



TIME TO RAISE THE BAR:



**THE REAL CORPORATE
SOCIAL RESPONSIBILITY REPORT
FOR THE HERSHEY COMPANY**



TIME TO RAISE THE BAR: The Real Corporate Social Responsibility for the Hershey Company

September 2010

Prepared by

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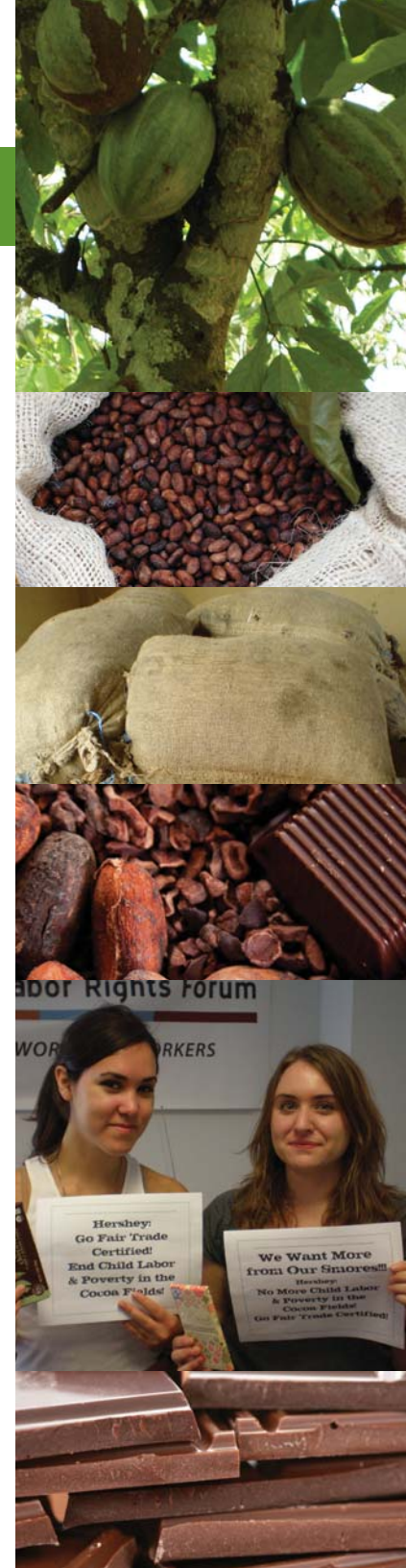
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TABLE OF CONTENTS

Executive Summary	4
Areas for Improvement	6
Desired Outcomes for a Fair Hershey's	7
Problems at the Source	8
Lack of Transparency	10
Lack of Certification	12
Commitment to Ethical Cocoa Sourcing	15
Certification Chart	17
Other Corporate Social Responsibility Initiatives	18
Job Losses and Worker Rights Abuses in the US	21
Conclusion	23
Desired Outcomes for a Fair Hershey's	24
Appendices	
A. Breaking the (Supply) Chain	25
B. Harkin Engel Protocol Timeline	27
C. Overview of Cocoa Production Certification Initiatives	29
D. Commitment to Ethical Sourcing	32
E. New Company Commitments to Ethical Sourcing	35
Endnotes	38
Authors of the Report	41





EXECUTIVE SUMMARY

When people think of Hershey, they usually think of Hershey's iconic chocolates—the Hershey Bar, Hershey's Kisses, Reese's Peanut Butter Cups—and Hersheypark. In the United States, Hershey conjures up innocent childhood pleasures and enjoyable snacks. However, halfway across the globe, there is a dark side to Hershey. In West Africa, where Hershey sources much of its cocoa, the scene is one of child labor, trafficking, and forced labor.

Despite almost ten years of commitments from Hershey and other major chocolate companies to take responsibility for their cocoa supply chains and improve conditions for workers¹, significant problems persist. Abusive child labor, trafficking, and forced labor continue to plague the West African cocoa industry. The farmers in this region, which supplies the majority of the world's cocoa, live in poverty, while major chocolate corporations continue to amass large profits.

For years, a number of smaller chocolate companies in the US have been sourcing Fair Trade Certified™ cocoa and building relationships with cocoa farmers to ensure that these farmers earn enough to support their families, invest in their futures, and send their children to school. Additionally, many of the largest global chocolate corporations are increasingly sourcing cocoa beans that have been certified by independent organizations to meet various labor, social, and environmental standards. But there has been one major exception to this trend: the Hershey Company.

Hershey, one of the largest and oldest chocolate manufacturers in the United States, prides itself on its commitment to supporting its community and underserved children in the United States, yet it lags behind its competitors when it comes to taking responsibility for the communities from which it sources cocoa. Hershey has no policies in place to purchase cocoa that has been produced without the use of labor exploitation, and the company has consistently refused



to provide public information about its cocoa sources.

Additionally, Hershey has made no move to shift to third-party certification for the cocoa that it sources from West Africa. No information is available from Hershey about how the money it has invested in various programs in West Africa has actually impacted reductions in forced, trafficked, and child labor among the suppliers of its cocoa. Finally, Hershey's efforts to further cut costs in its cocoa production has led to a reduction in good jobs in the United States.

While Hershey's CEO received an \$8 million compensation package in 2009, many of the farmers who grow cocoa in Côte d'Ivoire and Ghana that ends up in Hershey products are barely able to cover their costs, and as a result, use unpaid child labor and even forced labor on their farms.

On September 13, 2010, the Hershey Company released its first ever Corporate Social Responsibility (CSR) report, yet failed to offer any real solutions to issues of forced and child labor that persist in its supply chain. This report is an alternative CSR report for the Hershey Company; it provides an overview of developments in corporate responsibility efforts in the cocoa industry, examines Hershey's corporate social responsibility policies and programs, and concludes that Hershey should increase transparency in its cocoa supply chain and shift to sourcing Fair Trade Certified™ cocoa.

ABOUT THE HERSHEY COMPANY^{2,3}

CEO: David J. West
(2009 Compensation = \$8,004,029)

Corporate Headquarters:
100 Crystal A Drive,
Hershey, PA 17033

Corporate Website:
www.TheHersheyCompany.com

Top Chocolate Products: Hershey's chocolate bars, Reese's, Nutrageous, Kisses, 5th Avenue, Almond Joy, Caramello, Heath, Kit Kat, Mounds, Mr. Goodbar, Rolo, Symphony, Take5, Whatchamacallit, York, etc.

2009 Net Revenue: \$5.3 billion

US Market Share: 42.5%³

Stock Ticker/Exchange Listing: HSY

Employees Worldwide: 13,000





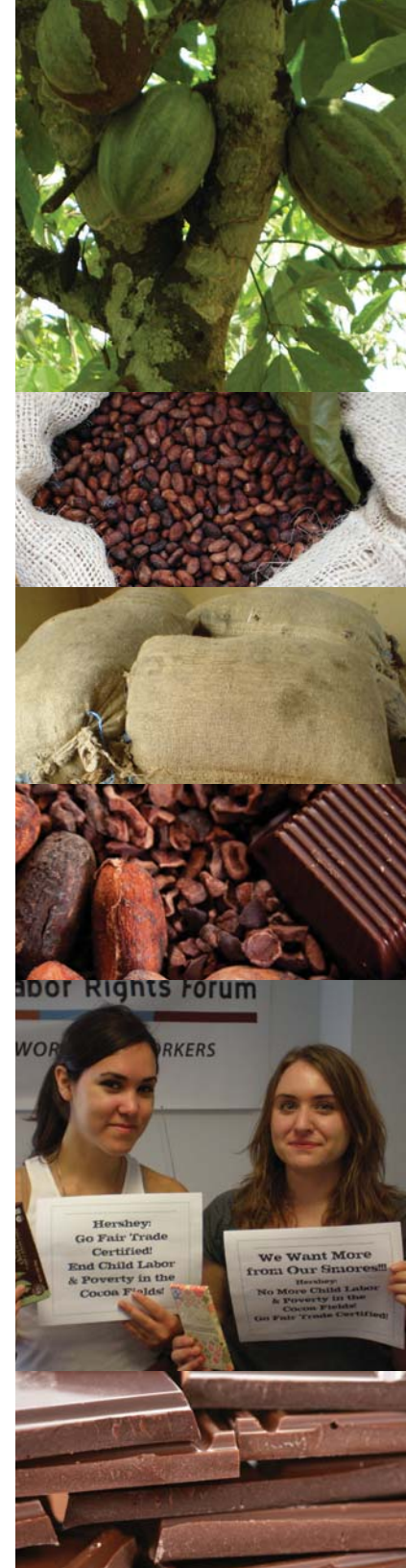
HERSHEY'S CORPORATE SOCIAL RESPONSIBILITY: AREAS FOR IMPROVEMENT

ISSUE	EXPLANATION
SOURCING	<p>Much of Hershey's cocoa is sourced from West Africa, a region plagued by forced labor, human trafficking, and abusive child labor. Hershey does not have a system in place to ensure that its cocoa purchased from this region is not tainted by labor rights abuses.</p>
TRANSPARENCY	<p>Hershey continuously refuses to identify its cocoa suppliers; therefore, it is impossible to verify that its chocolate was not made under conditions of abusive child labor.</p>
GREENWASHING	<p>Hershey points to various charitable donations to children in the US and programs in West Africa as examples of its social responsibility, yet has no policies in place to ensure that the cocoa used in its products is not produced with forced, trafficked, or child labor.</p>
CERTIFICATION	<p>A reputable, independent, third-party certification can ensure that a process is in place to identify and remediate labor rights abuses. For cocoa, the strongest certification system currently available is Fair Trade. Unlike many of its competitors, Hershey's has not embraced Fair Trade certification. Only one of Hershey's chocolate bars, from the Dagoba line it acquired in 2006, is Fair Trade Certified™.</p> <p>Hershey lags behind its competitors when it comes to purchasing cocoa that has been certified to meet certain labor, social, and environmental standards. Most major chocolate companies offer Fair Trade options now, and many smaller companies have been 100% Fair Trade for years.</p>

RAISING THE BAR: DESIRED OUTCOMES FOR A FAIR HERSHEY

- **Agreement to take immediate action to eliminate forced and child labor** in violation of international human rights standards on forced, child, and trafficked labor from Hershey's cocoa supply chain through:
 - 1) tracing its supply chain to the farm level,
 - 2) sourcing from farmers who can show through independent verification that they do not use forced labor or child labor,
 - 3) asking suppliers to end such practices throughout their supply chain.
- **Commitment to sourcing 100% Fair Trade Certified™ cocoa beans by 2012 for at least one of its top five selling chocolate bars** that prominently displays the Hershey name.
- Additionally, **a commitment to making at least one additional top five selling bar 100% Fair Trade Certified™ every two years thereafter**, so that Hershey's **top five selling cocoa bars will all be 100% Fair Trade Certified™ within ten years.**
- Finally, a commitment that the majority of **Hershey's cocoa across all products will be Fair Trade Certified™ by 2022.**

Achieving these outcomes will mean that Hershey and its stockholders are no longer profiting from labor and child labor. Hershey will be meeting contemporary 21st-century corporate standards for transparency. Today, Hershey is a laggard when it comes to corporate social responsibility concerning its core products. Committing to and accomplishing these outcomes would elevate Hershey to the ranks of exemplary leadership within the community of US corporations.





PROBLEMS AT THE SOURCE

WHILE cocoa is sourced from several regions around the world, West Africa is the largest producer, making up 70 percent of the world's cocoa. The West African nation of Côte d'Ivoire alone grows 40 percent of the global supply of cocoa, with Ghana, Cameroon, and Nigeria being the other major producers in the region. With more than 1.5 million small family farms across this region, thousands of communities depend on cocoa for their livelihood.

Unfortunately, cocoa has not proved to be lucrative for most of the cocoa farmers in Côte d'Ivoire. Cocoa farmers typically live in poverty, and, as a result, instances of forced labor, human trafficking, and the worst forms of child labor are found too often on cocoa farms in West Africa⁴.

The Payson Center at Tulane University, in its "2009 Assessment of Child Labor in the Cocoa Supply Chain in Côte d'Ivoire and Ghana," found that children are frequently involved in weeding, plucking cocoa pods, gathering and heaping cocoa pods, and other cocoa-growing activities. It also reported that 15 percent of children surveyed reported forced or involuntary work in the past twelve months⁵. In addition, it found that nearly 50 percent of children working in cocoa farming in Côte d'Ivoire and over 50 percent in Ghana reported injuries from their work in the past year⁶. In 2009, INTERPOL and Côte d'Ivoire police conducted raids on several cocoa plantations in Côte d'Ivoire that identified scores of children in forced labor conditions who had been trafficked into Côte d'Ivoire from other countries⁷.

Over a decade ago, initial reports from the region described how children worked for long hours on cocoa farms performing hazardous work like using machetes, carrying heavy loads, and coming into close contact with toxic



pesticides. Other children were trafficked from neighboring countries like Mali and Burkina Faso and forced to work on cocoa farms. In 2005, children who had been trafficked from Mali to Côte d'Ivoire to work on cocoa farms filed a lawsuit in US courts against cocoa traders Archer Daniels Midland, Cargill, and Nestlé that is still ongoing. The children described being forced to work for long hours without pay and being kept by force on cocoa plantations⁸. As the predominant companies trading cocoa globally, Hershey purchases its cocoa from at least one of these companies⁹.

One of the major factors underlying violations of labor rights on cocoa farms is the low price paid to farmers for their beans. Without receiving a fair price for their product, cocoa farmers do not have the means to hire adult workers whose rights are adequately respected, and who are in turn paid fair wages.

Since at least 2001, the Hershey Company has been aware of the problems that exist at the start of its supply chain, yet it continues to source from this region without ensuring that labor rights abuses do not occur in the production of the cocoa it uses.

Hershey is America's favorite chocolate brand, accounting for 42.5% of the US market.

Yet, inside almost every Hershey chocolate product is the bitter truth that the cocoa used to produce the chocolate may very well have been produced under harmful conditions, including forced labor, human trafficking, and abusive child labor.





LACK OF TRANSPARENCY

THE 2010 *Trafficking in Persons* report published by the US Department of State notes that “there is no way to effectively monitor a supply chain without tracing it all the way down to the raw materials.”¹⁰ Additionally, the State Department outlines key policies that businesses should adopt including “taking accountability for all the labor in the supply chain all the way down to raw materials, with a pledge to monitor compliance, remediate noncompliance, and verify those actions by an independent third party.” See “Appendix A” for full list of recommendations.

Based on public reporting, Hershey has no programs in place to trace its cocoa supply chain, institute labor standards for cocoa suppliers, or independently monitor and audit the conditions of the cocoa farms from which it sources. Without this information, it is impossible for Hershey to trace from which farms its cocoa is sourced, thus leaving consumers in the dark as to whether or not the chocolate it purchases and consumes was made under the conditions of abusive child labor and forced labor.

When investors submitted a proposal in 2006 to the company to institute supply-chain transparency programs for its cocoa, the Hershey Trust rejected the proposal.¹¹ In April 2006, Global Exchange filed a shareholder resolution requesting that company management “review and report to shareholders on all sources of cocoa supply purchased for manufacture of all company products, including a breakdown of percentage of total volume by supplying company or source” (see text box for the full resolution).

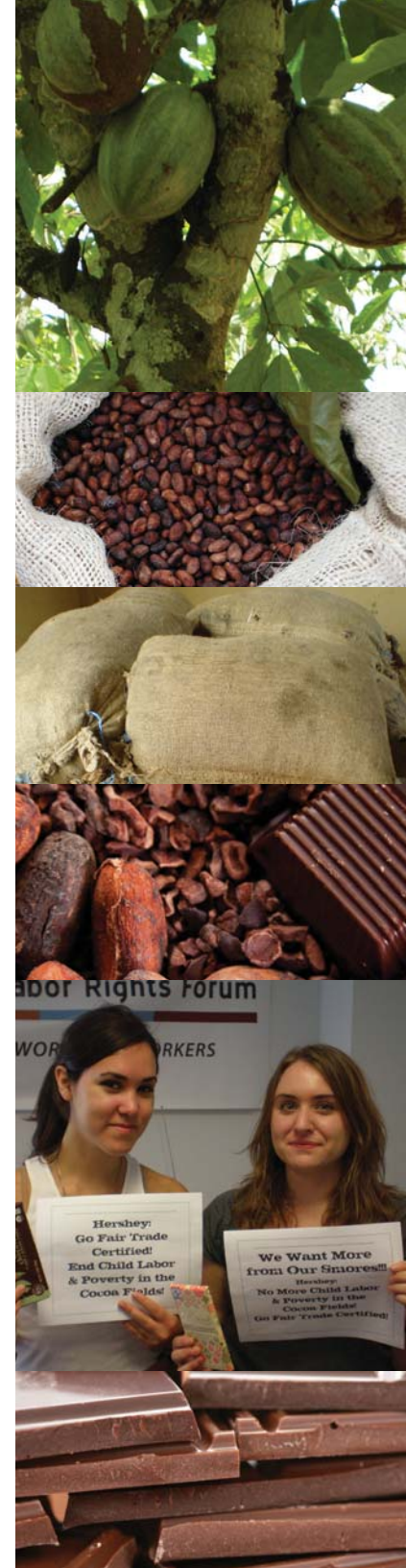
Without third-party certification or enforceable legislation, Hershey is unwilling or unable to trace the source of its cocoa to verify it was not produced under the worst forms of child labor.

The resolution specifically mentioned that, due to the potential financial and reputational risks for Hershey, the review should address how much cocoa Hershey is purchasing from the three companies, Archer Daniels Midland, Cargill, and Nestlé, which are involved in the ongoing lawsuit in US courts on child labor claims.¹²

Speaking on behalf of resolution-filer Global Exchange at the shareholder meeting, Bama Athreya said, “To fairly determine the best steps, both to protect Hershey’s reputation and to end abusive child labor, the company management and shareholders need further information. This resolution is a simple first step, asking for identification of sourcing relationships. Transparency and information can only assist us in any efforts we make in the future to protect ourselves and to make progress on this issue.”¹³ The CEO of Hershey at the time, Richard Lenny, spoke against the resolution on behalf of the company at the shareholder meeting. He stated that providing information to shareholders regarding risks in the company’s cocoa supply chain would jeopardize the company’s competitive standing.¹⁴ In 2008, Global Exchange filed another resolution that would have created a board-level committee on human rights that was also defeated based on the company’s recommendation, and the fact that the Hershey Trust is Hershey’s largest shareholder.¹⁵ Hershey’s response to its shareholders’ requests shows a clear unwillingness to engage in increasing transparency and accountability in its global supply chain. In the 21st century, it is simply unacceptable for a major company to refuse to provide transparency into its supply chain, especially where there are questions of human and labor rights abuses.

TEXT OF GLOBAL EXCHANGE’S 2006 SHAREHOLDER RESOLUTION

“THEREFORE, BE IT RESOLVED, that shareholders request that by July 15, 2006, management review and report to shareholders on all sources of cocoa supply purchased for manufacture of all company products, including a breakdown of percentage of total volume by supplying company or source. Furthermore, it is requested that this review and report to shareholders be conducted with a particular reference to potential financial and reputational risks incurred by the company as a result of its relationships with any of the companies named as defendants in the above-referenced lawsuit.”





LACK OF CERTIFICATION

THERE is growing demand among consumers for more information about the conditions under which their products are made. Consumers want to know that companies are making commitments to take responsibility for labor and environmental issues in their supply chains, to implement strong standards to protect workers, and to ensure through third-party, independent monitoring and auditing that commitments on paper are being effectively implemented.

The sustainability research analysis firm Sustainalytics notes that the worst forms of child labor in the cocoa industry present reputational and operational risks for chocolate companies and that “widespread implementation of certification schemes that verify that cocoa is produced in accordance with certain social and environmental standards is critical to the creation of a sustainable cocoa supply chain.”¹⁶ Sustainalytics recommends that all companies “set specific targets for increasing the percentage of certified cocoa procured and develop long-term commitments to increase certification”¹⁷ and “improve overall transparency by disclosing procurement commitments, monitoring and auditing activities, and performance outcomes.”¹⁸

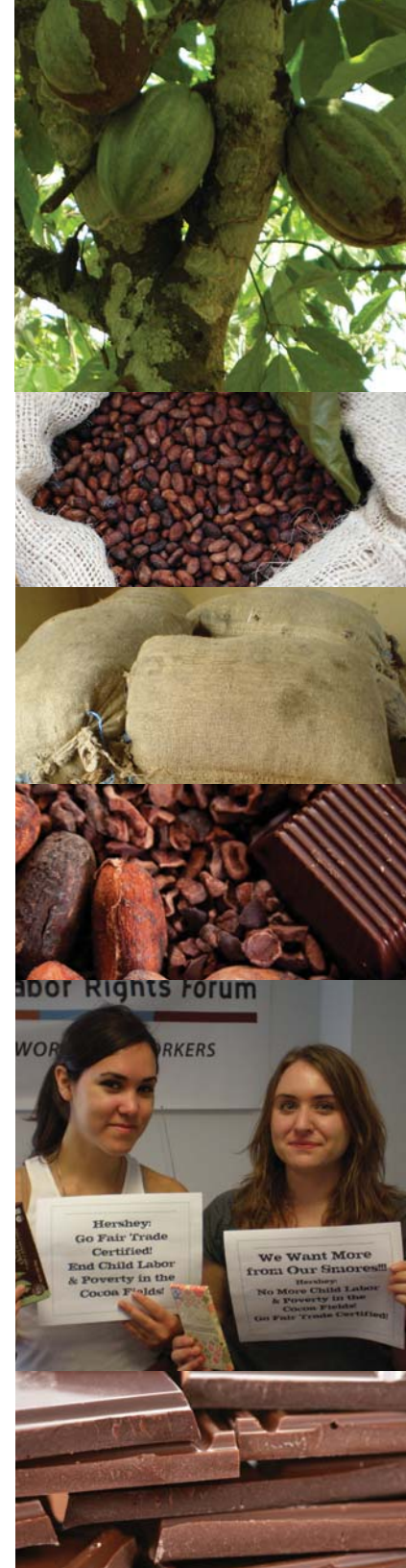
There are several different certification programs being used in the West African cocoa sector, including Fair Trade, Rainforest Alliance, UTZ Certified, and Organic certification. While all of these certification programs have similarities,

The largest global chocolate companies are increasingly purchasing cocoa that is certified to meet certain labor, social, and environmental standards.

Hershey stands out as a laggard in terms of its supply chain responsibility practices.

there are also important differences: notably that Fair Trade certification does the most to protect workers rights and prevent gross labor violations such as forced and child labor. For a complete explanation of the various certification programs, please see Appendix C.

Specifically, Cadbury has converted its top-selling chocolate bar in the UK to Fair Trade and extended its Fair Trade Certified™ Dairy Milk bar to Australia, Canada, Ireland, and New Zealand, meaning that about one quarter of Cadbury Dairy Milk global sales (350 million bars) will be



Sustainalytics, a leading sustainability research and analysis firm serving investors and financial institutions around the world, prepared this table depicting various programs that major chocolate companies and cocoa importers have instituted related to ensuring sustainability in their cocoa purchasing. As evidence by this chart, Hershey's lags behind in almost every category.

Leaders & Laggards



	ADM	Cadbury (Kraft)	Callebaut	Hershey Foods	Kraft	Lindt & Sprungli	Mars	Nestlé	Olam	Cargill
Policies	○	✓	✓	✗	○	✓	✓	✓	○	○
Monitoring Programs	✗	✓	✓	✗	✗	○	✗	○	✗	✗
International Initiatives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MSI Capacity Building	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Certified Cocoa Procurement	✓	✓	✓	✗	✓	✓	✓	✗	✗	✗
Quantitative Targets Cocoa	✗	✓	✓	✗	✓	✗	✓	✓	✗	✗
Disclosure Performance	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

- ✗ Company does not have a policy or program on this topic
- Company has some policies or programs but fall short in some key areas
- ✓ Company has adequate policies or programs

Source: Sustainalytics, September 2010



In the last several years, major chocolate companies like Cadbury (owned by Kraft), Green & Black's (owned by Cadbury/Kraft) and Ben & Jerry's (owned by Unilever) have all made significant commitments to increase their purchases of Fair Trade Certified™ cocoa.

Fair Trade Certified™ by the end of 2010.¹⁹ Much of the Fair Trade Certified cocoa used in these Cadbury bars is produced by the Kuapa Kokoo cooperative in Ghana, with which Cadbury has developed a relationship over the years. In addition to its cocoa purchasing commitments, Cadbury is making further investments in the communities of its suppliers through the Cadbury Cocoa Partnership. Established in January 2008, the program aims to benefit a million cocoa farmers in Ghana, India, Indonesia, and the Caribbean and includes an investment of £45 million over ten

years.²⁰ Cadbury, a company that has a similar history to Hershey, as it was also founded with a social mission and created a company town for its workers, has a licensing agreement with Hershey by which Hershey produces Cadbury products for the US market. Unfortunately, Cadbury's responsible cocoa sourcing practices do not apply to its products in the US due to Hershey's control over its production.

Ben & Jerry's not only agreed to achieve Fair Trade certification for its cocoa, but also for all of its other ingredients that are eligible for Fair Trade Certification, by 2013. Additionally, for years, smaller chocolate companies like Alter Eco, Divine Chocolate, Equal Exchange, and Sweet Earth Organic Chocolates, among others, have been sourcing Fair Trade Certified™ cocoa and building relationships with cocoa farmers, often setting a high bar for corporate responsibility.

Kraft Foods, Blommer Chocolate Company, and Mars, Inc. have all agreed to source cocoa certified by Rainforest Alliance. Ahold, Barry Callebaut, Cargill, Chocolat Frey, ECOM, Heinz, Ludwig Schokolade GMBH & Co. KG, Mars, and

Nestlé are all working on a new cocoa certification program developed by UTZ Certified. UTZ will be the weakest of all the labels, and there is concern that since it was founded by Ahold and has a number of corporate partners, it will be less independent than other labels. Meanwhile, Starbucks is implementing its “Cocoa Practices,” which include labor, social, and environmental standards for its cocoa suppliers. The company also carries Fair Trade Certified™ chocolate food items, including brownies, in the UK and Ireland. A list of recent company commitments to product certification is available in “Appendix E.”

These commitments show that it is indeed possible for the largest chocolate companies in the world to institute programs that provide a reasonable level of supply chain transparency and accountability.

INDUSTRY COMMITMENT TO ETHICAL COCOA SOURCING: HERSHEY’S NAME IS MISSING

Sixty companies and non-governmental organizations have signed a joint statement outlining a high-road approach to cocoa sourcing called the “Commitment to Ethical Cocoa Sourcing: Abolishing Unfair Labor Practices and Addressing Their Root Causes.”²⁴ The Hershey Company is not on the list of signatories. The statement includes a commitment to “doing what we can in our respective roles to quickly reform this important industry that shapes the lives of millions of small farmers, farm workers, and thousands of rural communities around the world.” The companies that have signed the statement agree to:

- 1 Provide transparency in the cocoa supply chain to the farm level;
- 2 Commit to sourcing exclusively from farms and cooperatives which respect the core ILO labor standards, and pay a price adequate for those producers to meet these standards;
- 3 Pay farmers a fair and adequate price for the cocoa they purchase;
- 4 Implement—or maintain—as the case may be, structural practices so as to ensure farms a consistently better price;
- 5 Support the drafting and enforcement of national and international laws that prohibit human trafficking, debt bondage, and the other worst forms of child labor; and
- 6 Commit to 100% Fair Trade Certified™ sourcing of cocoa or to financing the rehabilitation, reintegration, and education of children.






The full statement and the list of signatories can be seen in “Appendix D” and online at: www.laborrights.org/stop-child-labor/cocoa-campaign/resources/10656.





In 2006, Hershey acquired the Artisan Confections Company²¹, which produces Dagoba Chocolate and Scharffen Berger chocolate²². By acquiring the company, Hershey inherited Dagoba's cocoa purchasing policies for its specific branded items, which include the "Conacado Bar" that is made using cocoa from the Conacado Fair Trade cocoa cooperative in the Dominican Republic. Dagoba's drinking chocolate, syrup, and cacao powder are also Fair Trade Certified™. Of 22 different chocolate bars, baking products, and drinking chocolate produced by Dagoba, seven are made using Fair Trade Certified™ cocoa. No products under the Hershey label outside of the Dagoba subsidiary use Fair Trade Certified™ cocoa. When considered as part of Hershey's total product line, these Fair Trade Certified™ products constitute less than one percent of the company's offerings.

Most major cocoa industry players have made at least some level of commitment to achieving product certification for their chocolate products. While many companies have previously argued that certified chocolate would never have mainstream appeal, a research team from Tulane University providing oversight on initiatives to eliminate child labor in the cocoa sector noted in its most recent report to Congress, "Product certification is surpassing niche market quantities."²³ However, there has been one noticeable exception to the industry shift toward supply chain transparency and responsibility: the Hershey Company.

COMPANY	CERTIFICATION USED & LABEL TO LOOK FOR	ABOUT
Ben & Jerry's, Cadbury (overseas only), Green & Black's, and Nestlé (UK only), as well as smaller chocolate companies, including Dagoba.	Fair Trade Certified™  	Fair Trade prohibits forced labor, child labor, and discrimination, and protects freedom of association and collective bargaining rights. If child labor should surface, remediation guidelines are in place. Certified farmers are guaranteed a Fair Trade floor price for their cocoa beans as well as a social premium. Fair Trade producers are required to form democratic cooperatives that administer the social premium based on a democratic process. In order to use the Fair Trade label, 100% of the primary ingredient must be certified.
Blommer Chocolate Company, Kraft Foods, and Mars	Rainforest Alliance (RA) 	RA standards prohibit the use of forced labor, child labor, and discrimination. However, the protection of the right to organize on RA-certified farms is not a critical criteria. RA does not require buyers to pay a specific minimum floor price for cocoa beans. RA reasons that by producing higher quality and sustainable cocoa beans, farmers should be able to earn a higher price for their beans over time. Only 30% of the primary ingredient needs to be certified in order to earn an RA label. So, a chocolate bar bearing the RA label may contain 30% RA-certified cocoa while the remainder could be produced by forced, child, or trafficked labor.
Many small chocolate companies use organic in tandem with Fair Trade Certified™	Organic 	Organic certification does not include labor rights standards. The program does not address wages, prices to producers, or management of cooperatives. Organic does require that 100% of the ingredients of a product be certified organic in order to earn a label. Organic certification also includes a grievance procedure and whistleblower protections.
Ahold, Barry Callebaut, Cargill, Chocolat Frey, ECOM, Ludwig Schokolade GMBH & Co. KG, Mars, and Nestlé	UTZ 	UTZ Certified was founded by Guatemalan coffee producers and the Ahold Coffee Company in 1997; however, no organizations with a specific expertise in labor rights are included on the Board of Directors. UTZ launched a cocoa program in 2007. UTZ certification prohibits forced labor, child labor, and discrimination and protects the right to organize and bargain collectively. In terms of pricing, UTZ states that premiums are paid to farmers for their certified products, but the price is solely based on negotiations between the buyers and farmers. Paying the legal minimum wage is required only after the first year of certification
Hershey*	NONE	No certification system in place

Key: Green shading for best practices, yellow for problematic practices, red/orange for worst practices.

* In 2006, Hershey acquired Dagoba Chocolate, which carries Fair Trade and Organic certified chocolates. However, Hershey has made no effort on its own to produce a Fair Trade or organic chocolate product.





OTHER CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

THE irony of the Hershey Company is that in the United States, it has made significant commitments to support underserved children, while failing to take important steps to ensure that the rights of children abroad are protected in the production of one of its primary ingredients.

As current CEO David J. West states on the company's Corporate Social Responsibility web site, "Not only did [Milton S. Hershey] transform the business of making chocolate, he established an enduring model of responsible community stewardship.... We're proud of our legacy and our heritage of giving back to the community."²⁴ Company founder Milton Hershey and his wife, Catherine Hershey, established the Milton Hershey School in Pennsylvania for disadvantaged children. The school is still in operation and is administered by the Hershey Trust, which is also the company's largest shareholder. As such, the children enrolled in the Hershey School benefit directly from the profits of the company. Additionally, Milton Hershey founded the community of Hershey, which was designed to provide "his employees and their families with a model town in which to live."²⁵

Hershey also invests in community projects through partnerships with the United Way and the Children's Miracle Network, as well as donations to charities like the Penn State Milton S. Hershey Medical Center, the Young Survival Coalition, the Women's Sports Foundation, the Juvenile Diabetes Research Foundation, the National AIDS Fund, the Muscular Dystrophy Association, Family Health International, the National Association for the Advancement of Colored People, the Hispanic Heritage Foundation, Second Chance Employment Services, the American Red Cross, Habitat for Humanity of Central Pennsylvania, and the Ronald McDonald House Charities of Central Pennsylvania, among others. It is clear that Hershey has a commitment to using portions of its profits to improve

the lives of children and communities in the United States, especially in its home state of Pennsylvania. However, the company's policies to positively impact the lives of the children and families that produce the primary ingredient in the products it sells lag behind competitors.

While Hershey has invested in some programs on the ground in West Africa in collaboration with other companies and international donors, it does not supply any information about the size of its financial contribution to any of these programs.

On its Corporate Social Responsibility web page, Hershey notes its donations to the Empowering Cocoa Households with Opportunities and Education Solutions Program (ECHOES), operated by Winrock International, which is "implementing programs that train local teachers, helping expand access to quality education in West Africa, and open new doors of opportunity for youth."²⁶ Winrock's description of the project clarifies that the goal is actually to train young people in cocoa-growing communities in how to become cocoa farmers.²⁷ While some self-reported information is available regarding the number of students involved in the ECHOES program, there do not appear to be any publicly available independent evaluations of the program or information about how the program removes children from hazardous labor in the cocoa industry. The most recent report by the Tulane University research team contracted by the US Department of Labor states that \$80,000 was provided to Winrock from 2007 through 2008 for the ECHOES project in Côte d'Ivoire from all of the funding partners which include USAID, the World Cocoa Foundation, Cloetta Fazer, ED&F Man, Kraft Foods, the Norwegian Association of Chocolate Manufacturers, Olam, Starbucks, and Hershey, and the amount is not broken down by each donor.²⁸ The report also says that just over 3,000 children were reached through the project²⁹—a small number of children and a small amount of funding in relation to the 1.8 million children who could benefit from intervention and the massive profits of these corporations.

While Hershey points to various charitable donations to children in the US and programs in West Africa as examples of its social responsibility, it has no policies in place to ensure that the cocoa used in its products is not produced with forced, trafficked, or child labor.





Hershey is also a member of the World Cocoa Foundation (WCF) and the International Cocoa Initiative (ICI),³⁰ both industry-sponsored initiatives, and is funding a program along with Family Health International to address malaria in Côte d'Ivoire. Similar to ECHOES, limited independent analyses about the impacts of these programs are available and Hershey does not provide information about how much money it is giving to these initiatives and where its contribution is spent. Additionally, the scope of the number of children who need to be reached who actually benefit from these programs is unclear. Tulane University's third annual report found that only 1.7 percent of children interviewed in Côte d'Ivoire and only 5.2 percent of children interviewed in Ghana reported that they benefited from a project funded by companies or international organizations.³¹ That figure applies to all initiatives and not just those funded by Hershey.

No information is available from Hershey regarding how these specific investments have led to a reduction in forced, trafficked, and child labor in the production of the cocoa it uses. Hershey does not provide information about how many children are reached and impacted by these programs. While these programs may possibly contribute to various outcomes on the ground, they are reaching significantly less than ten percent of the affected children and do not replace the need for companies to ensure the integrity of their supply chains. Participation in these initiatives does not provide consumers, shareholders, or regulators with information about the conditions under which products are made.

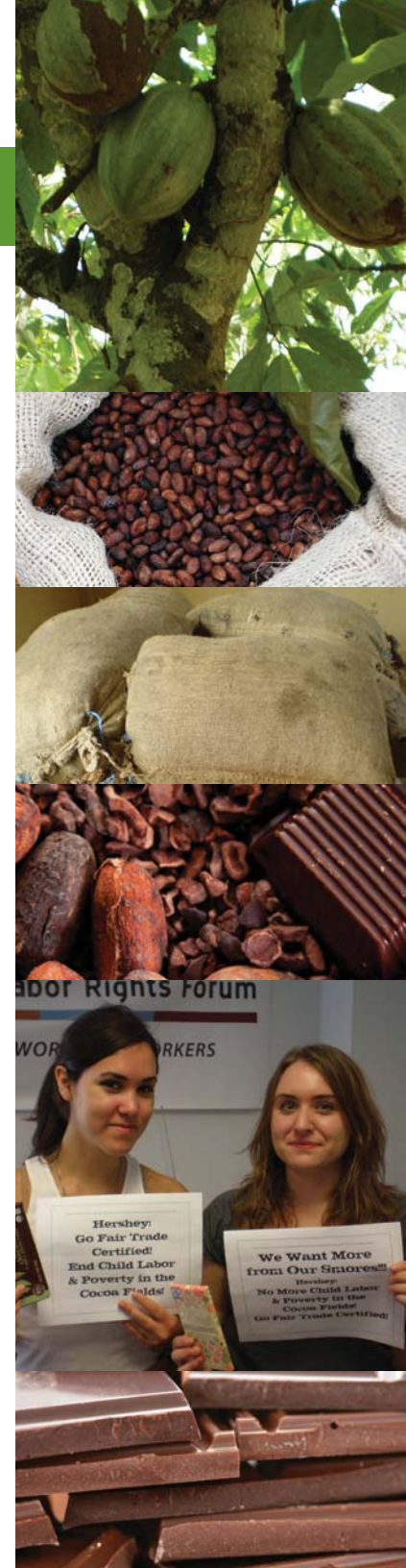
JOB LOSSES & WORKER RIGHTS ABUSES IN THE UNITED STATES

Beginning in 2007, Hershey embarked on a process of reorganizing its global supply chain as part of a “global supply chain transformation program” (GSCTP). For workers involved in the chocolate manufacturing process in the United States, this has resulted in the closing of Hershey-owned and -operated factories and loss of jobs, many of which were represented by trade unions. For example, since 2007, Hershey has closed facilities in Redlands, Berkeley, and San Francisco, California; Naugatuck, Connecticut; Reading, Pennsylvania; Dartmouth, Nova Scotia; Smiths Falls, Ontario; and Montreal, Quebec. Over the course of the three-year implementation of the plan, Hershey has estimated a net reduction of 1,500 positions across its supply chain. The goal of the program is to: “significantly increase manufacturing capacity utilization by reducing the number of production lines by more than one-third, outsource production of low-value-added items, and construct a flexible, cost-effective production facility in Monterrey, Mexico, to meet current and emerging marketplace needs.”³²

Hershey’s supply chain “transformation” reflects global trends in manufacturing; as Nancy Cleeland reporting in *The American Prospect* writes, “Much of the food-processing sector, like manufacturing in general, has embraced outsourcing as a way to cut costs in the face of global competition. This often includes a combination of subcontractors and temporary employees.”³³

Hershey’s restructuring has meant that it is now shifting much of its production to smaller companies both in the US and Mexico, with a largely temporary and flexible workforce.

Temporary and contract workers typically have lower salaries, fewer benefits, less safety training and more restrictions on workplace organizing than do their union counterparts. This situation can have devastating consequences for workers.





For Hershey, the “transformation” in its manufacturing represents a fundamental shift away from a previous core competence of producing its own chocolate. This shift also allows the company to distance itself from conditions along the stages of production of its chocolate products.

When Hershey began to close US plants like its facility in Oakdale, California, which was replaced by a plant in Monterrey, Mexico, in 2007, the CEO at the time stated specifically to market analysts that the move was determined based on the fact that labor costs in Mexico are ten percent of those in the United States.³⁴ Hershey’s restructuring has meant that it is now shifting much of its production to smaller companies both in the US and Mexico, with a largely temporary and flexible workforce.

Temporary and contract workers typically have lower salaries, fewer benefits, less safety training, and more restrictions on workplace organizing than do their union counterparts. This situation can have devastating consequences for workers. For example, in July of 2009, a temporary worker at a Camden, New Jersey, factory supplying to Hershey was killed when he was struck by a mechanical mixer and fell into a vat of liquid chocolate. As one article noted, the man who was killed, Vincent Smith II, “was a day-to-day worker making barely more than minimum wage, with no health insurance, sick time, or promise of future work.”³⁵

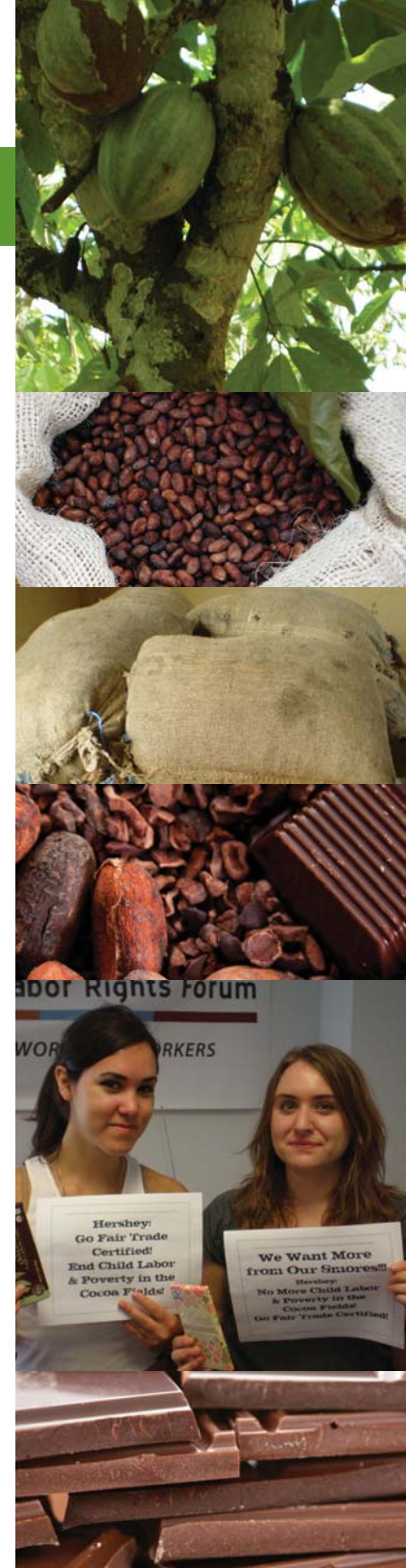
Hershey continues to operate unionized facilities in the US,³⁶ including in its hometown of Hershey, Pennsylvania. However, it has recently announced plans to close one of its three unionized facilities in Hershey, leading to the loss of 600 jobs and putting pressure on workers to accept terms and conditions to which they would not typically agree.³⁷

CONCLUSION

AFTER years of commitments and statements from chocolate companies regarding child labor, forced labor, and trafficking in their cocoa supply chains, these abuses continue in West Africa. Unfortunately, Hershey lags behind its competitors in conducting due diligence on egregious human rights abuses in its own supply chain.

In the 21st-century, it is simply unacceptable to have this lack of transparency and certification. In addition to the impacts on laborers and children worldwide, Hershey's practices create a significant reputational risk to the company that can easily translate into a negative financial impact and shareholder price erosion.

In order to eliminate forced labor, child labor, and trafficking, Hershey should begin by committing to tracing its global cocoa supply chain. Additionally, it is critical that Hershey begin to shift its cocoa purchases toward cocoa that can be certified by third-party, independent organizations to comply with international labor standards. In the cocoa industry, Fair Trade has proven to be the strongest certification program currently available to ensure that farmers receive a fair price for their cocoa beans and that a process is in place to identify and remediate child labor. Consumers and shareholders who take the implementation of international labor standards seriously should also encourage Hershey to do more in this area. As a company that has prided itself on a rich history of community involvement, particularly in supporting children, Hershey can indeed "raise the bar" and do more to improve conditions among its cocoa suppliers.





RAISING THE BAR: DESIRED OUTCOMES FOR A FAIR HERSHEY

- **Agreement to take immediate action to eliminate forced and child labor** in violation of international human rights standards on forced, child, and trafficked labor from Hershey's cocoa supply chain through:
 - 1) tracing its supply chain to the farm level,
 - 2) sourcing from farmers who can show through independent verification that they do not use forced labor or child labor,
 - 3) asking suppliers to end such practices throughout their supply chain.
- **Commitment to sourcing 100% Fair Trade Certified™ cocoa beans by 2012 for at least one of its top-five-selling chocolate bars** that prominently displays the Hershey name.
- Additionally, **a commitment to making at least one additional top-five-selling bar 100% Fair Trade Certified™ every two years thereafter**, so that Hershey's **top-five-selling cocoa bars will all be 100% Fair Trade Certified™ within ten years.**
- Finally, a commitment that the majority of **Hershey's cocoa across all products will be Fair Trade Certified™ by 2022.**

Achieving these outcomes will mean that Hershey and its stockholders are no longer profiting from labor and child labor. Hershey will be meeting contemporary 21st-century corporate standards for transparency. Today, Hershey is a laggard when it comes to corporate social responsibility concerning its core products. Committing to and accomplishing these outcomes would elevate Hershey to the ranks of exemplary leadership within the community of US corporations.

APPENDICES APPENDIX A: BREAKING THE (SUPPLY) CHAIN

Source: US Department of State, “2010 Trafficking in Persons Report”

With the majority of modern slaves in agriculture and mining around the world—and forced labor prevalent in cotton, chocolate, steel, rubber, tin, tungsten, coltan, sugar, and seafood—it is impossible to get dressed, drive to work, talk on the phone, or eat a meal without touching products tainted by forced labor. Even reputable companies can profit from abuse when they do not protect their supply chain—whether at the level of raw materials, parts, or final products—from modern slavery.

Consumer spending and corporate investment in business are leverage points that can turn around a system that has for too long allowed traffickers and economies to operate with impunity. There is an increasing push for consumer transparency, certification, and more rigorous regulation.

Research suggests companies investing in fair labor practices and labeling their products accordingly improve conditions on the ground and drive up the demand for, and price of, their products.

A new paradigm of corporate accountability is emerging demanding companies cast their attentions beyond the places where their products are produced or processed—such as apparel factories and seafood processing shops—to places where the raw materials are collected, harvested, or mined.

Human trafficking is a crime and no level of corporate best practices can replace a government’s responsibility to prosecute and protect victims. Still, verifiable corporate policies prohibiting the use of forced labor through the supply chain all the way down to raw materials are a critical prevention tool.

Key principles in setting supply chain standards:

- Statements of corporate policy must incorporate truly independent verification.
- While remediation is important, when labor abuses rise to the level of a human trafficking offense, authorities should be notified.
- Governments must redefine norms and set standards to create a space for companies to take the lead on combating modern slavery.
- Lending institutions should consider establishing whether a company has a forced labor supply chain policy as a factor for determining that company’s credit rating.





There is no way to effectively monitor a supply chain without tracing it all the way back to raw materials. Such research will lead to an understanding of supply and demand factors used to encourage greater protections of the workers whose labor contributes to downstream profits.

Modern slavery exists in diverse areas, including manufacturing, harvesting of raw materials, marketing commercial sexual activity (often aimed at the business traveler) and violent acts against workers. To that end, companies should adopt policies that commit to:

- taking accountability for all labor in the supply chain, starting with the raw materials, with a pledge to monitor compliance, remediate noncompliance, and verify those actions by an independent third party;
- honoring the role and voice of the worker as the best check on abuse;
- publicly disclosing mechanisms for providing independent, unannounced, and thorough audits;
- providing effective whistleblower and complaint procedures;
- providing clear guidelines for security procedures throughout the supply chains to ensure that security forces are not used to intimidate, hold, or abuse workers;
- regularly updating shareholders and stakeholders on creation, maintenance, and implementation of related policies;
- guaranteeing all workers mobility by strictly forbidding any confiscation of official documents;
- committing to providing restitution for victims and other forms of remediation;
- complying with trafficking-related local laws and international standards for confronting human trafficking and protecting victims; and,
- holding employees accountable for any violation or exploitative conduct contributing to trafficking in persons.

Source: US Department of State, “**2010 Trafficking in Persons Report**”:
www.state.gov/g/tip/rls/tiprpt/2010/142750.htm

APPENDICES APPENDIX B: HARKIN-ENGEL PROTOCOL TIMELINE

In 2001, Senator Harkin and Representative Engel proposed legislation that would have set aside \$250,000 for the Food and Drug Administration to develop “slave-free” labeling requirements on cocoa products. The chocolate industry (including major companies like Hershey) stopped the bill by agreeing to voluntarily adopt certain portions of the bill as an industry “protocol,” commonly known as the Harkin Engel Protocol.³⁸ This was a voluntary, non-binding document that set out time-bound steps to eliminate the worst forms of child labor and forced labor from all cocoa farms worldwide by July 2005.

The “protocol” set forth an action plan with specific commitments for stakeholders. In particular, the industry (including Hershey) agreed to undertake the following steps: establish a “joint” international foundation, and develop and implement standards of public certification that cocoa has been grown without the worst forms of child labor.

After failing to meet the Protocol’s 2005 deadline, the industry agreed to certify 50 percent of the cocoa-growing areas of Côte d’Ivoire and Ghana by July 1, 2008. This deadline was also missed.

On September 19, 2001, the Harkin-Engel Protocol was signed calling on companies to:

1. Issue a public statement of need for and terms of an action plan;
2. The formation of multi-sectoral advisory groups;
3. Sign a joint statement on child labor to be witnesses at the UN’s International Labor Organization (ILO);
4. Develop a binding memorandum of cooperation among major stakeholders to establish a joint program of action to enforce the internationally recognized and mutually agreed-upon standards to eliminate the worst forms of child labor in the growing and processing of cocoa beans and their derivative products and to establish independent means of monitoring and public reporting on compliance with those standards;
5. Establish a joint foundation to oversee and sustain efforts to eliminate the worst forms of child labor in the growing and processing of cocoa beans and their derivative products; and





6. Develop and implement credible, mutually acceptable, voluntary, industry-wide standards of public certification, consistent with applicable federal law, that cocoa beans and their derivative products have been grown and/or processed without any of the worst forms of child labor by July 1, 2005.

July 1, 2005: Industry fails to complete the certification program for cocoa, but agrees to develop a certification program that will cover 50 percent of the cocoa growing areas of Côte d'Ivoire and Ghana by July 1, 2008.

July 1, 2008: Industry commits to working with the governments of Côte d'Ivoire and Ghana to have a sector-wide independently verified certification process fully in place across each country's cocoa-growing sector by the end of 2010.

APPENDIX C: OVERVIEW OF COCOA PRODUCT CERTIFICATION INITIATIVES

There are several different certification programs in the West African cocoa sector including Rainforest Alliance, Organic, UTZ Certified, and Fair Trade certification. While all of these certification programs have similarities, there are also important differences.

RAINFOREST ALLIANCE

Rainforest Alliance (RA) is a nonprofit organization based in New York City that “works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices, and consumer behavior.”³⁹ RA’s agriculture certification system is administered by the Sustainable Agriculture Network (SAN), a coalition of conservation groups from Latin America. No organizations representing workers or with an expertise in labor rights nor organizations based in Africa are members of SAN.⁴⁰ RA is currently certifying cocoa farms in Brazil, Colombia, Costa Rica, Côte d’Ivoire, Dominican Republic, Ecuador, Ghana, and Peru.

RA standards prohibit the use of forced labor, child labor, and discrimination. However, the protection of the right to organize on RA-certified farms is not a critical criteria. RA certifies small farmers who can be organized into groups, but RA does not specify conditions for democratic organization of the federations, associations, or cooperatives that it certifies. Living wages are not guaranteed as part of certification, although workers are expected to be paid equal to or greater than the regional average or the legal minimum wage. RA does not require buyers to pay a specific minimum floor price for cocoa beans. RA reasons that by producing higher quality and sustainable cocoa beans, farmers should be able to earn a higher price for their beans over time. RA does administer a label on products containing RA-certified ingredients. However, only 30 percent of the primary ingredient needs to be certified in order to earn an RA label. So, a chocolate bar bearing the RA label may contain 30 percent RA certified cocoa while the remainder could be produced by forced, child, or trafficked labor.





ORGANIC

The National Organic Program is managed by the US Department of Agriculture and was established through the Organic Foods Production Act of 1990. The program is designed to “integrate cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.”⁴¹ The program is overseen by the National Organic Standards Board (NOSB). None of the Board members have expertise in labor issues.

Organic certification does not include labor rights standards. The program does not address wages, prices to producers, or management of cooperatives. The benefits of the program are that it requires 100 percent of the ingredients of a product to be certified organic in order to earn a label. Organic certification also includes a grievance procedure and whistleblower protections.

UTZ CERTIFIED

UTZ Certified is an organization based in Amsterdam that was founded in 1997 by Guatemalan coffee producers and the Ahold Coffee Company to certify coffee. UTZ launched a cocoa program in 2007. The first two cocoa cooperatives participating in UTZ were certified in 2009. Currently, certified cooperatives are operating in Costa Rica, Côte d’Ivoire, Dominican Republic, Ecuador, Ghana, and Peru. Annual inspection is conducted by approved independent third-party certification bodies.⁴² No organizations with a specific expertise in labor rights are included on the Board of Directors.

UTZ certification prohibits forced labor, child labor, and discrimination and protects the right to organize and bargain collectively. UTZ requires cooperatives to separate and appropriately label UTZ Certified cocoa beans to ensure transparency. UTZ standards do include some criteria related to transparent management in a cooperative as well as a grievance procedure. Paying the legal minimum wage is required only after the first year of certification. In terms of pricing, UTZ states that premiums are paid to farmers for their certified products, but the price is solely based on negotiations between the buyers and farmers. There does not seem to be chocolate with an UTZ Certified product label available at this time, although the first labeled products are expected to reach the market in 2010.

FAIR TRADE

Fair Trade Certification is administered in the United States by TransFair USA, a nonprofit organization based in California that is the national affiliate of Fairtrade Labelling Organizations International (FLO). FLO's Board includes representatives of producer organizations. FLO is the only Fair Trade certification body working in the West African cocoa sector.

FLO standards prohibit forced labor, child labor, and discrimination and protect freedom of association and collective bargaining rights. Additional guidelines specifically for remediating child labor include a child protection policy and procedures document. FLO has also established an internal child-labor task force and requires producer organizations to set up internal systems to identify and eliminate child labor. FLO standards require that workers receive the minimum wage or prevailing local wage and encourage certified farms to aspire to a living wage. Certified farmers are guaranteed a Fair Trade floor price for their cocoa beans as well as a social premium. This price is an international standard minimum set by FLO at US\$1,750 per metric ton, or US\$1,950 per metric ton if the cocoa is also certified organic. If the world price (New York Board of Trade price) rises above US\$1,600 per metric ton, the Fair Trade price is equal to the world price. The Fair Trade social premium is a set amount of money paid above and beyond the floor price that is paid to producers for community development projects. With cocoa, the social premium amounts to \$150 USD per ton, or \$200 per organic ton.⁴³ Fair Trade producers are required to form democratic cooperatives that administer the social premium based on a democratic process. A grievance procedure is in place for workers and nongovernmental organizations to report violations. In order to use the Fair Trade label, 100 percent of the primary ingredient must be certified.





APPENDICES APPENDIX D: COMMITMENT TO ETHICAL COCOA SOURCING

Abolishing Unfair Labor Practices and Addressing Their Root Causes

We, the undersigned, represent chocolate companies, social justice organizations, faith-based groups, labor unions, citizens, consumers, investors, and retailers. Together, we wish to bring attention to the profound social and economic problems that persist in the global cocoa and chocolate industries.

We recognize that in the global supply chain, workers on cocoa farms are sometimes subject to unacceptable forms of exploitation, including debt bondage, trafficking, and the worst forms of child labor, and that the standard models for trade and cocoa pricing have left cocoa farmers impoverished and economically vulnerable year after year.

We acknowledge that all of us within the nations who import and consume nearly all of the world's cocoa production have a particular responsibility to use our economic, social, and moral power to address these problems. Further, we commit ourselves to doing what we can in our respective roles to quickly reform this important industry that shapes the lives of millions of small farmers, farm workers, and thousands of rural communities around the world.

Specifically, for those of us who are direct commercial participants in the cocoa supply chain—from the level of the farm to the consumer—we commit ourselves to abide by the steps articulated below or to work with other commercial signatories who do so.

Other signatories, such as interested nonprofit or faith-based organizations, pledge our support of these measures and will work to increase their adoption within the cocoa and chocolate industry.

- I. Provide transparency in the cocoa supply chain to farm level. We will provide our customers with detailed information about the origins of our cocoa beans and will support the establishment of systems that can map in any given growing season all the farms, production sites, and cooperatives from which we may have sourced cocoa beans. Additionally, we will publish and make publicly available full information on any payments made to government entities in cocoa-producing countries.

2. Commit to sourcing exclusively from farms and cooperatives which respect the core ILO labor standards, and pay a price adequate for those producers to meet these standards. We will have our products certified by a third-party auditor that is independent from our companies to ensure that core labor standards are upheld by our producers and within our supply chains.
3. Pay farmers a fair and adequate price for the cocoa we purchase. “Fair and adequate” is defined as a price that exceeds the costs of production and that allows farmers to meet the basic human needs of their families and workers, including adequate nutrition, shelter, medical care, and primary education.
4. Implement—or maintain, as the case may be—the following structural practices so as to ensure farmers a consistently better price: simplifying our supply chain, working with cooperatives, encouraging cooperatization, providing more market information to farmers, and committing to long-term trade relationships with cocoa producers.
5. Support the drafting and enforcement of national and international laws that prohibit human trafficking, debt bondage, and the other worst forms of child labor (in accordance with ILO Convention 182).
6. Commit to 100% Fair Trade Certified™ sourcing of cocoa or to financing the rehabilitation, reintegration, and education of children who have been exploited by the worst forms of child labor (in accordance with ILO Convention 182) on cocoa farms, both in the growing countries and labor exporting countries, through direct support to local and international development organizations with an expertise in child rights.

ENDORSERS

Africa Action

Africa Faith & Justice Network

African Immigrant & Refugee Foundation

Americans for Informed Democracy

Amherst Fair Trade Partnership

Association of Concerned Africa Scholars

Bay Area Fair Trade Coalition

Casa Maria Catholic Worker

Choco-Revo

Cool Hemp Company, Inc.

Daily Acts

Dean’s Beans Organic Coffee Company

Druide

Earth Rights Institute





ENDORSERS (continued)

- Equal Exchange
- Équiterre
- Ethical Bean Coffee
- Ethix Ventures Inc.
- Fair Trade LA
- Fair Trade Manitoba
- Fair Trade Resource Network
- Fair Trade Towns
- Federation of Southern Cooperatives –
Rural Training and Research Center
- Food & Water Watch
- Foreign Policy in Focus
- The General Board of Global Ministries -
The United Methodist Church
- Global Exchange
- Global Witness
- Grassroots International
- Green America (Formerly Co-op America)
- Human Rights Action Service
- Intercommunity Peace & Justice Center
- International Labor Rights Forum
- Ithaca Fine Chocolates
- Jeannette Rankin Peace Center
- Just Us! Coffee Roasters
- Kopali Organics
- La Siembra Cooperative
- Labor-Religion Coalition of New York State
- Latin Organics Inc.
- The Marquis Project
- Missionaries of Africa
- MomentuM
- Organic Consumers Association
- Oxfam-Québec Fair Trade
- Providence Coffee
- RESULTS Canada
- Robert F. Kennedy Memorial Center
for Human Rights
- Riptides
- Stop the Traffik
- Sweet Earth Organic Chocolates
- Ten Thousand Villages/Dix Mille Villages,
Pointe Claire
- Ten Thousand Villages, Vancouver East and West End
- TransFair Canada
- Unitarian Universalist Service Committee
- United Students for Fair Trade
- Washington Fair Trade Coalition
- Washington DC Fair Trade Coalition
- World Neighbors

APPENDIX E: NEW COMPANY COMMITMENTS TO ETHICAL SOURCING

FAIR TRADE

- Ben & Jerry's announces its commitment to go fully Fair Trade for all possibly ingredients by the end of 2013 (Announced February 18, 2010).
 - Press Release: http://www.businesswire.com/portal/site/benjerry/permalink/?ndmViewId=news_view&newsId=20100218006252&newsLang=en
- Green & Black's announces that it will move its entire chocolate range globally to Fair Trade Certified™ cocoa by the end of 2010 (Announced: January 27, 2010).
 - Press Release: http://transfairusa.org/content/about/ppr/ppr_100127.php
- Nestlé UK commits to achieving Fairtrade certification for Kit Kat bars in the UK and Ireland beginning in January 2010 (Announced: December 7, 2009).
 - Nestlé press release: http://www.nestle.com/MediaCenter/NewsandFeatures/AllNewsFeatures/KitKat_Fairtrade_UK_Ireland.htm
 - Fairtrade Foundation press release: http://www.fairtrade.org.uk/press_office/press_releases_and_statements/december_2009/kit_kat_gives_cocoa_farmers_in_cte_divoire_a_break.aspx
 - ILRF, Global Exchange, Green America and Oasis USA press release: <http://www.laborrights.org/stop-child-forced-labor/cocoa-campaign/news/12232>
- Cadbury commits to achieving Fairtrade certification for Cadbury Dairy Milk bar in UK and Ireland by the end of Summer 2009 (Announced: March 4, 2009). Cadbury then commits to certifying Cadbury Dairy Milk Fairtrade in Canada, Australia and New Zealand by early 2010 (Announced: August 25, 2009).
 - Cadbury press releases: <http://www.cadbury.com/media/press/Pages/cdmfairtrade.aspx> and <http://www.cadbury.com/media/press/Pages/ftcdmanzcan.aspx>
 - ILRF and Global Exchange press release: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/news/11837>





RAINFOREST ALLIANCE

Please see this document outlining ILRF's concerns with Rainforest Alliance certification:

<http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/10821>

- Kraft Foods commits to use cocoa beans only from Rainforest Alliance certified farms across its entire Côte d'Or and Marabou lines by the end of 2012 (Announced: Oct. 30, 2009).
 - Rainforest Alliance press release: http://www.rainforest-alliance.org/news.cfm?id=kraft_cocoa
 - Kraft press release: <http://phx.corporate-ir.net/phoenix.zhtml?c=129070&p=irol-newsArticle&ID=1348441>
- Blommer Chocolate Company will offer a line of Rainforest Alliance Certified cocoa and ingredient chocolate products starting in 2010 (Announced: June 25, 2009).
 - Rainforest Alliance press release: http://www.rainforest-alliance.org/news.cfm?id=blommer_cocoa
- Mars, Incorporated aims to certify the Galaxy chocolate bar in the UK with Rainforest Alliance by early 2010. Mars also commits to getting its entire cocoa supply certified by 2020 (Announced: April 8, 2009).
 - Rainforest Alliance press release: http://www.rainforest-alliance.org/news.cfm?id=mars_partnership
 - Mars, Inc. press release: <http://www.mars.com/global/News+and+media/Global+Press+Releases/Mars+commits+to+global+certification.htm>
 - ILRF and Organic Consumers Association press release: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/news/11854>

UTZ CERTIFIED

- First product made using UTZ Certified cocoa from Cargill, a chocolate Easter egg from the company Baronie, is made available in Dutch supermarkets (Announced: March 15, 2010).
 - Related article: <http://www.foodingredientsfirst.com/news/Cargill-Produces-First-Sustainable-UTZ-Certified-Chocolate.html>

- Barry Callebaut joins UTZ Certified cocoa program (Announced: October 28, 2009).
 - UTZ Certified press release:
<http://www.utzcertified.org/index.php?pagelD=104&switchlanguage=EN>
- Nestlé, Heinz, Mars, Cargill, Ahold, ECOM, Chocolat Frey and Ludwig Schokolade GMBH & Co. KG all joined the UTZ Certified cocoa program previous to 2009. In 2009, the first two cocoa cooperatives, both in Ivory Coast, received UTZ certification (Announced: September 9, 2009).
 - UTZ Certified 2008 press release:
<http://www.utzcertified.org/index.php?pagelD=104&showItem=257&filterCat=B&offset=5>
 - UTZ Certified 2009 press release:
<http://www.utzcertified.org/index.php?pagelD=104&showItem=413&filterCat=B>
 - Cargill press release on first cooperative certification:
<http://cargill.com/news-center/news-releases/2009/NA3019789.jsp>
 - Mars, Inc. on purchase of first UTZ certified beans: <http://www.mars.com/global/News+and+media/Global+Press+Releases/MARS+INCORPORATED+achieves+milestone.htm>

OTHER

- Nestlé announces new “Cocoa Plan” (Announced: October 2009)
 - Nestlé press release:
http://www.nestle.com/MediaCenter/NewsandFeatures/AllNewsFeatures/Nestle_launches_The_Cocoa_Plan_sustainability_initiative.htm
 - Nestlé Cocoa Plan website: <http://www.thecocoaplan.com>





ENDNOTES

EXECUTIVE SUMMARY

- 1 For additional information and analysis, please see:
 - International Labor Rights Forum. “*May 2005 Report: Child Labor in Agriculture.*” Washington, DC: May 2005. Available online: <http://www.laborrights.org/files/COCOA05Update.pdf>.
 - International Labor Rights Forum. “*Report on Cocoa and Forced Child Labor.*” Washington, DC: October 2006. Available online: <http://www.laborrights.org/sites/default/files/publications-and-resources/COCOA06Critique.pdf>.
 - International Labor Rights Forum. “*The Cocoa Protocol: Success or Failure?*” Washington, DC: June 30, 2008. Available online: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/10719>.
 - International Labor Rights Forum. “*Broken Hearts: A Review of Industry Efforts to Eliminate Child Labor in the Cocoa Industry.*” Washington, DC: January 25, 2010. Available online: <http://www.laborrights.org/sites/default/files/publications-and-resources/BrokenHearts2010.pdf>.
- 2 <http://people.forbes.com/profile/david-j-west/76703>.
- 3 http://www.wikinvest.com/stock/Hershey_Foods_%28HSY%29

PROBLEMS AT THE SOURCE

- 4 The US Department of Labor has named cocoa from Cameroon, Côte d’Ivoire, Ghana, Guinea and Nigeria on a list of products produced by child labor or forced labor in September 2010. In July 2010, the US Department of Labor included cocoa from Côte d’Ivoire and Nigeria on a list of products that federal contractors must certify are not produced with forced or indentured child labor, under Executive Order 13126.
- 5 http://www.childlabor-payson.org/Child%20Labor%20in%20the%20Cocoa%20Supply%20Chain_June2009.pdf
- 6 http://www.childlabor-payson.org/Annual%20Survey%20of%20Child%20Labor%20in%20the%20Cocoa%20Growing%20Areas_June2009.pdf
- 7 <http://www.interpol.int/public/News/2009/CotedIvoire20090803.asp>
- 8 International Rights Advocates. “*Nestle, Archer Daniels Midland, and Cargill.*” Accessed July 22, 2010. Available online: <http://iradvocates.org/nestlecase.html>.
- 9 Orr, Deborah. “*Slave Chocolate?*” Forbes. April 24, 2006. Accessed August 12, 2010. Available online: <http://www.forbes.com/forbes/2006/0424/096.html>.

LACK OF TRANSPARENCY

- 10 US Department of State. “*Breaking the (Supply) Chain.*” Washington, DC: June 2010. Available online: <http://www.state.gov/g/tip/rls/tiprpt/2010/142750.htm>
- 11 Dochat, Tom. “*‘Transparency’ sought about cocoa suppliers.*” The Patriot-News: April 2, 2006, Mechanicsburg, PA. Available online: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/news/11005>.

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- 12 Global Exchange. “*Human Rights Group Submits Shareholder Resolution to Hershey, Requestion Report on the Company’s Cocoa Supply.*” San Francisco: Global Exchange, October 24, 2005. Accessed August 12, 2010.
Available online: <http://www.globalexchange.org/update/press/3568.html>.
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- 13 International Labor Rights Forum. “*Statement for Hershey Shareholders Meeting.*” April 12, 2006.
Available online: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/news/11000>.
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- 14 Aslam, Abid. “*Investors Target Hershey Over Child Labor on Cocoa Farms.*” OneWorld, April 12, 2006.
Available online: <http://www.commondreams.org/headlines06/0412-05.htm>.
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15. Global Exchange. “*Global Exchange visits Hershey’s Annual Shareholder Meeting.*” Global Exchange Fair Trade Store Blog. May 27, 2008.
Available online: <http://globalexchangestore.blogspot.com/2008/05/global-exchange-visits-hersheys-annual.html>.

LACK OF CERTIFICATION

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- 16 Sustainalytics. “*Bitter Harvest: Child Labor in the Cocoa Supply Chain.*” June 2010, p. 4.
Available online: <http://www.sustainalytics.com/sustainalytics-alerts-briefs-conversations>
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- 17 Ibid, p. 7.
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- 18 Ibid, p. 8.
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- 19 Cadbury. “*Cadbury Cocoa Partnership.*” Accessed August 12, 2010.
Available online: <http://www.cadbury.com/ourresponsibilities/cadburycocoapartnership/Pages/cadburycocoapartnership.aspx>
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- 20 Ibid.
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- 21 The Hershey Company. “*Hershey Purchases Dagoba, Leading Manufacturer of Organic Chocolate.*” October 19, 2006.
Available online: <http://www.thehersheycompany.com/news/release.asp?releaseID=918471>.
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- 22 Hershey’s future plans for this subsidiary are unclear. In the company’s 2009 Annual Report to shareholders, the company noted that two manufacturing facilities for Scharffen Berger in Berkeley and San Francisco, California were shut down affecting 150 workers.
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- 23 Payson Center for International Development and Technology Transfer, Tulane University. “*Fourth Annual Consultative Meeting.*” July 12, 2010.

OTHER CSR INITIATIVES

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Available online: <http://www.thehersheycompany.com/social-responsibility/introduction.asp>.
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APPENDIX B: HARKIN ENGEL PROTOCOL TIMELINE

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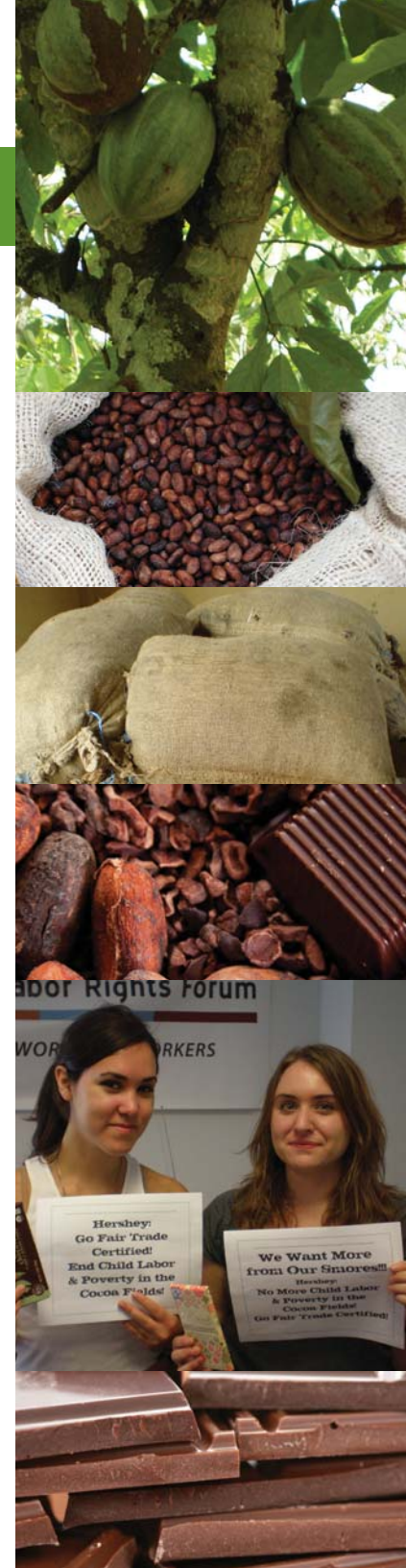
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