



## Responsible Palm Oil Sourcing Policy

### INTRODUCTION

The Hershey Company is committed to high standards in responsible and sustainable palm oil sourcing. In 2013, we announced our commitment to sourcing 100% traceable and responsible palm oil to achieve visibility into the sources of palm oil products within our supply chain.

This is a substantial commitment that not only goes beyond our current 100% RSPO-certified sourcing but positions The Hershey Company as a leader among global food companies. The company aims to source only responsibly grown palm oil that does not contribute to the destruction of forests or the exploitation of workers and local communities.

The Hershey Company is working towards establishing the best path forward to a sustained, traceable, responsible palm oil supply chain, and achieved traceability to the mill level in early 2015. From there we are using this information to assess which suppliers present the highest risk for engaging in deforestation. We will require that these suppliers commit to implementing responsible expansion procedures<sup>1</sup> to the plantation level in 2016.

The Hershey Company is a member of The Forest Trust (TFT), a non-profit organization that is helping us achieve a traceable supply chain that adheres to our enhanced Responsible Palm Oil Sourcing Policy. This policy builds on the fully traceable palm oil commitment the company announced in December 2013 and provides additional details on the expectations to which we will hold our palm oil suppliers accountable.

### COMMITMENTS

The Hershey Company is now working closely with its suppliers and industry experts as it strives to ensure its palm oil supply comes from fully traceable and responsible sources. In addition to adhering to the RSPO standards, our suppliers will be required to provide palm oil that is sourced from a supply chain that also adheres to the following requirements:

1. Does not contribute to deforestation, including protection and conservation of High Conservation Values<sup>2</sup> and High Carbon Stock forests<sup>3</sup>.
2. No new developments on peat<sup>4</sup>, regardless of the depth.

CONTINUED

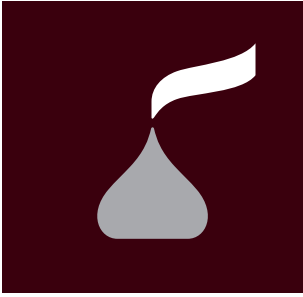
---

<sup>1</sup> '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.

<sup>2</sup> High Conservation Value (HCV) areas contain items of biological, social or cultural value that are important to conserve, including rare, threatened and endangered species and their habitat. [www.hcvnetwork.org](http://www.hcvnetwork.org)

<sup>3</sup> Primary forests, high, medium and low-density forests and regenerating forests are recognized as High Carbon Stock (HCS) forests. HCS forests in Indonesia and Malaysia are defined as natural forest areas with above ground carbon stocks above a threshold set in the range of 25-70 tons.

<sup>4</sup> Peatland being defined as area with soil consisting of 65% or more organic material.



3. Identify and reduce Greenhouse Gas Emissions in existing operations<sup>5</sup> including mill effluent.
4. Operate in compliance with national and local laws and regulations and international labor and human rights laws and norms<sup>6</sup>. Respect, recognize and uphold the rights of all workers including contract, temporary and migrant workers through compliance with the International Labor Organization (ILO) core conventions and applicable international instruments.
5. Respect and uphold land tenure rights, the rights of Indigenous Peoples and local communities to give or withhold their Free, Prior and Informed Consent to any development on their lands to which they hold legal, communal or customary rights<sup>7</sup>.
6. Resolve all complaints and conflicts and remediate policy violations through an open, balanced, transparent and accountable grievance and dispute resolution mechanism<sup>8</sup>.
7. Comply with The Hershey Company's Supplier Code of Conduct.

The Hershey Company intends to work with palm oil suppliers that not only share our values but are willing to develop action plans to adhere to this policy. When violations occur with the commitments noted above, the company will work with suppliers to remediate these actions, and, where necessary, find alternative suppliers.

The Hershey Company publicly reports palm oil progress annually on our website beginning in the first quarter of 2015.

---

<sup>5</sup> Consistent with RSPO P&C 5.6 which states 'Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.'

<sup>6</sup> Including the Universal Declaration of Human Rights, United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), FAO Voluntary Guidelines on Tenure and Food Security; ILO Conventions 29, 87, 98, 100, 105, 111.

<sup>7</sup> In accordance with the Universal Declaration on the Rights of Indigenous Peoples and FAO Voluntary Guidelines on Tenure and Food Security and RSPO Principles 7.5, 7.6, 2.2, and 2.3.

<sup>8</sup> Consistent with RSPO P&C 6.3 and 6.9.3