



## The Hershey Company Commodity Specific Approach for No Deforestation

Hershey works within our individual commodity supply chains to drive sustainable practices within our own operations, with our suppliers and within the industry to eliminate deforestation. In addition, we collaborate with peers, civil society and governments; participate in industry and cross-sector initiatives aimed at sustainable transformation; and invest in critical elements such as certification, farm mapping, satellite monitoring, and landscape and jurisdictional programs to provide additional layers of due diligence to help ensure forest protection.

On an annual basis, Hershey will revisit our deforestation policy and commodity-specific approaches and commitments as well as the future inclusion of additional commodities based on changes in our supply chain (e.g., due to M&As, new products, or new source origins) and new developments stemming from environmental and human rights risk assessments.

Hershey communicates progress on our commitments in our annual [Sustainability Report](#), on our company website, and in our CDP Forests report.

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### HERSHEY'S COMMODITY-SPECIFIC APPROACH

**Cocoa:** Hershey's [Cocoa For Good](#) strategy outlines our commitment to sustainable cocoa. As of January 2020, through Cocoa For Good we met our goal to source 100% of our global cocoa products as certified and sustainable.<sup>1</sup> Through cocoa certification, we directly support improved environmental and labor standards as well as higher incomes for farmers.

To further combat deforestation, Hershey joined the [Cocoa & Forests Initiative](#) (CFI) as a founding member in 2017 to take action and protect the delicate ecosystems where cocoa is produced in Ghana and Côte d'Ivoire through forest protection, reforestation and agroforestry. Subsequently in 2018, Hershey publicly committed to no new deforestation in its global cocoa supply chain, effective immediately, and to implementing shade grown agroforestry tree planting programs to make the transition to more resilient, climate-positive farming methods. We are also empowering communities to manage their natural resources and support landscape governance while increasing access to affordable land titling documentation.

Using our geospatial satellite monitoring tool with our partner Sourcemap, we have spent the past few years comprehensively mapping our cocoa growing farms and creating a baseline to determine deforestation occurring after a cut-off date of February 2018 through measuring annual tree cover loss and to closely monitor farm locations and encroachment into protected forest areas. By 2025, 100% of cocoa farms in Cote d'Ivoire and Ghana West Africa supplying Hershey will be mapped with polygons GPS coordinates to prevent deforestation.

**Palm Oil:** Hershey is committed to sourcing 100% Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certified palm and tracing our palm volumes to the mill and plantation. We continue working towards 100% traceability to the plantation and seek to achieve this by 2025. Our [Responsible Palm Oil Sourcing Policy](#) outlines our No Deforestation, No Peat, No Exploitation commitments and indicates a deforestation cut-off date of December 31, 2015. In addition, we monitor the

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<sup>1</sup> Certified sustainable by either Fair Trade USA, Rainforest Alliance (UTZ) or suppliers' standards that meet the international ISO/CEN criteria. Cocoa products are sourced on a Mass Balance principle.



supply chains of two suppliers – which account for nearly 70% of our total palm volumes – using [Starling](#) satellite monitoring to identify and address deforestation events. We also work with Earthworm Foundation members to accelerate monitoring and verification efforts in high-risk landscapes and engage with suppliers and NGOs with eyes on the ground to proactively monitor landscape changes.

**Pulp & Paper:** Our [Pulp & Paper Sourcing Policy](#) indicates Hershey’s commitment to responsibly sourcing 100% of our pulp and paper packaging from recycled or certified sources for global operations by 2025.<sup>2</sup> In addition, we commit to tracing 100% of the virgin pulp and paper packaging we source back to the country of harvest to better understand deforestation risk. We disclose and update our suppliers and mills list for U.S. and Canada operations on an annual basis and will expand to include data from Hershey’s international operations in 2021. Hershey maintains a preference for recycled fiber where feasible, taking into account quality and food safety requirements as well as product specifications.

**Soy (direct):** Hershey directly sources a small volume of soy-based products from low-risk sourcing regions for our products. Engagement with our suppliers is critical to understanding the origin of our soy-based products.

**Dairy (indirect soy and palm oil):** Most of the dairy we source comes from regions where silage is grown on farms and deforestation risks are low. However, we are aware that indirect soy and palm oil may be embedded in our dairy supply chain as feed for cows. As part of our responsible sourcing dairy strategy, we require our dairy suppliers to identify and mitigate risk of deforestation in their supply chain, both on farm and linked to feed production off farm, through the [Sustainable Dairy Partnership](#).

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<sup>2</sup> Acceptable certification standards include Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), and Sustainable Forestry Initiative (SFI).

