

Particulars

About Your Organisation

1.1 Name of your organisation

The Hershey Company

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- Palm Oil Grower
- Processor and/or Trader
- Consumer Goods Manufacturer
- Retailer
- Bank and/or Investor
- Social and/or Development NGO
- Environmental and/or Conservation NGO
- Affiliate

1.3 Membership number

4-0159-11-000-00

1.4 Membership category

Consumer Goods Manufacturers

1.5 Membership sector

Ordinary

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

-

2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.

2.1 Please list down all operations and subsidiaries using palm oil 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?

Applies globally

2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products and in products produced by your company for third-party brands in the year:

Description	Tonnes
Total volume of crude/refined palm oil (tonnes)	10752.52
Total volume of crude/refined palm kernel oil (tonnes)	10577.35
Total volume of palm kernel expeller (tonnes)	0.0
Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes)	7057.25
Total	28387.12

2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2.4) 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	100.0
Palm kernel oil-based derivatives and fractions	0.0

2.3 Volume of RSPO-certified palm oil and palm oil products used in your company's own brand products and in products produced by your company for third-party brands in the year (tonnes):

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	76.0	0.0	0.0	0.0
RSPO Credits from Independent Smallholder	26.0	27.0	0.0	0.0
Mass Balance (MB)	10650.52	10550.35	0.0	7057.25
Segregated (SG)	0.0	0.0	0.0	0.0
Identity Preserved (IP)	0.0	0.0	0.0	0.0
Total	10752.52	10577.35	0.0	7057.25

2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.3) 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 derivatives.

Description	Percentage
Certified Palm oil-based derivatives and fractions	100.0
Certified Palm kernel oil-based derivatives and fractions	0.0

2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:

100.00%

2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?

Yes

2.5 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:

Countries/Regions	Percentage
Europe	0.0
North America	93.0
Malaysia	1.0
Indonesia	0.0
China	1.0
India	1.0
Latin America	4.0
Africa	0.0
Rest of World	0.0

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 for CG.3.2 has not been met, please explain why.

CG.3.1: We are currently working on achieving the RSPO Supply Chain Certification with the expectation to be certified in 2020. We had planned to achieve this in 2019, but experienced unexpected delays due to changes on the Responsible Sourcing team. CG.3.2: The target year was met. By the end of 2014, all of our palm oil purchases for North America operations were 100 percent Mass Balance RSPO-certified palm oil. By the end of 2017, all of our palm oil purchases for Global operations were 100 percent Mass Balance RSPO-certified palm oil. In 2019, due to a volume issue with a supplier, Hershey purchased 26 IS-CSPO and 27 IS-CSPKO Credits to cover the 53 MT of conventional oil. This has been resolved for 2020 and we expect to once again purchase 100% RSPO-certified sustainable palm oil products in line with our sourcing commitment to purchasing 100 percent Mass Balance RSPO-certified palm oil.

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 for CG.3.3 has not been met, please explain why.

By the end of 2014, all of our palm oil purchases for North America operations were 100 percent Mass Balance RSPO-certified palm oil. By the end of 2017, all of our palm oil purchases for Global operations were 100 percent Mass Balance RSPO-certified palm oil.

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 for CG.3.4 has not been met, please explain why.

By the end of 2014, all of our palm oil purchases for North America operations were 100 percent Mass Balance RSPO-certified palm oil. By the end of 2017, all of our palm oil purchases for Global operations were 100 percent Mass Balance RSPO-certified palm oil. In 2019, due to a volume issue with a supplier, Hershey purchased 26 IS-CSPO and 27 IS-CSPKO Credits to cover the 53 MT of conventional oil. This has been resolved for 2020 and we expect to once again purchase 100% RSPO-certified sustainable palm oil products in line with our sourcing commitment to purchasing 100 percent Mass Balance RSPO-certified palm oil.

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

The TimeBound Plan commitments 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

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

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)

We are currently working to obtain RSPO Supply Chain Certification. This was delayed in 2019 due to internal personnel reasons, and is anticipated to be achieved in Q3/Q4 2020. We continue our traceability work to the mill and plantation level which is updated bi-annually on our corporate webpage and annual Sustainability Report. We also report our commitment to purchasing RSPO certified mass balance palm oil in our yearly Sustainability Report. We continue to monitor compliance with RSPO Standards and NDPE commitments as well as adherence to our own Responsible Palm Oil Sourcing Policy. As part of the compliance work, in 2020 we have formally published our palm oil grievance procedure and palm oil grievance log. This allows us to capture the environmental and social grievances raised against our palm oil supply chain - including RSPO grievances - as well as disclose how we investigate and engage with our direct suppliers around these issues. We have also increased support for on-the-ground activities led by Earthworm Foundation in our key sourcing areas. For example, we co-fund the Areas for Priority Transformation 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 has joined the APT Steering Committee, and expanded funding to cover several other Earthworm-led projects in East Riau, Indonesia and in Malaysia to improve NDPE practices and strengthen our palm oil supply chain.

6. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) 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

Labour & Labour Rights

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

Yes

6.1.1 Does the policy cover:

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

6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

Ethical Conduct & Human Rights

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

Yes

6.2.1 Does the policy cover:

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

6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

Land Use

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

Yes

6.3.1 Does the policy cover:

- Free Prior and Informed Consent (FPIC)
- Compensation

6.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

Occupational Health & Safety**6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

No

Climate Change & Greenhouse Gas (GHG)**6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

6.5.1 Does the policy cover:

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

6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?

Yes

Complaints & Grievances**6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaint/s/>

Yes

Smallholders**6.7 Does your company support oil palm independent smallholder groups?**

Yes

6.7.1 Does this support cover:

- Fair and transparent dealings with Smallholders
- Improved Smallholder livelihoods

6.7.2 How is your company supporting them?

The Hershey Company is a member of Earthworm Foundation. We co-sponsor Areas for Priority Transformation (APT) in Southern Aceh and Aceh Tamiang landscapes, in and around the Leuser Ecosystem and the Rawa Singkil Wildlife Reserve, to support cross-sector efforts with Earthworm Foundation, Government of Indonesia, civil society and other companies to reduce and prevent further deforestation. Through APT, independent smallholder producers receive capacity building and training around compliance with NDPE, HCS and HCV conservation, as well as opportunities for alternative livelihoods.

7. Challenges

7.1 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

We have encountered reputational obstacles with NGOs who have issues with RSPO enforcement of policies on growers and plantation managers. We point to our traceability work and are committed to working with our suppliers to remediate any violations found in our supply chain. If necessary, we will suspend or remove any suppliers tied to our supply chain that do not comply with the RSPO's Standards, Hershey's Palm Oil Sourcing Policy, Hershey's Human Rights and Environmental Policies, and Hershey's Supplier Code of Conduct until the actor demonstrates compliance with corrective action plans and meet any established re-entry criteria.

7.2 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

Hershey co-sponsors several Earthworm Foundation projects and initiatives that contribute to sustainable palm oil. In addition to co-sponsoring the Areas for Priority Transformation (APT) in the Southern Aceh and Aceh Tamiang landscapes, near to the Leuser Ecosystem and Rawa Singkil Wildlife Reserve, Hershey has made additional 2020 program commitments. We are strengthening our engagement with the APT Project and have joined the APT Steering Committee. In addition, we are co-funding several other Earthworm-led projects in key sourcing regions including in East Riau, Indonesia where smallholder producers will be supported. We are also more strategically engaging with our direct suppliers in the spirit of continuous improvement around their NDPE Commitments, Policy and Programs to deliver a NDPE palm oil supply chain.

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

Please find additional information on our sustainable palm oil efforts here:

https://www.thehersheycompany.com/en_us/sustainability/shared-business/palm-oil-facts.html Information can also be found in our annual Sustainability Report. 2018 Sustainability Report is found here:

<https://www.thehersheycompany.com/content/dam/corporate-us/documents/pdf/Hershey-SR-2018.pdf> 2019 Sustainability Report will be published in May 2020.