

**DIVE BRIEF**

# Bonumose breaks ground on Hershey-funded production and R&D facility

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**Dive Brief:**

- Rare sugar maker Bonumose is partnering with Hershey to expand into a new \$27.7 million facility for R&D and manufacturing near Charlottesville, Virginia. The facility is expected to create 64 new jobs.
- Bonumose will use the facility to research new rare sugars for snacking and confections, as well as work to create reduced-sugar confections for Hershey. In February, the candy maker partnered with sweetener company ASR Group to co-lead an equity investment in Bonumose.
- Half of consumers who are 24 and older would like to reduce their sugar intake, according to a study from FONA International. But, according to IRI data cited by Hershey in February, only 6% of candy, mint and gum sales come from products that could be defined as "better-for-you."

**Dive Insight:**

Earlier this year, Hershey laid out an ambitious plan to expand and grow its better-for-you candy platform. The company has said it believes that if about a fifth of all candy sales went toward

healthier options, that segment could increase its annual revenue anywhere between \$500 million and \$1 billion.

The partnership with Bonumose is extending Hershey's commitment to that plan. In a blog post, Amy Preston, Hershey's senior manager of R&D regulatory, nutrition and agile innovation, wrote that the Bonumose facility is critical to advancing the company's work with rare sugars, but it is only a piece of its efforts. Hershey, she said, is working to support development and accessibility of rare sugars through a multi-prong approach.

"Our efforts include focusing R&D capabilities on initiatives such as recipe development and technology as well as advocating to the FDA for labeling exemptions in order to help us make more [better-for-you] options a reality with the use of rare sugars," she wrote.

Many of the sweets in Hershey's current zero sugar lineup use sugar alcohols as their sweetener. While these sweeteners are often naturally occurring, they still can have high calorie counts and can also be difficult for some consumers to digest.

Bonumose specializes in using enzymes to convert starches into tagatose, a naturally occurring rare sugar, which the company says is 90% as sweet as sugar, but is low-calorie and does not promote tooth decay. The company also uses its enzymatic processes to try to make other rare sugars at scale. Bonumose CEO Ed Rogers told Food Navigator that the company, whose mission is to make healthier sweeteners affordable, would be ready to produce tagatose at some sort of scale early next year.

Bonumose's mission — and its products — fit in with another one of Hershey's goals: lobbying the FDA to exempt these rare sugars from being called out on food labels as sugars. Because of the way the rare sugar allulose is metabolized, FDA has ruled it does not

have to be labeled as a sugar. Preston said in her blog post that Hershey will work to gain the same type of exemption for tagatose and other nontraditional natural sweeteners. If they are successful, she writes, more CPG companies would be interested in including these sweeteners in products.

Aside from the funding for Bonumose and the zero-sugar or bite-sized version of its legacy products, Hershey has been moving toward developing a strong better-for-you confectionery portfolio. In May, the company acquired low-sugar candy brand Lily's, which is known for its high-end chocolates. Hershey has also been toeing into plant-based sweets, testing a new vegan chocolate bar called Hershey's Oat Made in select markets.

This investment also gives Bonumose the facility it needs to work on developing new natural sweeteners. When Hershey laid out its better-for-you plans in February, the company said part of its focus would be on M&A. With Hershey's investment in Bonumose's facility, it will be interesting to see if the tagatose produced is available to other CPG companies, or if the confectionery giant decides to acquire Bonumose for its own purposes outright.