

# Chocolate Company Scorecard 2009:

## The *Sweet* and the BITTER

February 14, 2009



Has the chocolate industry made any progress toward ending child labor in its cocoa supply?

The problem of trafficked child labor in cocoa harvesting surfaced in 2001 and consumers have been demanding reform ever since.

Major chocolate companies have all made lofty promises, but how many have delivered? Here is an update from the **International Labor Rights Forum** (ILRF) on who has delivered, and who has not. We encourage consumers concerned about their chocolate to support the sweetest companies and let the bitter ones know about your concerns by taking action here:

<http://www.unionvoice.org/campaign/chocolate>.

### *The Bitter*

The major US chocolate companies signed an agreement in 2001 (called the Harkin-Engel Protocol) committing to ensuring that they were not purchasing cocoa beans harvested by the worst forms of child labor, but in 2009, children continue to work in West African cocoa farms. Many of the major chocolate companies have joined together in industry associations to respond to the criticism and these bitter companies have all been leaders in the failed industry efforts to improve labor conditions in their supply chains. For a full analysis of the failures of chocolate companies to implement of the Harkin-Engel Protocol, please visit: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/1552>. You can send e-mails to Hershey, M&M/Mars and Nestlé here:

<http://www.unionvoice.org/campaign/chocolate>.

#### **Hershey (which owns Scharffen Berger and Dagoba Chocolate)**

This iconic US chocolate company continues to drag its feet in dealing with child and trafficked labor in its cocoa supply chain. Like Mars and Nestlé, Hershey has not effectively provided transparency and accountability in its cocoa supply chain. On the slightly sweet side, Hershey has begun to engage in an ongoing dialogue about forced labor in its supply chain with socially responsible investors. However, this work has not yet resulted in any positive changes in their cocoa sourcing policies and the company has repeatedly rejected shareholder resolutions related to protecting human rights and ensuring transparency, so we continue to consider them bitter.

#### **M&M/Mars (which owns Dove)**

M&M/Mars spokesperson Jeff Morgan has been the go-to-guy for the chocolate industry as a whole as their mouthpiece on the child labor/cocoa sourcing issue. Unfortunately Mars' leadership has not moved the industry very far toward ending the problem of child labor. The company has committed small amounts of money to various NGO initiatives, including programs by the International Cocoa Initiative and Winrock International, but has failed to respond to numerous requests for a disclosure of the actual dollar amount committed to all of these projects. In 2008, Mars took a small step in a different direction by joining a new cocoa certification program being established by UTZ Certified which includes some labor rights protections and a stronger level of transparency.<sup>1</sup> However, the program has not yet been fully implemented on the ground, so the true impact cannot yet be measured. Additionally, Mars has been involved in chocolate industry efforts to implement a very problematic "certification" program through the Harkin-Engel Protocol which we have critiqued in our latest report on the Protocol and in joint letters with other NGOs and chocolate companies.<sup>2</sup>

#### **Nestlé (which owns Haagen-Dazs)**

Even within the closed ranks of the chocolate industry behind the curtain of the Protocol, we've heard that Nestlé is the lowest common denominator. Nestlé has never responded with anything more than form letters to any requests for information by ILRF or any of our allies; in its

form letters, Nestlé simply points to its ‘engagement’ with the Protocol. As many of our supporters know, since 2005 we have particularly targeted Nestlé for its failure to reform its cocoa supply chain, and the choice was not random. Unlike other chocolate manufacturers, Nestlé directly sources cocoa from West Africa and has direct control over its supply chain and knowledge of the farms from which it sources. Nestlé has greater power to act than perhaps any other player in this industry and is therefore our top choice target for action. While Nestlé has joined Mars in the UTZ Certified program, we continue to put pressure on the company to improve conditions for cocoa farmers and encourage concerned consumers to send Nestlé a letter here: <http://www.unionvoice.org/campaign/Nestle08>.



## *The Semi-Sweet*

These are the companies that have taken a more serious step in the right direction, but they are still not fully committed to protecting the rights of cocoa farmers.

### **Godiva**

We know many will look to high-end chocolate retailer Godiva for their Valentine’s Day gifts, but we have not seen Godiva take much action to be publicly transparent about how they source their cocoa and what standards they require of suppliers. Godiva was recently sold by Campbell’s Soup Corporation to a Turkish company called Yildiz (which also owns the largest consumer goods company in the Turkish food industry). We hope that the change in ownership will lead to increased transparency and responsibility, but that remains to be seen.

### **Ghiradelli/Lindt**

We have to give Ghiradelli, and its parent company Lindt & Sprüngli, credit where credit is due. They are one of the few companies that actually responded to requests for information by providing detailed information about where they source their cocoa. We hope this public identification of cocoa supply is a first step toward the company making a public commitment to fair prices for farmers, and guaranteeing basic rights for cocoa workers. Lindt told ILRF supporters that it sources its beans from Central and South America, and from Ghana. While this basic information was helpful, we suggest that Ghiradelli and Lindt fans respond by asking the company to take the next step and identify the specific regions and farms from which they are sourcing cocoa. This sort of public transparency is essential to any real efforts to monitor labor rights conditions.

### **Starbucks**

We realize that Starbucks hasn’t built its reputation as a company on its chocolate sales, but we do want to give a little credit where credit is due. Although the company has not been in the spotlight for its cocoa sourcing practices, it did initiate a stakeholder dialogue in December 2005, and since that time has periodically reached out to ILRF and other concerned organizations to discuss what steps it might take to improve overall conditions in its cocoa supply chain. The company has developed “Cocoa Practices” standards and started a two-year pilot program in June of 2007. Starbucks’ standards, unlike the broader chocolate industry’s “certification” program, include real requirements for their cocoa suppliers such as supply chain transparency and compliance with international labor standards, among other criteria. In the last year, the pilot program has been independently audited and Starbucks has stated that they are committed to independent verification. The company is actively working with cooperatives in the Ivory Coast and has supported a range of social programs in the region, including helping small farmers get access to credit. These steps appear to be very positive developments and we look forward to seeing how Starbucks’ cocoa program develops.

### **Dagoba**

Dagoba used to be on our ‘sweet’ list but was, alas, acquired by Hershey’s in 2006. We are always saddened to see independent, mission-driven companies acquired by soulless multinational corporations but it seems to be the trend. In a letter to the public about its acquisition, Dagoba founder Frederick Schilling stated the company’s continued commitment to socially and environmentally responsible practices, and its hope that Hershey would continue to uphold those values. Alas the history of Hershey belies that

hope. As detailed by Carol Off in her excellent book, *Bitter Chocolate*, Hershey Corporation was directly culpable in the near ruin of cocoa farmers in Belize in the early 1980s, when the company promised high prices to cocoa farmers, pushed them into debt, then paid them only a third of the price that had been 'guaranteed.' Many farmers left their cocoa to rot in the fields, rather than sell to Hershey's at this unfair price. Can Dagoba really convince such a company to do the right thing by its fair trade and organic farmers?

### Endangered Species Chocolate

Alas, also one of our favorites in the past, but last year Endangered Species decided to drop its Fair Trade certification. To its credit the company continues to publicly identify its cocoa suppliers, and states on its website that it continues to guarantee them a fair price. While we appreciate this effort we

are concerned that in the absence of the independent, third-party verification provided by the Fair Trade certification system, we consumers will simply have to take the company's word for it, as farmers will have little recourse to communicate with consumers, and no leverage to bargain, if Endangered Species fails in its commitments.



## *The Sweetest!*

The last companies on our list are the sweetest of the bunch – they are the most committed to sustainability and improving the livelihoods of cocoa farmers globally. These are just a few of the great chocolate companies out there. For more ideas, you can check out the companies that have endorsed the “Commitment to Ethical Cocoa Sourcing” which is a statement signed by 60 NGOs and companies outlining their commitment to a responsible cocoa supply chain: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/861>. If you are having trouble finding these chocolates near you and you are looking for all kinds of fair trade gifts, check out Global Exchange's online store: <http://store.gxonlinestore.org>.

### Sweet Earth Chocolates

Sweet Earth Chocolates is a small, boutique company that produces beautiful hand-crafted chocolates made of organic and Fair Trade certified cocoa. They are a truly mission-driven company and we give founder Tom Neuhaus extra credit for traveling to West Africa to personally investigate the situation for cocoa workers, for developing a relationship with the Fair Trade cooperative Kavokiva in Ivory Coast, and for establishing Project Hope and Fairness to go the extra mile to assist Kavokiva and other indigenous efforts to improve the lives of cocoa farmers and workers. For more information visit [www.sweetearthchocolates.com](http://www.sweetearthchocolates.com) or [www.projecthopeandfairness.org](http://www.projecthopeandfairness.org).

### Equal Exchange

We LOVE Equal Exchange! Words cannot express the ways in which this company has made a difference in the world.

Equal Exchange is a Fair Trade, mission-driven company with a deep relationship and commitment to its cocoa supplying partner, the cooperative CONCADO in the Dominican Republic. Equal Exchange is as much an advocate as a business, promoting better conditions for farmers around the world through public education, sponsoring speaking tours, and encouraging individuals to take action to level the playing field for small farmers around the world. Their chocolate products are not only Fair Trade but organic as well, and Equal Exchange goes the extra mile to source fairly traded sugar and organic milk for its chocolates as well. For complete product information visit [www.equalexchange.com](http://www.equalexchange.com).

### Divine Chocolate

We've saved the best for last- though actually it's a dead heat between Divine and Equal Exchange for the title of sweetest of the sweet. The folks at Divine Chocolate have a deep and fully equal partnership with Kuapa Kokoo in Ghana, the world's largest cocoa cooperative, to the extent that Kuapa Kokoo is part-owner in Divine Chocolate. This is a company with such a deep commitment to its mission and values that it has sought ways to completely equalize the relationship between retailer and farmer. They also have great educational resources. And have we mentioned that the chocolate is absolutely delicious? Divine Chocolate has a number of excellent new flavors and now has heart-shaped chocolates for an ideal Valentine's Day treat. For more information about these products, supporters can visit <http://www.divinechocolateusa.com>.

**End notes and Credits:**

1 More information about this program can be viewed online here: <http://www.utzcertified.org/index.php?pageID=224>.

2 ILRF 2008 report on the Harkin-Engel Protocol is available online here:

<http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/1552>.

The letter regarding industry “certification” is available here: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/1467>.

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