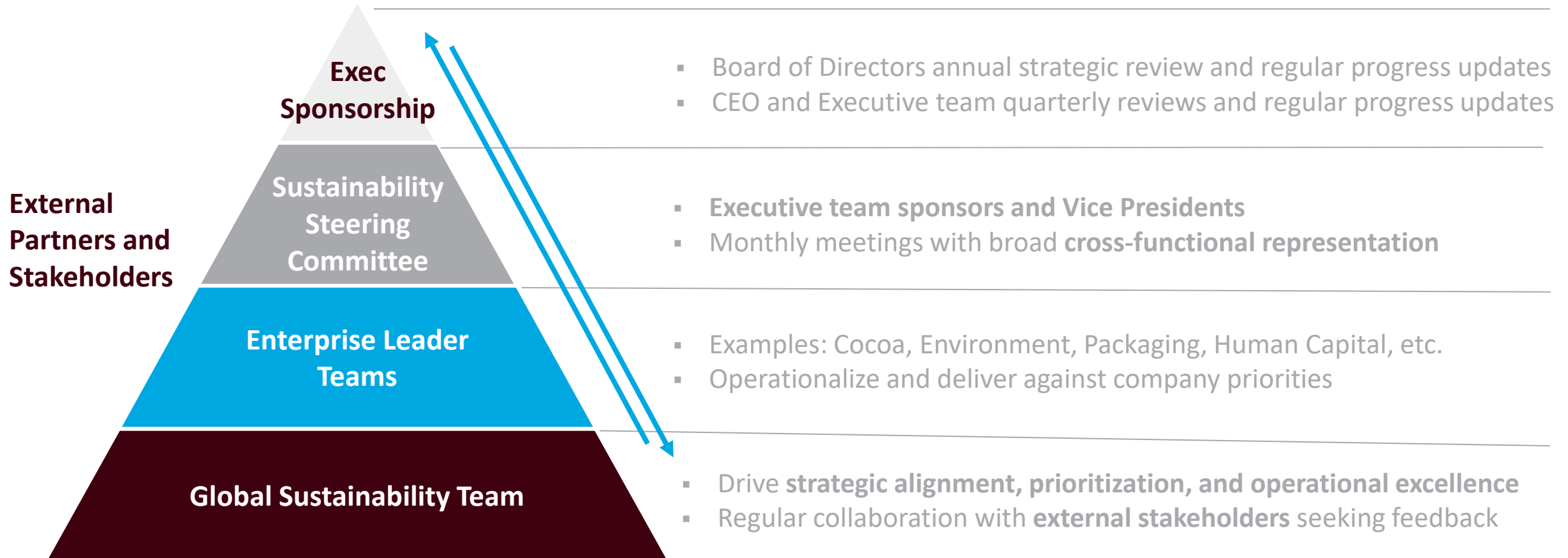


FTSE4Good



ENSURING A SUSTAINABLE BUSINESS FOR NEXT 125 YEARS

ROBUST GOVERNANCE STRUCTURE WITH STRONG EXECUTIVE ENGAGEMENT



PRIORITIZING MATERIAL ISSUES TO ENSURE SUSTAINABILITY FOR OUR PLANET, PEOPLE, AND BUSINESS

OPPORTUNITY

BENEFIT



RESPONSIBLE SOURCING

Cocoa

Sustainable Sourcing

Human Rights

Resilient supply chain ensures continuity of supply for agricultural ingredients



ENVIRONMENT

Climate Change

Packaging & Waste

Water

Minimizing environmental impact preserves resources for long term sustainability



HUMAN CAPITAL

Diversity, Equity & Inclusion

Physical, Emotional & Economic Well-being

Pipeline of diverse and equitable talent drives more opportunity and superior ideas



YOUTH & COMMUNITY

Thriving communities

Helping children succeed

Thriving communities increase employee satisfaction, engagement and productivity



AMBITIOUS COMMITMENTS

PROVEN TRACK RECORD OF DOING WHAT WE SAY WE'RE GOING TO DO

RESPONSIBLE SOURCING



Cocoa, Sugar, Palm, Pulp and Paper and Coconut to be certified sustainability sourced by 2020

✓ **ACHIEVED 2020**

ENVIRONMENTAL IMPACT



Reduce packaging weight by 25 million pounds by 2025

✓ **ACHIEVED 2020**

HUMAN CAPITAL



Achieve **aggregate** gender and people of color (POC) pay equity for salaried employees in the U.S. at \$1 for \$1

✓ **ACHIEVED 2021***

*In 2020, we achieved **aggregate** gender pay equity and by early 2021, we achieved aggregate POC pay equity for salaried employees in the U.S.



NEW AMBITIOUS, IMPACTFUL COMMITMENTS*

RESPONSIBLE SOURCING



TARGET YEAR

100% direct source cocoa from Cote d'Ivoire and Ghana

2025

100% of cocoa farmers in Cote d'Ivoire and Ghana to be covered by **Child Labor Monitoring and Remediation systems (CLMRS)** and **mapped to prevent deforestation**

2025

ENVIRONMENTAL IMPACT



50% absolute reduction in **Scope 1 and 2 GHG Emissions**

2030

25% absolute reduction in **Scope 3 GHG Emissions**

2030

100% plastic packaging to be recyclable, reusable and or compostable

2030

HUMAN CAPITAL



47-50% women representation across all employees **globally**

2025

30-40% people of color representation across U.S. employees

2025

Achieve pay equity for salaried employees at \$1 for \$1

2025

* See full list of goals and progress on page 8 of 2020 Sustainability Report.



AMBITIOUS COMMITMENTS

HERSHEY 

MAKING MEANINGFUL PROGRESS ALONG OUR SUSTAINABILITY JOURNEY

Broadening and expanding our ESG impact

2012



Commit to 100% certified and sustainable cocoa by 2020

2016



Announced 25 by 25 environmental commitments including the commitment to reduce packaging by 25M pounds by 2025

2018



Launched Cocoa For Good, \$500M commitment



First publicly disclosed aggregate gender pay ratio

2020



Reached 100% certified and sustainable cocoa, along with select other ingredients



Committed to 100% direct source cocoa in West Africa



Achieved aggregate pay equity in the U.S.



Launched Pathways Project, a 10-year DE&I Plan

2021



New Science Based Targets to significantly reduce GHG



Announced goal to reach 100% recyclable, compostable, reusable packaging by 2030



Announced two clean energy projects and launched an Energy Program to improve energy efficiency



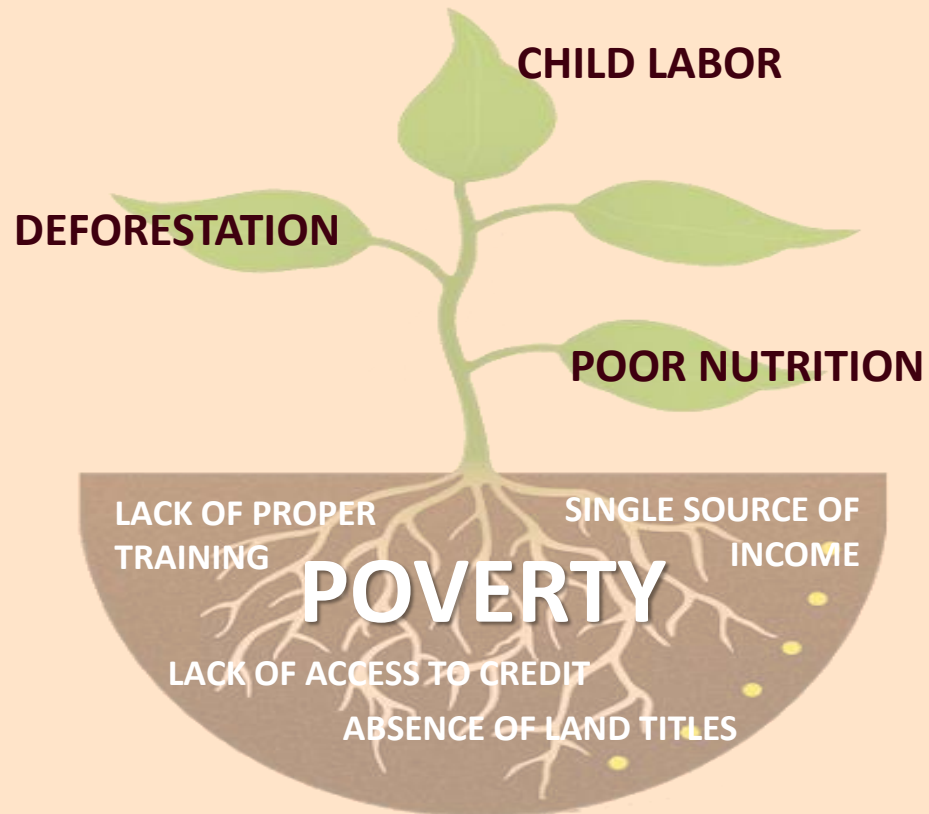
AMBITIOUS COMMITMENTS

HERSHEY

DIFFERENTIATED APPROACH

COCOA IS A TOP PRIORITY

SYSTEMIC CHALLENGES FACING COCOA



100% of cocoa **CERTIFIED** and sustainably sourced in 2020

Certification supports higher income for farmers

To drive systemic change, we are helping to create greater **visibility** to where cocoa is grown to provide **holistic support** to farmers and their communities, **scaling programs** to have a **meaningful, lasting impact**.



DIFFERENTIATED APPROACH

HERSHEY

DIFFERENTIATED, MULTI-FACETED PROGRAMS THAT ADDRESS ROOT-CAUSE ISSUES



	FARMERS	CHILDREN	ECOSYSTEM
PROGRAMS	<p>Provide higher-yielding varieties and training on proper agricultural practices</p> <p>Access to credit/loans</p> <p>Training in alternative income-generating activities and crop diversification</p> <p>.....</p>	<p>Expanding CLMRS</p> <p>Provide school-based nutrition</p> <p>Secure birth certificates for enrollment</p> <p>Provide school kits with supplies</p> <p>Invest in educational infrastructure</p> <p>.....</p>	<p>Secure land titles</p> <p>Promote climate positive farming methods</p> <p>Landscape partnerships to protect remaining forests</p> <ul style="list-style-type: none"> • Kakum National Park – Ghana • Green Nawa Initiative - CDI <p>.....</p>
BENEFIT	<p>Improve farmer livelihood by investing in opportunities to increase and diversify income and build economic resilience</p>	<p>Eliminate and prevent child labor by increasing access to education and improving the quality of nutrition</p>	<p>Minimizing environmental impact preserves cocoa for long-term sustainability</p>

* Many of these programs are managed and facilitated through our supplier network

A CLOSER LOOK AT THE LINK BETWEEN TENURE AND COMBATING DEFORESTATION



ROOT CAUSE

LACK OF LAND TITLES creates:

- Disincentive to invest in farms
- Limited access to financing
- Inability to rehabilitate farms
- Push into protected areas to access new land

CHALLENGES TO ACCESSING LAND TITLES:

National and Regional Laws

Local Customs

Literacy and Financial Hurdles

Cost



INNOVATIVE, IMPACTFUL SOLUTIONS

GHANA

USAID Integrated Land and Resource Governance Project



USAID



WINROCK INTERNATIONAL

MERIDIA



ECOM

Land Rights | Land Use Planning | Farm Rehabilitation

COTE D'IVOIRE

Cote D'Ivoire Land Partnership Program



Unilever



AFOR
Agence Foncière Rurale



MERIDIA

Affordable Land Titling

7,622

Land or Tree Titles
acquired with
Hershey's assistance
in 2020



DIFFERENTIATED APPROACH



NEW, AMBITIOUS COMMITMENTS

- FARMERS** | 100% direct-source cocoa to known farmer groups*
- CHILDREN** | Scale CLMRS to cover 100% of direct-sourced cocoa*
- ECOSYSTEM** | Map 100% of Hershey supplying farms*



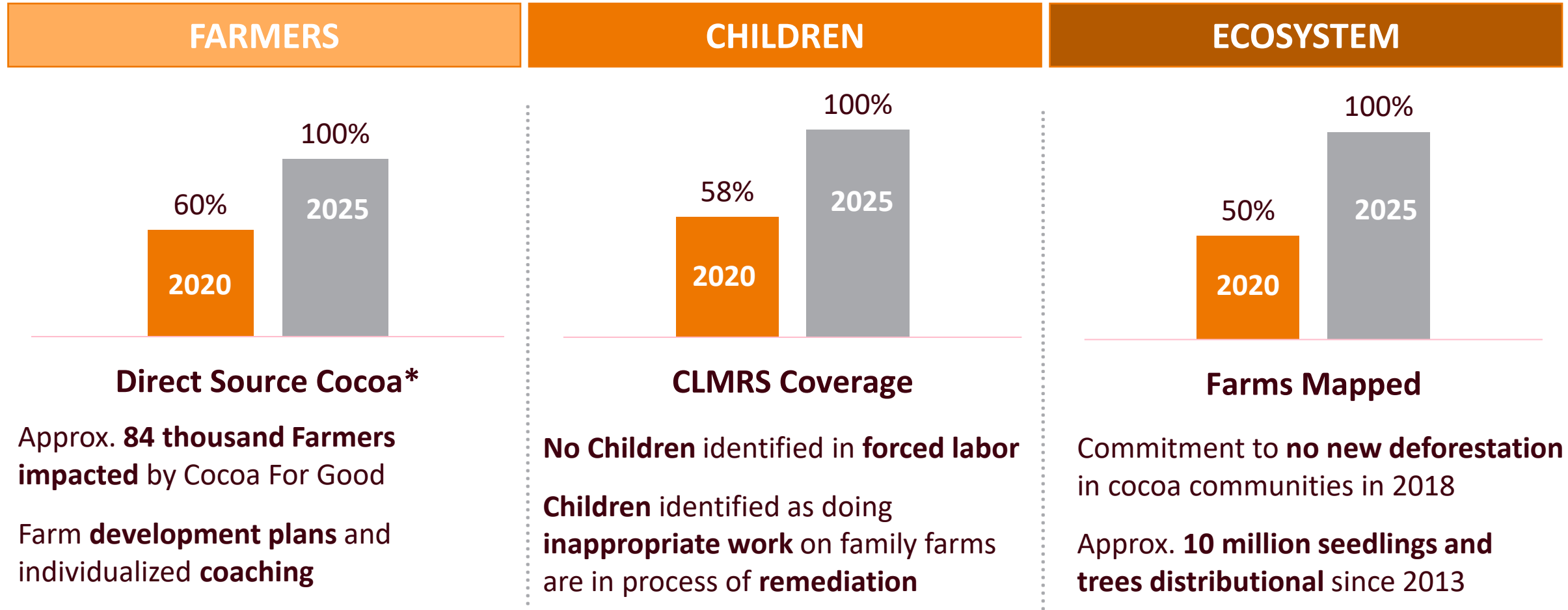
To drive systemic change, we are helping to create greater **visibility** to where cocoa is grown to provide **holistic support** to farmers and **scale up programs** to have a **meaningful, lasting impact**.

* These commitments pertain to cocoa sourced in Cote D'Ivoire and Ghana.



DIFFERENTIATED APPROACH

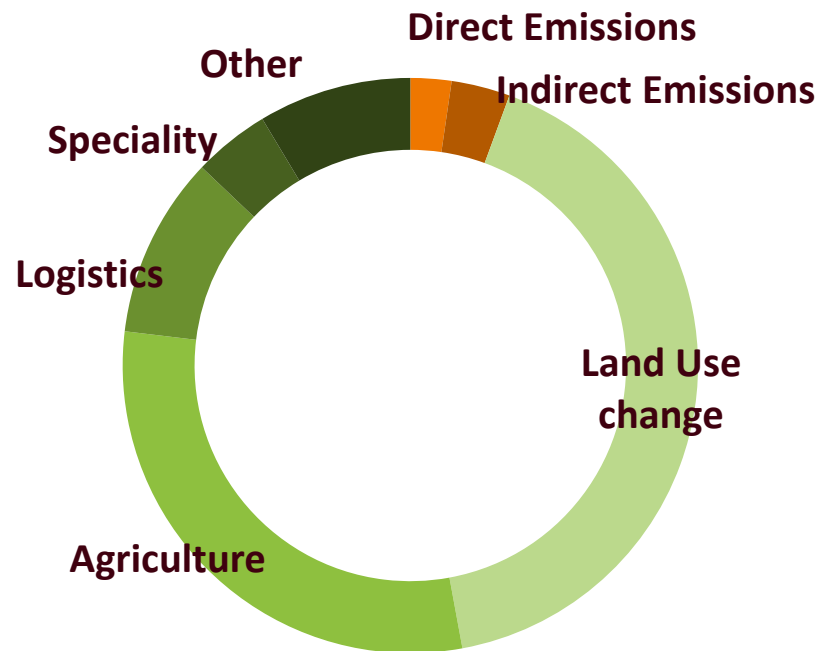
MORE THAN HALFWAY TOWARDS DELIVERING OUR NEW COMMITMENTS



* These commitments pertain to cocoa sourced in Cote D'Ivoire and Ghana.
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ACTING ON CLIMATE CHANGE

IDENTIFIED AND MAPPED EMISSION CONTRIBUTORS*



TO ANNOUNCE TARGETS

50% reduction of **Direct Emissions** (Scope 1 & 2)

25% reduction of **Value Chain Emissions** (Scope 3)

WHILE DEVELOPING A PLAN FOR OUR TOP EMISSION CONTRIBUTORS

FUEL-USE

ELECTRICITY

COCOA

DAIRY

SUGAR

LOGISTICS

*Based on our baseline emission breakdown in 2018.



DIFFERENTIATED APPROACH

HERSHEY

DELIVERING GHG REDUCTIONS IN OUR FIRST YEAR OF OUR GOAL

DIRECT EMISSIONS YEAR 1 PROGRESS  **24%**

Renewable Energy Agreements

Worked with utility providers to procure zero emissions energy

Energy Star Challenge for Industry

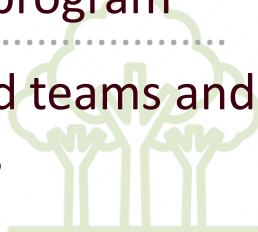
ThermalTech Partnership



VALUE CHAIN EMISSIONS YEAR 1 PROGRESS  **13%**

Continue work on **no new deforestation** in cocoa communities, part of holistic cocoa program

Further partnerships with on-the-ground teams and climate expert consultancies



TRANSPARENCY

ENHANCING TRANSPARENCY & DISCLOSURE ALONG WITH WAY

EXISTING REPORTING



2021 ENHANCEMENTS

UN GUIDING PRINCIPLES

REPORTING FRAMEWORK

TCFD

HERSHEY

10-K/Proxy Expansion

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