



WHEREAS: The growing plastic pollution and packaging waste crises pose increasing risks to The Hershey Company. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce.¹ Laws to this effect have significant momentum, having been recently adopted in four U.S. states with additional legislation introduced at the state and federal level.² The European Union has already enacted a \$1 per kilogram tax on all non-recycled plastic packaging waste.³ Additionally, consumer demand for sustainable packaging is increasing.⁴

A circular economy for packaging, whereby packaging stays in the economy and out of the environment, plays an important role in a net-zero emissions world. Hershey's acknowledges that its product packaging plays a significant role in reducing its Scope 3 emissions,⁵ yet has taken insufficient action in ensuring its end-of-life packaging is recycled at scale.⁶

More than 100 leading companies have committed to promoting a circular economy for packaging by acknowledging responsibility for the collection, sorting, and recycling of packaging at end-of-life, a policy known as Extended Producer Responsibility (EPR).⁷ Hershey's cites insufficient recycling infrastructure as a barrier to setting new packaging sustainability targets, yet fails to acknowledge and act on its responsibility to improve recycling systems as other companies have done.

In the absence of legislated EPR, companies must voluntarily contribute to improve the collection and recycling of their packaging. Leading estimates find that \$17 billion is needed to modernize and expand recycling infrastructure.⁸ To meet this figure for

¹ https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf, p. 9

² <https://www.packworld.com/news/business-intelligence/article/22861621/extended-producer-responsibility-legislation-emerging-in-us>

³ https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/revenue/own-resources/plastics-own-resource_en

⁴ <https://www.shorr.com/resources/blog/the-2022-sustainable-packaging-consumer-report/>

⁵ <https://www.thehersheycompany.com/content/dam/hershey-corporate/documents/pdf/hershey-2022-esg-report.pdf>, p. 71

⁶ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/data-visualization>

⁷ https://ellenmacarthurfoundation.org/extended-producer-responsibility/overview?_ga=2.194255722.613184023.1673367048-710010554.1662564816&_gl=1*18c5mjb*_ga*NzEwMDEwNTU0LjE2NjI1NjQ4MTY.*_ga_V32N675KJX*MTY3MzZM2NzA0OC4xNC4wLjE2NzZMzNjcwNDguNjAuMC4w

⁸ <https://recyclingpartnership.org/paying-it-forward/>



plastics alone, companies must contribute at least \$88 for every metric ton of plastic used.⁹

Competitor Nestlé and at least 28 other major consumer goods companies make voluntary contributions to expand recycling infrastructure.¹⁰ Hershey's is not known to voluntarily contribute to help ensure its packaging never becomes waste.

Hershey's also received an "F" grade on *As You Sow's* recent report evaluating corporate packaging sustainability in part for its failure to financially support recycling infrastructure and endorse EPR.¹¹

Our Company could avoid regulatory, environmental, and competitive risks by adopting a circular economy approach to packaging and contributing to recycling infrastructure.

BE IT RESOLVED: Shareholders request that the Board issue a report, at reasonable expense and excluding proprietary information, describing opportunities for Hershey's to support a circular economy for packaging at its end-of-life.

SUPPORTING STATEMENT: The report should assess, at Board discretion:

- The reputational, financial, and operational risks associated with failing to promote a circular economy for packaging at its end-of-life;
- The potential to increase packaging recyclability and transition to reusable packaging; and
- Opportunities to develop policies or goals to endorse EPR and determine an appropriate level of voluntary financial contributions to recycling infrastructure.

⁹ <https://plasticiq.org/>

¹⁰ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 17

¹¹ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 5