Report on Ethical Recruitment Due Diligence

# The Hershey Company - 2018

**WHEREAS,** The International Labor Organization (ILO) estimates that 16 million of the 24.9 million people trapped in conditions of forced labor are exploited by the private sector.[[1]](#footnote-1) Migrant laborers face greater risks of forced labor, debt bondage, discrimination, retaliation, and illegal wage deductions.[[2]](#footnote-2) This heightened vulnerability is driven in part by unethical recruitment practices, where recruiters may charge migrant workers fees to secure employment, fail to provide written contracts documenting the terms of employment, or withhold identity documents. Failure to put proactive policies and procedures in place to address ethical recruitment exposes Hershey to significant legal and reputational risks.

Globally, 70 percent of agricultural workers are in debt bondage, where personal debt is used to forcibly obtain labor.[[3]](#footnote-3) In the U.S. agricultural industry, migrant workers comprise over half the labor force. Migrant laborers often use labor brokers, heightening the vulnerability of forced labor or recruitment abuses.[[4]](#footnote-4)

Many of Hershey’s key inputs - cattle, sugar, nuts, cocoa, palm oil, and corn - are known to be produced in some countries using forced and child labor or by migrant workers.[[5]](#footnote-5) Workers within these supply chains may face labor violations related to recruitment.

*The UN Guiding Principles on Business and Human Rights* state that corporations have a responsibility to respect human rights within their operations and supply chains. As a multinational company dependent upon extended supply chains which employ migrant workers, Hershey must assess and mitigate risks of workers being recruited into forced labor.

There is increased regulatory pressure for robust disclosure on supply chain due diligence, as demonstrated by legislation in California, the United Kingdom, and France, requiring corporations to report on actions to eradicate human trafficking and slavery.

Hershey commits to responsible sourcing and addresses forced labor in its Code of Conduct and Supplier Code. However, Hershey does not publicly disclose its measures to ensure responsible recruitment in its labor supply chain or ensure that its suppliers cascade these expectations. A benchmark published by Know the Chain gives Hershey a score of 27 out of 100 for disclosure on its management of forced labor and human trafficking risks, and 0 out of 100 for disclosure on ethical recruitment.[[6]](#footnote-6) Investors have insufficient information to assess how the company is addressing this risk to workers and the company.

RESOLVED, Shareholders request Hershey publish, at reasonable cost and excluding proprietary information, a report disclosing its due diligence efforts to ensure responsible recruitment within its operations and supply chain, by December 2018.

Supporting Statement: Proponents believe the Report should include:

* Assessment of the nature and prevalence of recruitment risks in Hershey’s supply chain;
* Transparency of sourcing countries for commodities at high risk of recruitment abuses; and
* Disclosure of due diligence efforts, including goals and key performance indicators, to reduce ethical recruitment violations by prohibiting recruitment fees paid by job seekers, prohibiting confiscation of worker’s identity documents, and providing written contracts for workers.

1. <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm> [↑](#footnote-ref-1)
2. <http://contratados.org/en/NAFTA> [↑](#footnote-ref-2)
3. <http://www.alliance87.org/global_estimates_of_modern_slavery-forced_labour_and_forced_marriage.pdf> [↑](#footnote-ref-3)
4. <https://www.verite.org/wp-content/uploads/2016/11/Help_Wanted_2010.pdf> [↑](#footnote-ref-4)
5. <https://www.dol.gov/ilab/reports/child-labor/list-of-goods/> [↑](#footnote-ref-5)
6. <https://knowthechain.org/benchmarks/2/> [↑](#footnote-ref-6)