



## The Hershey Company Responsible Pulp & Paper Sourcing Policy

Hershey recognizes that forests serve as important reservoirs of greenhouse gases that would otherwise contribute to climate change, provide habitats for plants and animals, contribute countless other ecosystem services such as preventing soil erosion, and provide livelihoods for Indigenous Peoples and local communities. Hershey is committed to responsible forest management and the conservation of natural resources through collaboration with our suppliers.

Pulp and paper packaging are integral to Hershey's business. We use it as food packaging, wrapping, transportation and marketing for our beloved brands. Beginning in 2015, Hershey committed to responsibly sourcing virgin fibers and recyclable materials for our products. Since 2017, we have required that 100% of pulp and paper sourced for our U.S. and Canada operations come from recycled material or certified<sup>1</sup> mills.

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### SCOPE

Hershey's Responsible Pulp & Paper Sourcing Policy (Pulp & Paper Policy), updated in 2021, replaces our previous requirements and commitments. It should be read in connection with Hershey's [Supplier Code of Conduct](#), [Human Rights Policy](#) and [Environmental Policy](#).

Our Pulp & Paper Policy applies to all direct ("tier one") suppliers that provide pulp and paper-based packaging made from virgin fibers or recycled materials that is sourced by Hershey, as well as by our subsidiaries and contract packaging and contract manufacturing partners for all Hershey products.

We expect our direct suppliers to meet and communicate these expectations throughout their pulp and paper supply chain by adopting policies and efficient management systems. This includes forest and peatland monitoring and response and human rights due diligence systems, grievance procedures and training programs to uphold the expectations set forth in this Pulp & Paper Policy within their own business operations, third party suppliers and raw material producers.

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### OUR GOALS

By 2025, Hershey's goals for our global supply chain are to:

- Responsibly source 100% of our pulp and paper packaging from recycled or certified sources. Acceptable certification standards include Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), and Sustainable Forestry Initiative (SFI).
- Trace 100% of the virgin pulp and paper packaging we source back to the country of harvest.

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<sup>1</sup> Acceptable certification includes: Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), and Sustainable Forestry Initiative (SFI)



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# REQUIREMENTS

In addition to compliance with all applicable national, state, and local laws and regulations in the markets where we operate and from which we source palm oil, Hershey requires our suppliers to adhere to the following practices that comply with No Deforestation, No Peatland, No Exploitation (NDPE) principles across their operations.

## **No Deforestation and No Peatland Development**

- No deforestation or conversion of High Conservation Value (HCV)<sup>2</sup> areas or High Carbon Stock (HCS)<sup>3</sup> forests
- No new development on peat, regardless of depth
- No burning in the preparation of plantings or any other development
- No sourcing from illegally harvested wood, which, for the purposes of this policy, means wood fiber obtained in violation of applicable government forest management requirements or other applicable laws and regulations
- Make progressive reduction of Greenhouse Gas Emissions from operations of existing mills and plantations

## **No Exploitation**

- Prohibit and eliminate any forms of forced labor, child labor and human trafficking, including, but not limited to, any form of prison, slave, bonded or forced indentured labor
- Respect and uphold land tenure rights of individuals, Indigenous Peoples and local communities. All forms of land grabbing are prohibited. Adherence to the principles of Free, Prior and Informed Consent of Indigenous Peoples is required in all engagement to seek consent for undertaking HCSA assessments and negotiations for developments on property or land to which they hold legal, communal or customary rights, including the use of and transfers of it.
- No sourcing of conflict timber, which, for the purposes of this policy, means wood fiber that was traded in a way that drives violent armed conflict or threatens national or regional stability
- Zero tolerance for harassment, intimidation, criminalization, or violence towards human rights, and environmental and land defenders

## **Supply Chain Traceability & Transparency**

- Resolve all complaints and conflicts, including land rights disputes, and remediate any policy violations through a transparent, responsive and effective grievance mechanism that allows workers and other stakeholders impacted by supply chain operations to report concerns and violations confidentially and anonymously without fear of retaliation or retribution<sup>4</sup>
- Certification to a credible, independent 3rd-party standard, with strong preference for FSC Forest Management and Chain of Custody certification, but also will accept PEFC and SFI certification
- Increase pulp & paper supply chain traceability to achieve 100% traceability of virgin pulp and paper-based packaging to at least country of harvest
- Disclose upon request information regarding 3rd-party certifications of virgin pulp and paper-based packaging and operations in their supply chain, including at the forest source and mill level
- Engage and collaborate with various stakeholders, including impacted Indigenous Peoples, local communities, workers, suppliers, peers, civil society, government, and others to help transform the pulp and paper sector to align with NDPE principles

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<sup>2</sup> As defined by [The HCV Resource Network](#)

<sup>3</sup> As defined by [The HCS Approach](#)

<sup>4</sup> In accordance with the UNGPs on non-judicial grievance mechanisms



### **Preference for Recycled Fiber**

To reduce our use of virgin pulp & paper, we will maintain a preference for recycled fiber where feasible, taking into account quality and food safety requirements as well as product specifications, with special attention given to the increased use of Post-Consumer Recycled materials in our paper packaging materials.

If a supplier is not in compliance with our Pulp & Paper Policy, Hershey may suspend or remove the pulp & paper supplier from our supply chain until corrective action plans have been implemented.

Hershey intends to work with pulp & paper suppliers that not only share our values and are willing to develop action plans to adhere to this Pulp & Paper Policy, but are also committed to collaborating, investing and working towards protecting the environment and native habitats, ensuring legal recognition and rights of Indigenous Peoples, and building resilient communities through the sustainable transformation of the pulp and paper oil sector.

