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Hershey Foods Responds to Stockholder on Genetically Engineered Food

BYLINE: By Bill Sulon

Hershey Foods Corp., accustomed to talking about Kit Kats and Kisses, strayed into science and human rights at its annual shareholders meeting Tuesday.

Shareholders rejected a stockholder proposal that called on the company to identify and eventually eliminate any genetically engineered food products it uses to make candies. And company officials said they are looking into allegations that child labor was used on some of the 1 million small cacao farms in parts of Africa.

The genetically engineered food proposal was rejected by a vote of 373.2 million to 8.5 million shares, with 4 million abstentions. The issue was raised by the San Francisco-based **As You Sow Foundation** and Domini Social Investments of New York, which together say they hold more than \$ 22 million worth of Hershey stock.

"We want a report on the company's use of genetically engineered food," **Michael Passoff**, associate director of **As You Sow**, said in a phone interview before the meeting. He said the group is concerned about the use of genetic engineering in corn and soy crops and about bovine growth hormones in dairy cows.

"There's a potential health impact, the possibility of allergic reaction, concerns of cancer and toxicity, and concerns of less nutritional value," he said.

Hershey Chairman Kenneth L. Wolfe said the company is committed to providing products that are safe and wholesome, and it complies with regulatory standards of the U.S. Food and Drug Administration, the Environmental Protection Agency and the U.S. Department of Agriculture.

"Given the storage and distribution systems utilized for agricultural commodities in the United States, it would be extremely costly and virtually impossible to segregate genetically engineered crops from non-genetically engineered crops," Wolfe said during the meeting at the Hershey Theatre in Derry Twp.

Another shareholder asked about recent reports of child slaves working on some African farms, including those in Ivory Coast, where cacao is grown.

Richard Lenny, Hershey's chief executive officer, said the company's "initial intelligence" reports indicate it is "an isolated problem, not characteristic to cacao growing in the Ivory Coast."

Cacao trees are the source of cacao pods used to make cocoa.

Before the meeting, Hershey spokesman John Long said the company is "aware of allegations of slavery in West Africa," and "we are very concerned about these. We soundly condemn this practice wherever it might exist."

Long said there are 700,000 to 1 million small family farms in Ivory Coast. "Even if it's just one or two instances [of slave labor], we are concerned."

He said the company is working with other candy makers and the U.S. and African governments to "thoroughly investigate these allegations."

In other business, Lenny reminded the 1,200 shareholders at the meeting that sales of Hershey candy last year increased 7.6 percent from a year earlier, net income rose 15.3 percent and the stock price soared 35.7 percent.

"I'm quite pleased with the money I'm making," Hershey investor Anthony Foeckler of Hayward, Wis., said after the meeting.

Hershey stock rose 6 cents Tuesday, to close at \$ 60.84 a share.