

Hershey commits \$500M to sustainable cocoa initiative in West Africa

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Cathy Siegner



Dive Brief:

- Hershey has committed to investing \$500 million by 2030 on a series of cocoa sustainability strategies that will be implemented in the West African countries of Ghana and Ivory Coast where about 70% of the global supply is grown.
- In its April 3 announcement, the Pennsylvania-based confectionery and snack company said its "Cocoa For Good" program will focus on poverty, poor nutrition, at-risk youth and vulnerable ecosystems. Hershey said the initiative includes increasing family access to good nutrition, eliminating child labor, boosting household income and instituting a zero-deforestation policy.
- "We continue to work toward a future where there's a long-term, sustainable cocoa supply, the natural environment is protected, and we are creating better lives for everyone," Susanna Zhu, Hershey's chief procurement officer, said in a statement. "It's good for the cocoa farmers, families, communities, chocolate consumers and the success of our business."

Dive Insight:

This is just the latest of Hershey's many efforts to build a better cocoa system. The company teamed up with Cargill in 2014 to teach Ivory Coast growers sustainable farming practices, which followed its "Learn To Grow" initiative that had already proven successful in Ghana and

Nigeria. Before that, the chocolate maker sponsored a "CocoaLink" mobile phone training program to send weekly training messages to Ghanaian farmers on best farming and labor practices.

The benefits for Hershey consist of a more stable cocoa supply and higher yields, healthier and better-trained farmers, and a more sustainable environment. The company also is enhancing its mission-based profile by showing consumers that it cares about these things — aspects shoppers increasingly value and take into account when making a purchase. According to a report from The Hartman Group, nearly 70% of consumers prefer that companies be more transparent about their sustainability efforts.

In a 2017 sustainability report, Michele Buck, Hershey's CEO, noted that cocoa is one of the most important ingredients for the company and that sustainability, along with the well-being of cocoa-growing communities, was a top priority.

"Hershey increased its certified and sustainable cocoa sourcing to 60 percent of all cocoa it purchased in 2016 and remains on track to reach 100 percent by 2020," she said. According to Bloomberg, the company raised that number to 75% last year.

The chocolate giant might want to advertise these achievements to consumers and perhaps include some of them on package labels to generate interest and help bolster profits. That shouldn't be too difficult since demand for chocolate is increasing. Growth in the U.S. chocolate market — driven by demand for premium varieties, sugar-free and dark chocolate products — is expected to surpass the \$30-billion mark by 2021, according to a 2016 TechSci Research report.

Given how important chocolate is for a company such as Hershey, it's no surprise that it has decided to make this \$500-million commitment. While the sum may seem like a lot, it would likely pale in comparison to what the company would pay in the long term if cocoa prices soared because there wasn't enough of the ingredient available. Even though sustainability is part of this commitment, it's also about Hershey's future and its bottom line.

Other chocolate companies have made sustainability investments and pledges, including Nestle, Lindt, Mars, Mondelez and Barry Callebaut, although the extent of their commitments and the timelines for completion vary. Their customers are undoubtedly pleased to see them step forward and do what they can to responsibly source cocoa, without which their favorite chocolate bar could become less available and much more expensive.