

## Particulars

### About Your Organisation

#### 1.1 Member Name

The Hershey Company

#### 1.2 Membership number

4-0159-11-000-00

#### 1.3 Membership sector

Consumer Goods Manufacturers

#### 1.4 Membership category

Ordinary

#### 1.5 Country

United States

### 2.0 Does your company or organisation produce, process, consume or sell any palm oil or any products containing derivatives of palm oil?

Yes

### 2.1 Please select all description(s) that describe the palm oil-related activities of your company or organisation. Multiple selections are allowed, and not limited to the primary sector of the member's RSPO membership. You will be required to complete the relevant ACOP section based on your selection(s).

- I own and operate oil palm estate(s) and/or palm oil mill(s)
- I represent a palm oil Independent Smallholder farmer Group
- I own and operate independent palm oil mills
- I own and operate independent palm kernel crushing plants
- I trade or broker palm oil, palm kernel oil or related products
- I am a refiner of palm oil or palm kernel oil
- I am a processor of intermediate (B2B) palm oil, palm kernel oil or related ingredients
- I am a B2B distributor or wholesaler of palm oil, palm kernel oil or related products
- I manufacture consumer (B2C) products containing palm oil, palm kernel oil or related products. This includes products manufactured by 3rd party contractors.
- I retail consumer (B2C) products containing palm oil, palm kernel oil or related products
- I operate food retail outlets that use palm oil, palm kernel oil or related products
- I support the sustainable development of the palm oil industry as a conservation and environmental NGO
- I support the sustainable development of the palm oil industry as a social and human development NGO

## Consumer Goods Manufacturers

### 1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- Food Good Manufacturer - own brand
- Food Good Manufacturer - third-party brand
- Home & Personal Care Good Manufacturer - own brand
- Home & Personal Care Good Manufacturer - third-party brand
- Ingredient Manufacturers
- Biofuels
- Other

Other

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## 2. Palm Oil and Certified Sustainable Palm Oil Consumption

*Information in Section 2.0 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil, palm kernel oil and related products consumed, to enable the RSPO to accurately calculate uptake of individual members, sectors and RSPO members as a whole. ACOP reports without reported volume data will be considered as incomplete and will not be accepted. Incomplete ACOP reports may lead to suspension or termination of RSPO membership.*

**2.1 Please list down all operations and subsidiaries using palm oil, palm kernel oil and related products that are owned and/or managed by the member, including those under Group Membership**

The Hershey Company inclusive of those under our Group Membership: Hershey Trading GmbH, Amplify Snack Brands, Hershey Mexico S.A. de C.V., Hershey do Brasil Ltda., Hershey India Private Ltd. and Hershey Malaysia Sdn Bhd.

**2.1.1 In which markets does your company sell goods with palm oil and oil palm products?**

Europe, North America, China, India, Malaysia, Indonesia, Africa, Latin America, Rest of the World

**DL.2.0 In order to facilitate ease of reporting and transparency, RSPO members operating within the palm oil demand supply chain can now choose to report palm oil and palm oil product volumes on:**

an aggregate level (as in previous ACOP reporting cycles)

**2.2 Total volume of uncertified and certified palm oil, palm kernel oil and related products purchased for use in your company's own-brand and third-party brand products**

Description	Tonnes
Total volume of crude palm oil (tonnes)	10316.0
Total volume of crude palm kernel oil (tonnes)	4183.0
Total volume of palm kernel expeller (tonnes)	0.0
Total volume of crude palm oil/palm kernel oil-based derivatives and fractions (tonnes)	18067.0
Total	32566.0

**2.2.1 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.**

Description	Percentage
Palm oil-based derivatives and fractions	66.0
Palm kernel oil-based derivatives and fractions	34.0

**2.3 Please estimate the regional distribution of your company's uncertified and certified palm oil, palm kernel oil and related products sales (as declared in Question 2.2) in the following countries/regions. In cases where sales distribution data is not available, members may use manufacturing regions as a proxy for regional usage of certified volumes.**

Countries/Regions	Percentage
Europe	1.0
North America	91.0
Malaysia	0.0
Indonesia	0.0
China	1.0
India	1.0
Latin America	4.0
Africa	0.0
Rest of World	2.0

**2.4 Volume of RSPO-certified palm oil, palm kernel oil and related products purchased for use in your company's own-brand and third-party brand products in the year:**

Description	Crude/Refined Palm Oil (CSPO)	Crude/Refined Palm Kernel Oil (CSPKO)	Palm Kernel Expeller (CSPKE)	Certified Derivatives and Fractions
RSPO Credits from Mill / Crusher	0.0	0.0	0.0	0.0
RSPO Credits from Independent Smallholder	75.0	10.0	0.0	0.0
Mass Balance (MB)	10241.0	4173.0	0.0	18067.0
Segregated (SG)	0.0	0.0	0.0	0.0
Identity Preserved (IP)	0.0	0.0	0.0	0.0
Total	10316.0	4183.0	0.0	18067.0

**2.4.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.4) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based**

Description	Percentage
Certified Palm oil-based derivatives and fractions	66.0
Certified Palm kernel oil-based derivatives and fractions	34.0

**2.5 According to the volume information you have provided in Question 2.2 and Question 2.4, your company's certified palm oil and palm oil products uptake is:**

100.00%

**2.5.1 Please provide additional information on your certified palm oil, palm kernel oil and related products uptake. This may include your usage of RSPO Credits to cover gaps in certified uptake, changes due to business environment, variations due to stock positions or efforts to support independent smallholders beyond volume commitments.**

In 2020, Hershey maintained our commitment to sourcing 100% RSPO certified oil palm products. Of this, 99.74% was physically certified as Mass Balance.

The remaining percentage, covered by RSPO Credits for Independent Smallholders, was purchased to cover conventional volumes for our Hershey Brazil manufacturing site. Our supplier of this particular blend has difficulties supplying Hershey with certified material for this small volume. Hershey engages this supplier in efforts to ensure all volumes purchased are physically certified.

Nonetheless, in instances where RSPO Credits are required to cover conventional volumes, Hershey purchases Independent Smallholder Credits in our efforts to promote, develop and support inclusion of smallholders in sustainable palm oil supply chains.

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2.6 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question CG.2.3) in the following countries/regions:

<b>Countries/Regions</b>	<b>Percentage</b>
Europe	1.0
North America	91.0
Malaysia	0.0
Indonesia	0.0
China	1.0
India	1.0
Latin America	4.0
Africa	0.0
Rest of World	2.0

### 3. TimeBound Plan

#### 3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?

2020

#### 3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

2014

##### 3.2.1 If the previous target year has not been met, please explain why.

Hershey's target year was met. By the end of 2014, all of our palm oil product purchases for North America operations were 100% Mass Balance certified. By the end of 2017, all of our palm oil product purchases for Hershey Global operations were 100% Mass Balance certified. Hershey achieved our RSPO multi-cite certificate in 2020 for the Mass Balance supply chain.

In 2019 and 2020, to cover small volumes of palm oil products that a supplier for our Hershey Brazil operations cannot provide as Mass Balance certified, we have purchased Independent Smallholder Credits for palm oil and palm kernel oil as disclosed earlier in this ACOP report.

#### 3.3 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

2017

##### 3.3.1 If the previous target year has not been met, please explain why.

By the end of 2017, all of our palm oil product purchases for Hershey Global operations were 100% Mass Balance certified.

#### 3.4 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.

2017

##### 3.4.1 If the previous target year has not been met, please explain why.

By the end of 2017, all of our palm oil product purchases for Hershey Global operations were 100% Mass Balance certified.

In 2019 and 2020, to cover small volumes of palm oil products that a supplier for our Hershey Brazil operations cannot provide as Mass Balance certified, we have purchased Independent Smallholder Credits for palm oil and palm kernel oil as disclosed earlier in this ACOP report.

#### 3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why

Hershey's TimeBound Plan commitments declared above cover all countries in which The Hershey Company operates.



#### 4. Trademark Use

##### 4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

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##### 4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- Challenging reputation of palm oil
- Confusion among end-consumers
- Costs of changing labels
- Difficulty of applying for RSPO Trademark
- Lack of customer demand
- Limited label space
- Low consumer awareness
- Low usage of palm oil
- Risk of supply disruption
- Others

##### Others

The Hershey Company is very selective on what claims and certifications it places on its packaging. Packaging is an important part of how we present our iconic brands and products and any claims and certifications are decided by what is most important to consumers as there is very limited space on packages to balance a number of options, including effective branding, important information such as nutrition information, allergen information, QR codes for access to more details about the product and other information that is required by regulatory agencies such as the U.S. FDA in the United States. While we always explore opportunities to include important consumer information on our labels, these decisions are always informed by demand from consumers.

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## 5. Actions for Next Reporting Period

### 5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

Hershey is in the process of formalizing our 2021-2025 Responsible Palm Oil Sourcing strategy. We anticipate sharing more details about our updated goals and investment focus areas on our public website in H2-2021.

#### Memberships

Hershey has been a member of the RSPO since 2011. In 2020, we joined the North America Sustainable Palm Oil Network (NASPON) which works to accelerate the uptake of certified sustainable palm oil in North America. In early 2021, we have started engaging with the Palm Oil Collaboration Group (POCG) and are in the process of defining the active working groups in which Hershey will participate and support.

Since 2014, Hershey has been a member of Earthworm Foundation, a nonprofit organization that helps us understand where our palm oil is coming from and the associated environmental and human rights issues in our supply chain, and to contribute to the transformation of the palm sector. Through our partnership with Earthworm Foundation, we are focused on four strategic areas: i) Supply Chain Traceability; ii) Supplier Engagement; iii) Landscape and Transformation Projects; and iv) Monitoring & Verification.

#### Supply Chain Certification & Traceability

Since 2017, Hershey has sourced 100% RSPO Mass Balance certified palm oil for Hershey's global operations. We continue to uphold this sourcing commitment. In 2020, we also obtained our RSPO Supply Chain Certification, multi-site certificate for a Mass Balance supply chain. We will undergo our surveillance audit in 2021 to maintain our RSPO Supply Chain Certificate.

We continue tracing our palm oil supply chain to the mill (TTM) and plantation (TTP) which is updated bi-annually on our corporate webpage and annual Sustainability Report. Hershey did not achieve our goal of 100% traceability to the plantation by 2020. We have updated our goal to achieve 100% TTP by 2025. We acknowledge that the pathway to 100% TTP will continue to be complex for several reasons, including challenges associated with mapping smallholders. We improve our plantation traceability by reallocating volume to suppliers more committed to traceability, transparency and the inclusion of smallholders in a sustainable supply chain.

#### Supplier Engagement

We continue to monitor our Tier 1 and upstream suppliers' compliance with RSPO Standards and adherence to our own Responsible Palm Oil Sourcing Policy (updated October 2020), which outlines our commitment to a No Deforestation, No Peat, No Exploitation (NDPE) palm oil supply chain. Through our own commercial relationships and multi-stakeholder programs and initiatives led by Earthworm Foundation, we engage our direct and indirect suppliers to strengthen NDPE compliance across the palm sector. Our suppliers help cascade our NDPE expectations to refiners, mills and plantations with whom they have commercial or more direct relations.

In 2020, we formally published our Palm Oil Grievance Procedure and Palm Oil Grievance Log which is publicly updated monthly. We will continue to follow our Grievance Procedure and Log to transparently disclose how we investigate NDPE violations in our palm oil supply chain and establish formalized thresholds for suspension and re-entry into our supply chain. This log will inform opportunities for supporting continuous improvement and industry transformation.

Through this engagement with our supply chain partners, our aim is to proactively protect habitats, prevent further deforestation and destruction, and support and protect the rights of local communities in addition to reactively addressing NDPE allegations and violations.  
Transformation Programs

In 2021, we have increased support for Earthworm Foundation's Areas for Priority Transformation (APT) Project in Southern Aceh and Aceh Tamiang regions of Indonesia, areas of rich biodiversity near to the Leuser Ecosystem and Rawa Singkil Wildlife Reserve. APT endeavors to cultivate long-term collaboration between the industry, local NGOs and government to develop transformation activities in the region that has since seen a 60 percent reduction in deforestation between 2016 and 2019. In 2020, Hershey joined the APT Steering Committee. In 2021, we are also co-funding an Earthworm Foundation-led projects in Peninsular Malaysia to improve NDPE practices and strengthen our palm oil supply chain.

### Monitoring & Verification

Starting in 2020 and continuing in 2021, through Airbus and Earthworm Foundation's Starling satellite-based service, we started monitoring the supply chains of our highest volume direct suppliers, covering about 67% of our palm supply chain (based on 2019 volumes). Our objective is to move our palm supply chain to 100% verified deforestation free.

On a quarterly basis, we receive reports on deforestation and land clearing events captured by Starling nears mills and within concession boundaries. We engage with our suppliers to help us to verify whether the deforestation is known or new and any actions taken, progress made to date or need for further investigation. They also help us obtain sourcing information, including traceability to the plantation data and concession boundaries, and any other evidence to de-link deforestation from our palm supply chain.

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## Shared Responsibility

*The Board of Governors of the Roundtable on Sustainable Palm Oil approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at [acop@rspo.org](mailto:acop@rspo.org)*

### Labour & Labour Rights

**1.1 Does your company have a publicly-available policy covering Labour & Labour Rights?**

Yes

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**1.1.1 Does the policy cover:**

- No discrimination
- Wage and working conditions
- Freedom of association
- No child labour
- No harassment
- No forced or trafficked labour

### Ethical Conduct & Human Rights

**1.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?**

Yes

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**1.2.1 Does the policy cover:**

- Recruitment
- Contractors
- Sub-Contractors & Third-Party Contractors

### Land Use

**1.3 Does your company have a publicly-available Policy covering Land Use?**

Yes

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**1.3.1 Does the policy cover:**

- Free Prior and Informed Consent (FPIC)
- Compensation

### Occupational Health & Safety

**1.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

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## Climate Change & Greenhouse Gas (GHG)

### 1.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?

Yes

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#### 1.5.1 Does the policy cover:

- Identification and assessment of GHG
- Monitored implementation plan to reduce or minimise GHG emissions

## Complaints & Grievances

### 1.6 Does your company have a Complaints & Grievances Mechanism?

Yes

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#### 1.6.1 Is your Complaints & Grievance mechanism in line with the principles of the RSPO's grievance mechanism, which are the elements of fairness, transparency, and impartiality?

Yes

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## Smallholders

### 1.7 Does your company support oil palm independent smallholder groups?

Yes

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#### 1.7.1 Does this support cover:

- Fair and transparent dealings with Smallholders
- Improved Smallholder livelihoods

#### 1.7.2 How is your company supporting them?

The Hershey Company is a member of Earthworm Foundation. We co-sponsor the Areas for Priority Transformation (APT) Project in Southern Aceh and Aceh Tamiang regions of Indonesia near to the Leuser Ecosystem and Rawa Singkil Wildlife Reserve. APT endeavors to cultivate long-term collaboration between the industry, local NGOs and government to develop transformation activities. Through APT, independent smallholder producers receive capacity building and training around compliance with NDPE, High Carbon Stock (HCS) and High Conservation Value (HCV) approaches as well as opportunities for alternative livelihoods. In 2021, we are also co-funding an Earthworm Foundation-led project in Peninsular Malaysia which includes a focus on supporting smallholder farmers in good agricultural practices training, income diversification, and sustainability and conservation.

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**Sustainable Palm Oil Policy**

**1.8 Does your company have a publicly-available Policy covering the implementation of RSPO Shared Responsibility principles?**

Yes \_\_\_\_\_

**Waste Management**

**1.9 Does your company have a waste management plan?**

Yes \_\_\_\_\_

**Water Management**

**1.10 Does your company have a water management plan?**

Yes \_\_\_\_\_

**Energy Use**

**1.11 Does your company have an energy use plan covering fossil fuels and renewable energy?**

Yes \_\_\_\_\_

**RSPO Services and Support**

**1.12 Does your company provide services and support to the RSPO, eg. participation in RSPO Working Groups and Task Forces**

No \_\_\_\_\_

**Shared Responsibility Resourcing**

**1.13 Does your company have a plan to commit resources to ensure effective implementation of RSPO Shared Responsibility principles?**

Yes \_\_\_\_\_

## Challenges and Support

### 1.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- Awareness of RSPO in the market
- Difficulties in the certification process
- Certification of smallholders
- Competition with non-RSPO members
- High costs in achieving or adhering to certification
- Human rights issues
- Insufficient demand for RSPO-certified palm oil
- Low usage of palm oil
- Reputation of palm oil in the market
- Reputation of RSPO in the market
- Supply issues
- Traceability issues
- No challenges faced
- Others

Others

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### 1.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- No actions taken
- Others

Others

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### 1.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

Hershey's Annual Sustainability Report:  
[https://www.thehersheycompany.com/en\\_us/sustainability/csr-reports.html](https://www.thehersheycompany.com/en_us/sustainability/csr-reports.html)

Hershey Palm Oil Webpage: [https://www.thehersheycompany.com/en\\_us/sustainability/shared-business/responsible-sourcing/priority-ingredients-and-materials/palm-oil.html](https://www.thehersheycompany.com/en_us/sustainability/shared-business/responsible-sourcing/priority-ingredients-and-materials/palm-oil.html)