



INTRODUCTION AND CONTEXT

Forests and other natural ecosystems are critical to help mitigate climate risks, improve climate change resiliency, and safeguard biodiversity and can provide livelihoods and economic opportunities for forest-based communities and Indigenous Peoples.

Deforestation, forest degradation, and natural ecosystem conversion remain major global challenges with broad and far-reaching implications for future generations to come. Along with encroachment into protected areas, they are a manifestation of a complex set of root causes that vary from location to location. For example, in some commodity-growing landscapes, poverty, the absence of land titles, a lack of clarity on land and tree tenure arrangements, limited knowledge of sustainable farming practices and poor law enforcement can place pressure on local forest systems. Impacts from such pressure contribute to the vulnerability of communities relying on forests for their livelihoods, specifically, smallholder farmers, forest communities and Indigenous Peoples, amid climate change and more intense and frequent extreme weather events. In turn, these important environmental issues can lead to or exacerbate human rights issues as well.

Hershey's products rely on a global agricultural supply chain. We have a role to play in helping to combat supply chain-driven deforestation and conversion and their associated impacts on commodity-producing landscapes and the communities where we live, work and source our ingredients.

Hershey is taking a holistic view to address the agricultural supply chains identified as most at risk for driving deforestation, degradation, and conversion: cocoa, palm oil, pulp & paper (packaging), and direct soy. We are committed to taking steps to ensure the long-term sustainability of our business and to do the right thing for our shared planet.

HERSHEY'S COMMITMENT

Hershey is committed to achieving a deforestation and conversion-free supply chain for the cocoa, palm oil, pulp & paper (packaging), and direct soy we source by December 31, 2025, while respecting and protecting the human rights of individuals.

Hershey will achieve this commitment by only sourcing these forest-risk commodities across our business, from direct and indirect suppliers, at a corporate group level,¹ that demonstrate compliance with Hershey's requirements. We verify supplier compliance to this policy through means of supply chain traceability, satellite monitoring through Starling,² and on-the-ground partnerships.

This commitment forms a key part of Hershey's efforts to meet our science-based target to reduce our

¹ As per the Accountability Framework initiative definition of Corporate Group (<https://accountability-framework.org/the-framework/contents/definitions/>)

² Starling solution is an innovative tool co-developed between Airbus and Earthworm Foundation





absolute Scope 3 Forest, Land and Agriculture (FLAG) Greenhouse Gas (GHG) emissions which is under review by the Science Based Targets initiative.³ Additionally, our commitment aligns with our role as a signatory to the United Nations Global Compact to take strategic action to advance broader societal goals such as the UN Sustainable Development Goals (SDGs). Due to the important role healthy forests and natural ecosystems play in helping all populations, and especially vulnerable populations, mitigate climate risks, improve climate resilience, and protect and restore water related ecosystems, our commitment helps Hershey align with the UN SDGs and helps to prevent harm and encourage positive impact to sub-targets of SDG 1 – No Poverty, SDG 6 – Clean Water and Sanitation, SDG 13 – Climate Action, and SDG 15 – Life on Land.

We further communicate and reinforce this commitment in our [Supplier Code of Conduct](#), our [Environmental Policy](#), our [Human Rights Policy](#) and [specific ingredient policies](#).

HERSHEY DEFORESTATION AND CONVERSION-FREE REQUIREMENTS

Hershey works with suppliers that share our values and actively monitor, verify, and implement action plans to help eliminate deforestation, conversion, and potential human rights violations in agricultural supply chains. We require our suppliers to publicly publish the policies and procedures they use in their supply chains and operations to help prevent deforestation and conversion, peatland loss, and potential human rights violations, as well as the rights for Indigenous Peoples and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to development on their lands. Suppliers must meet and communicate these requirements throughout their supply chains to ensure compliance at a corporate group level by direct and indirect suppliers and raw material producers. Suppliers must establish forest and peatland/natural ecosystem monitoring and response⁴ and human rights due diligence systems, non-compliance and grievance procedures, credible third-party verification systems and training programs to uphold the requirements set forth in this Deforestation and Conversion-Free Policy within their own business operations, third-party suppliers, and raw material producers.

Suppliers are required to comply with all applicable federal, state, provincial and local laws and regulations in the markets where we and our suppliers operate.

In addition, Hershey requires our suppliers to adhere to the requirements listed below in line with the [Accountability Framework Initiative](#) to stop deforestation and conversion from a specified cut-off date as follows:

- Cocoa: February 2018

³ In accordance with the Greenhouse Gas (GHG) Protocol and the Science Based Targets initiative (SBTi) for setting science-based targets for Forest, Land, and Agriculture (FLAG) related GHG emissions and removals This meets the highest ambition level currently recognized by the SBTi and aligns with the goals of the Paris Climate Agreement to limit global warming to 1.5°C below pre-industrial levels.

⁴ Such as the "[Deforestation Monitoring and Response Framework](#)" developed by The Consumer Goods Forum's Forest Positive Coalition of Action





- Palm oil & palm kernel oil: December 31, 2015
- Pulp & paper: January 1, 2020
- Soy: January 1, 2020

Protection of Forests and Other Natural Ecosystems⁵

- Everything supplied to Hershey is from legal sources and is legally harvested
- No deforestation or conversion of High Carbon Stock (HCS)⁶ forests or High Conservation Value (HCV)⁷ lands⁸
- No new development on peatland,⁹ regardless of depth
- No forest degradation in the case of agricultural production of pulp and paper. Sustainably managed selective logging of natural forests and adherence to forest management plans do not constitute degradation.
- No burning in the preparation of plantings or any other development
- Adherence to responsible expansion procedures¹⁰
- For areas which were developed (cleared, drained, and/or planted) peatlands, HCV areas, or HCS forests from the specified cut-off date, suppliers must implement an adequate Recovery Plan commensurate with the scale of their non-compliant development.
- Where relevant, support agroforestry, agroecology, forest management best practices, conservation, reforestation or restoration of natural ecosystems

Respect for Human Rights

- Ensure all labor is voluntary and allow workers freedom of movement
- Respect, recognize and uphold the rights of all workers including contract, temporary and migrant workers through compliance with the International Labor Organization's core

⁵ Definitions adapted from the [Accountability Framework Initiative](#) unless noted otherwise

⁶ 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

⁷ As defined by The HCV Resource Network

⁸ Includes Intact Forest Landscapes, International Union for Conservation of Nature (IUCN) protected areas categories I-IV, and UNESCO World Heritage Sites and wetlands on the Ramsar List

⁹ As defined by the International Peatland Society

¹⁰ '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.





conventions, the Universal Declaration of Human Rights, and the United Nations Guiding Principles on Business and Human Rights

- 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 and uphold land tenure rights of individuals, Indigenous Peoples and local communities. All forms of land grabbing are prohibited. Adherence to the requirements for the fulfillment of respecting rights for Indigenous Peoples and local communities to give Free, Prior and Informed Consent 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 it¹¹
- Support the inclusion of smallholders into sustainable agricultural supply chains
- Promote women's rights and empowerment and support the inclusion of women in sustainable agricultural supply chains
- Zero tolerance for harassment, intimidation, criminalization or violence toward human rights, environmental and land defenders

Supply Chain Transparency & Stakeholder Engagement

- Resolve all complaints and conflicts, including land rights disputes, and remediate policy violations in a timely manner 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 retribution¹²
- Promote greater transparency into our agricultural supply chains, including relevant information on smallholders, suppliers, landbanks and concessions/licensed areas utilized for raw material production, primary processing facilities and sourcing practices for each commodity supply chain exposed to deforestation risks as well as 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
- Engage in multi-stakeholder collaborations, including with impacted Indigenous Peoples, local communities, workers, suppliers, peers, civil society, governments, and others to identify and eliminate deforestation across agricultural supply chains at supply shed,

¹¹ 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, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the HCSA Social Requirements and Implementation Guidance, and AFI (2019) Operational Guidance on Free, Prior and Informed Consent June 2019 and Operational Guidance on Respecting the Rights of Indigenous Peoples and Local Communities June 2019

¹² In accordance with the UNGPs on non-judicial grievance mechanisms





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

Hershey intends to work with suppliers that share our values and are actively implementing action plans that adhere to this policy. We are also committed to collaborating and working with our suppliers on continuous improvement.

If a supplier is not compliant with this policy in any of their operations at a corporate group level, and fails to implement corrective action plans within acceptable timeframes and does not remedy any act of non-compliance, Hershey may, in its sole discretion and without any further obligation to the supplier, suspend purchases, refuse to take delivery under any purchase order and return any goods or services from the supplier until the corrective actions have been successfully implemented, or may terminate its business relationship with the supplier in addition to any other rights or remedies available to Hershey.

GOVERNANCE AND ACCOUNTABILITY

Achieving deforestation and conversion-free supply chains is an integral part of our global sustainability strategy, the Shared Goodness Promise. Ultimate oversight for our climate goals and targets (which encompasses deforestation, conversion and land use change) resides with our Board of Directors and our Executive Team (inclusive of the CEO and the CEO's direct reports) which are briefed on at least an annual and bi-annual basis, respectively. Our cross-functional group, the Sustainability Steering Committee, composed of key business leaders and ESG subject matter experts meets at least quarterly to evaluate ESG strategy effectiveness and interdependencies, including those related to climate.

Accountability for managing ESG and sustainability, including climate-related matters, at the management level resides with our Chief Sustainability Officer (CSO) who leads our Global Sustainability Team. Our Global Sustainability Team, composed of ESG experts, manages the strategy, implementation and reporting of our global ESG and sustainability initiatives, including climate change and human rights.

Within our procurement and sourcing strategies, accountability resides with our Vice President of Procurement who leads our Global Responsible Sourcing Team and our Cocoa Sustainability Team. In particular, these teams manage the monitoring and verification of deforestation and conversion within ingredient and material supply chains sourced by Hershey, including cocoa, palm oil, pulp & paper-based packaging, and soy.

The Sustainability, Responsible Sourcing and Cocoa Sustainability teams communicate regularly with external stakeholders who provide valuable perspectives on our program decisions and focus.

