



INTRODUCTION

The Hershey Company is committed to responsible and sustainable palm oil sourcing. Beginning in 2013, we announced our commitment to sourcing 100% responsibly grown palm oil that is physically certified by the Roundtable on Sustainable Palm Oil (RSPO), does not contribute to deforestation or peatland destruction, and is 100% traceable to the mill and the plantation to achieve visibility into the sources of palm oil within our supply chain.

Palm oil is a versatile and efficient edible oil that supports the livelihoods of millions of smallholder farmers globally, contributes to the economic development of palm growing regions, and uses less land while producing a much higher oil yield than equivalent edible oils. However, over the past two decades, the cultivation and expansion of palm oil has led to deforestation and development on peatland in biodiverse and ecologically important ecosystems as well as human rights abuses of workers, Indigenous Peoples and local communities.

We recognize no single company alone can tackle the environmental and human rights issues within the palm sector, so Hershey works closely with our suppliers and multiple NGOs and participates in industry and cross-sector initiatives aimed at sustainable transformation of the palm oil supply chain.

SCOPE

Hershey's Responsible Palm Oil Sourcing Policy (Palm Policy), updated in 2020, 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](#), and [Code of Conduct](#).

Our Palm Policy covers our entire supply chain, including direct suppliers and their parent and sister companies at the corporate group level.¹ It applies to all the crude palm oil and palm kernel oil, derivatives and fractions sourced by Hershey, our subsidiaries and contract manufacturers for all Hershey products. New acquisitions will be incorporated into fully complying with our policy and reporting within one year of full integration.

We expect our suppliers to meet and communicate these expectations throughout their palm oil supply chain at a corporate group level by adopting forest and peatland monitoring and response and human rights due diligence systems, non-compliance and grievance procedures, credible independent verification systems and training programs to uphold the requirements set forth in this Palm Policy within their own business operations, third party suppliers and raw material producers.

¹As defined by the RSPO Membership Rules 2020



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:

No Deforestation and No Peatland Development

- No conversion of High Conservation Value (HCV)² areas or High Carbon Stock (HCS)³ forests, and adherence to responsible expansion procedures⁴
- No new development on peat, regardless of depth⁵
- For areas which were developed (cleared, drained, and/or planted) peatlands, HCV areas, or HCS forests after the cut-off date of December 31, 2015, suppliers must implement an adequate Recovery Plan commensurate with the scale of their non-compliant development.
- Protection, monitoring and management of HCV areas and HCS forests in landbanks, development areas and other areas under their control
- Application of [RSPO Best Management Practices](#) for existing palm oil plantations on peat
- No burning in the preparation of plantings or any other development as defined by the RSPO
- Consultation with experts in developing and implementing guidelines and models for conservation, rehabilitation of critical peat domes or peatland ecosystems or alternative uses in areas unsuitable for development conservation plans
- Progressive reduction of Greenhouse Gas Emissions from operations of existing mills and plantations

No Exploitation

- Prohibit and eliminate all 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, recognize and uphold the rights of all workers including contract, temporary and migrant workers through compliance with the International Labor Organization's core conventions, the Universal Declaration of Human Rights, and the United Nations Guiding Principles on Business and Human Rights
- Promote and follow ethical recruitment, hiring and employment practices in line with the [Priority Industry Principles](#) including, but not limited to, ensuring that all workers in the palm oil supply chain have freedom of movement, do not pay recruitment fees, and are not indebted or coerced to work
- 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 any studies, and negotiations, and/or developments on property or land to which they hold legal, communal or customary rights, including the use of and transfers of it⁶
- Support the inclusion of smallholders into sustainable palm oil supply chains and assist scheme and independent smallholders in achieving compliance with our policy.
- Promote equality between women and men in sustainable palm oil production
- Zero tolerance for harassment, intimidation, criminalization or violence towards human rights, environmental and land defenders

² As defined by [The HCV Resource Network](#)

³ As defined by [The HCS Approach Toolkit](#), including its social requirements. As simplified methodologies for identifying HCS forests in smallholder landscapes are adopted by the HCS Approach Steering Group, these should be used.

⁴ 'Responsible expansion procedures' include respect for local laws, the right of communities to free, prior and informed consent, protection of peat, protection of high conservation value areas, and protection of high carbon stock forests as defined by the High Carbon Stock Approach Toolkit for concession holders and simplified methodology for smallholders, and its associated Social Requirements and Implementation Guidance.

<http://highcarbonstock.org/the-hcs-approach-toolkit/>

⁵ As defined in the Roundtable on Sustainable Palm Oil Principles & Criteria 2018.

⁶ In accordance with the United Nations Declaration on the Rights of Indigenous Peoples, FAO Voluntary Guidelines on Tenure and Food Security, Universal Declaration of Human Rights, and the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the HCSA Social Requirements and Implementation Guidance



Transparency & Stakeholder Engagement

- Resolve all complaints and conflicts and remediate 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 retribution⁷
- Promote greater transparency about the names and locations of palm producers, primary processing facilities and sourcing practices and proactively conduct due diligence on new suppliers to ensure policy compliance prior to entering the supply chain, including field-based assessments of any associated environmental and social risks, impacts and grievances
- Increase palm oil supply chain traceability to achieve 100% traceability to mills and to plantations
- Engage and collaborate with various stakeholders, including impacted Indigenous Peoples, local communities, workers, suppliers, peers, civil society, governments, RSPO and others to help transform the palm oil sector to align with NDPE principles at supply shed, landscape and jurisdictional levels
- Publish progress reports on at least an annual basis and disclose key metrics, time-bound implementation plans, progress, challenges and impacts
- If a supplier is not in compliance with our Palm Policy, we follow our [Palm Oil Grievance Procedure](#) which may result in their suspension or removal from our palm oil supply chain and disclosed in our [Palm Oil Grievance Log](#).

Reporting & Compliance

Hershey will publish progress reports on at least an annual basis and disclose key metrics, including progress by our suppliers towards achieving this policy. In addition to the RSPO Certification, Hershey will continue to support efforts to establish common guidance on credible methodologies for independent verification of compliance with NDPE principles.

Hershey intends to work with palm oil suppliers that not only share our values and are actively implementing action plans that adhere to this Palm 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 palm oil sector.

⁷ In accordance with the UNGPs on non-judicial grievance mechanisms

