

Resolved: Shareholders request the Board of Directors issue a public report, at reasonable cost and omitting proprietary information, describing if, and how, Hershey’s Living Wage & Income Position Statement and planned implementation steps will put the company on course to eradicate child labor in all forms from the company’s West African cocoa supply chain by 2025. The report should include:

- How Hershey plans to achieve 100% sourcing visibility at the farm level of its cocoa by 2025, including through increased transparency, given that 32% of its cocoa volume cannot be traced to the farm level;
- Whether and/or how Hershey plans to raise farm gate prices;
- How Hershey plans to partner with the Ghanaian and Ivorian governments and cocoa industry peers to promote living income for cocoa farmers.

Whereas: Hazardous child labor on cocoa farms, which includes using machetes and harmful pesticides, meets the International Labor Organization’s definition of the “worst forms of child labor.”¹ Sustainable Development Goal 8.7 calls for the elimination of all child labor by 2025, yet international agreements have repeatedly failed to eradicate hazardous child labor from the cocoa supply chain.² An estimated 1.56 million children engage in hazardous work on cocoa farms in Ghana and Côte d’Ivoire, where 60% of cocoa is produced.³

Hershey continues to profit from child slavery, despite signing the Harkin-Engel Protocol in 2001.⁴ Ghana and Côte d’Ivoire recently implemented a Living Income Differential (LID), deemed largely unsuccessful, in part due to allegations of Hershey and its peers undermining the LID through purchasing practices aimed at circumventing it.⁵

While Hershey has a Human Rights Policy and Cocoa for Good strategy, these initiatives have failed to meaningfully address systemic poverty, a root cause of child labor. Hershey’s 2021 Living Wage & Income Position Statement has been criticized for lacking a “concrete, timebound commitment and accompanying action plan to realize it.”⁶ Investors lack sufficient information to assess how the position statement will help eradicate child labor in Hershey’s cocoa supply chain.

Failure to eradicate child labor exposes Hershey and its investors to financial, legal, systemic, and reputational risks. In 2021, a lawsuit filed on behalf of former child slaves alleged Hershey

¹ <https://www.norc.org/Research/Projects/Pages/assessing-progress-in-reducing-child-labor-in-cocoa-growing-areas-of-c%C3%B4te-d%E2%80%99ivoire-and-ghana.aspx>; <https://www.washingtonpost.com/graphics/2019/business/hershey-nestle-mars-chocolate-child-labor-west-africa/>; <https://www.ilo.org/ipec/Campaignandadvocacy/Youthinaction/C182-Youth-orientated/worstforms/lang--en/index.htm>

² <https://unstats.un.org/sdgs/metadata/?Text=&Goal=8&Target=8.7>

³ <https://www.dol.gov/agencies/ilab/our-work/child-forced-labor-trafficking/child-labor-cocoa>

⁴ https://www.cocoainitiative.org/sites/default/files/resources/Harkin_Engel_Protocol.pdf

⁵ <https://www.latimes.com/business/story/2020-12-01/chocolate-war-cocoa-growers-hershey-mars-ghana-ivory-coast>; <https://voicenetwork.cc/wp-content/uploads/2022/09/220920-Cocoa-Barometer-Living-Income-Compendium.pdf>

⁶ https://www.thehersheycompany.com/content/dam/corporate-us/documents/sustainability/HSY_Living_Wage_Income_Position_Statement.pdf; https://webassets.oxfamamerica.org/media/documents/Business-briefing-Issue-1-V3.pdf?_gl=1*1ei0guo*_ga*MTI5NTI4MjAzNi4xNjM4Mzg5OTk3*_ga_R58YETD6XK*MTYzODM4OTk5Ny4xLjEuMTYzODM5MDAwNC41Mw..

knowingly profited from the illegal and systematic use of child labor.⁷ An appeal is currently pending.⁸ In October 2021, Hershey and the Rainforest Alliance were sued for false and deceptive marketing of chocolate products labeled as “sustainably” or “responsibly produced.”⁹

Studies show that increased transparency and traceability can increase farmers’ income and help companies substantiate their sustainability claims.¹⁰ Hershey’s claim of sourcing 100% “certified and sustainable” cocoa in 2021 does not guarantee its cocoa is slavery-free nor that it is fully traceable to the farm level.¹¹ Hershey’s 2021 ESG report states the company only has “68% sourcing visibility” of its cocoa volume.¹²

⁷ <https://www.internationalrightsadvocates.org/cases/cocoa>

⁸ <https://ecf.cadc.uscourts.gov/n/beam/servlet/TransportRoom?servlet=CaseSummary.jsp?caseNum=22-7104&dkType=dkPublic&incOrigDkt=Y&incDktEntries=Y>

⁹ <https://static1.squarespace.com/static/5810dda3e3df28ce37b58357/t/6181623e5f967e246dd8c416/1635869247075/RFA+and+Hershey+Press+Release+FINAL+no+logo.docx.pdf>

¹⁰ <https://voicenetwork.cc/wp-content/uploads/2022/10/221017-Transparency-Accountability.pdf>

¹¹ https://www.thehersheycompany.com/en_us/home/sustainability/sustainability-focus-areas/cocoa.html

¹² https://www.thehersheycompany.com/content/dam/hershey-corporate/documents/pdf/hershey_2021_esg_report.pdf