

A Matter of Taste



A benchmark of current industry efforts to address child labour, worst forms of child labour and human trafficking on cocoa farms in Côte d'Ivoire and Ghana.

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STOP THE TRAFFIK Australian Coalition





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Disclaimer

The material and statistics contained within this report are entirely self-reported and unverifiable. As top-down desk-based research it does not assess the impact of interventions to reduce child labour, worst forms of child labour or human trafficking.

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Abbreviations

CAP	Community Action Plan
CCPC	Community Child Protection Committees
CLMRS	Child Labour Monitoring and Remediation System
CLMS	Child Labour Monitoring System
CLP	Community Liaison Person
CPC	Child Protection Committee
CSR	Corporate Social Responsibility
FLA	Fair Labor Association
GPS	Global Positioning System
ICI	International Cocoa Initiative
ICS	Internal Control System
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
KPI	Key Performance Indicator
NGO	Non-Governmental Organisation
PR	Public Relations
SAN	Sustainable Agriculture Network
SDGs	Sustainable Development Goals
TRECC	Transforming Education in Cocoa Communities (The Jacob's Foundation)
UN	United Nations
USD	US Dollars
VSLA	Village Savings and Loans Association
WCF	World Cocoa Foundation
WFCL	Worst Forms of Child Labour
YICBMR	Youth Inclusive Community Based Monitoring and Remediation

Unless otherwise stated the currency used is United States dollars.



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Introduction

This report examines how three different supply chain actors within the chocolate industry – [certification bodies](#), [chocolate manufacturers](#) and [cocoa production companies](#) – are attempting to address the issue of child labour, worst forms of child labour and human trafficking on cocoa farms in Côte d’Ivoire and Ghana. It explores what each is doing in terms of

- 1) traceability, transparency and accountability,
- 2) child labour monitoring and remediation,
- 3) community investment,
- 4) community participation,
- 5) access to education,
- 6) women’s empowerment and
- 7) ensuring farmers make a living income.

It neither scores nor ranks companies against one another but rather offers a comparative benchmark across these key initiatives. As such the report provides the information necessary for the critically engaged reader to come to their own conclusions about who is leading and who is lagging.

Methodology

The research process involved the circulation of an extensive questionnaire to all participating companies and certifiers. The data was analysed and follow-up questions sent to all participants ahead of an interview, the average length of which was one hour. All companies and certifiers had the opportunity to comment on initial drafts and correct aspects they felt misrepresented their approach to sustainability.

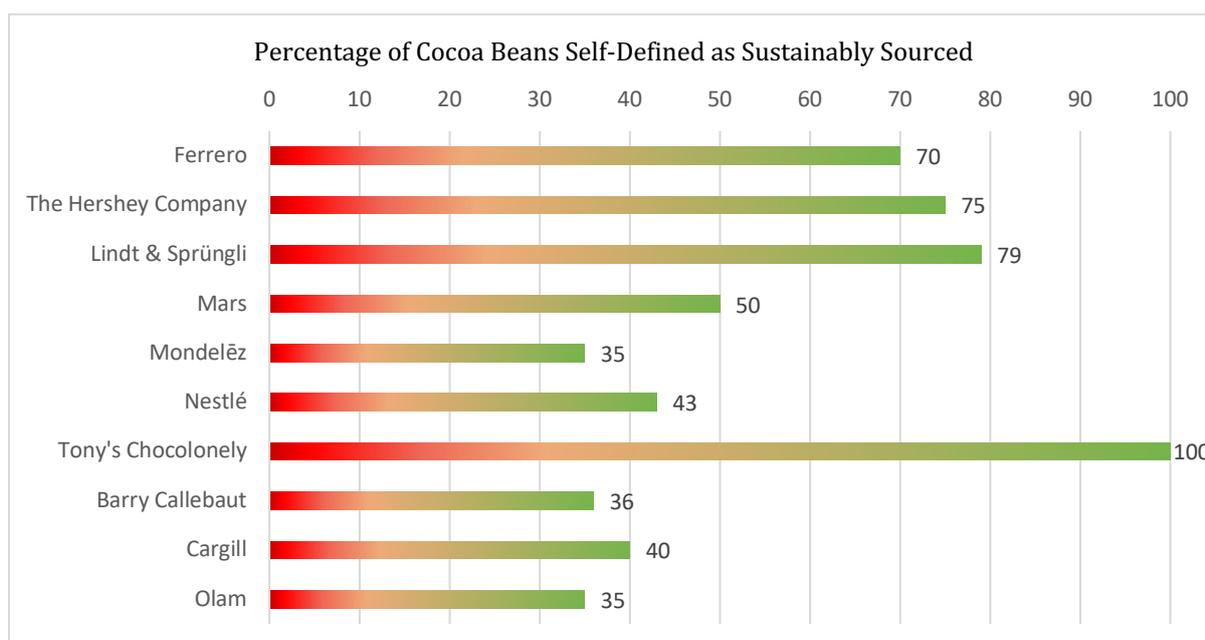


Figure 1: Percentage of cocoa bean supply self-reported by companies as sustainably sourced. Please note this does not reflect the total volume of each company which may create a large footprint of 'sustainability'. For example, see figure 3 showing Olam has the largest footprint.

Limitations

The material and statistics contained within this report are entirely self-reported and unverifiable. Similarly, definitions of sustainability are company-specific, thus understandings of what constitutes 'sustainably sourced' differed among companies. As top-down desk-based research, it does not assess the impact of interventions to reduce child labour, worst forms of child labour or human trafficking. Furthermore, the report focuses solely on industry. It does not include the perspectives of workers, their communities, nor of the government, all of whom are key stakeholders in efforts to reduce rates of child labour at farm level.

The Context

Reports of child labour, worst forms of child labour and trafficking of children have blighted the chocolate industry since 2001. While estimates on the number of West African cocoa farms using forced child labour vary widely, the ILO and the governments of Ghana and Côte d'Ivoire recognise the issue as an ongoing problem within the sector. In rural Ghana, a government funded survey reported 20% of children interviewed in rural areas were found to be in hazardous forms of child labour.³

For the purpose of this report, child labour is defined in accordance with the definition set out in ILO Convention 182 on the Worst Forms of Child Labour:

*“All forms of slavery or practices similar to slavery and work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children”.*⁴

The Problem

Child labour on cocoa farms is not a standalone phenomenon with an easy solution. It is important to situate the problem within the wider socio-cultural, economic, political and historical context. Scandals surrounding of the widespread use of slaves on cocoa plantations in the Caribbean in the early 1900s motivated William Cadbury to source cocoa from Ghana as the risk of labour abuse was significantly lower due to the small-holder nature of cocoa cultivation in West Africa.⁵ Côte d'Ivoire and Ghana are now the largest exporters of cocoa in the world producing almost 60% of the global supply, with

³ Ghana Statistical Service (2014) *Ghana Living Standards Survey Round 6: Child Labour Report*. In collaboration with the Government of Ghana, the ILO, UNDP, UNICEF, DIFD and the World Bank.

⁴ http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182 (Accessed 24/03/2018)

⁵ Berlan, A (2011) 'Social Sustainability in Agriculture: An Anthropological Perspective on Child Labour in Cocoa', *Manchester Papers in Political Economy*, Working paper 9, pp. 1-28.

the vast majority of cocoa grown on small, independently owned farms rather than on plantations.

The face of slavery today is that of a child being exploited and experiencing the worst forms of child labour – referred to throughout this report simply as child labour. Other forms of modern slavery reported to be present on cocoa farms include forced labour and human trafficking. Unlike the institutional slavery on Caribbean cocoa plantations in the 1800s, slavery on cocoa farms today is sporadic and often difficult to identify, creating a substantial challenge for the chocolate industry.



Because the consequences for finding slavery and human trafficking are severe, it is rarely reported. Companies are highly reluctant to use the terms slavery, forced labour and human trafficking. If instances are found and properly remediated, this is mainly a problem for the statisticians who are looking for accurate data. The key focus must be on the protection and care of the child and not accurate figures.

Forms of modern slavery occur in supply chains for a number of reasons: impoverished socioeconomic context, cultural norms, geographic isolation and low value distribution in the bottom tiers.⁶ Moreover, conditions of modern slavery are shaped by hierarchical social structures,⁷ familial duty,⁸ and relations with the state.⁹

Impoverished Socioeconomic Context

In Côte d'Ivoire, 57% of the rural population still live on less than USD1.90 a day¹⁰, while in Ghana 13%.¹¹ The average daily income of a cocoa farmer in Côte d'Ivoire is 54 cents and in Ghana is 82 cents.¹² Poverty is widely recognised as one of the leading contributors to child labour on cocoa farms. Poverty underpins child labour as children are needed to contribute to the family work and income. Farmers do not always have the disposable income necessary to hire labourers and rely on family members, or education may simply be unaffordable.

⁶ Crane, A. (2013) "Modern slavery as a management practice: exploring the conditions and capabilities for human exploitation", *Academy of Management Review*, 38(1), pp. 49-69.

⁷ Carswell, G. & De Neve, G. (2013) 'From field to factory: tracing transformation in bonded labour in the Tiruppur region, Tamil Nadu', *Economy and Society*, 42(3), pp. 430-454.

⁸ Carswell, G. & De Neve, G. (2014) 'T-shirts and tumblers: Caste, dependency and work under neoliberalisation in south India', *Contributions to Indian Sociology*, 48(1), pp. 103-131.

⁹ LeBaron, G. (2014) 'Subcontracting Is Not Illegal, But Is It Unethical? Business Ethics, Forced Labor, and Economic Success', *The Brown Journal of World Affairs*, XX(II), pp. 237-249; LeBaron, G. (2015) 'Unfree Labour Beyond Binaries', *International Feminist Journal of Politics*, 17(1), pp. 1-19.

¹⁰ The United Nations defines US\$1.90 as the International Poverty Line. 10% of the world's workers live on less than this amount <http://www.un.org/sustainabledevelopment/poverty/>

¹¹ World Bank (2015). Available at: <https://data.worldbank.org>.

¹² http://s2093.c162.freistilbox.net/sites/default/files/news-pdf/Cocoa_briefing_paper_WEB.pdf (Accessed 24/03/2018)

Geographical Isolation

In rural areas accessing basic services, such as registering a child at birth or attending primary school, can be difficult. Birth certificates are vital for ensuring a child has state support and protection. Furthermore, in areas with limited school infrastructure sending a child away for education can be prohibitively expensive. Geographical isolation results in the more rural cocoa farms being harder to reach than those close to main roads, reducing the likelihood of being a member of a cooperative, participating in agricultural training programs or having a child protection committee or grievance mechanism.

Cultural Norms, Hierarchical Social Structures and Familial Duty

Considering the social, economic and political context presents multiple underlying causes of child labour on cocoa farms. Research has shown that family breakdown, particularly the impact of divorce and remarriage, can be a contributing factor.¹³ In situations of family breakdown where women bear all responsibility for providing for their children but with limited land tenure, paying for education is even more difficult. Thus, investing in women's empowerment, both socially and economically, has an important role to play in reducing child labour.

Low Value Distribution

Cocoa is a cornerstone of the economy in Côte d'Ivoire and Ghana. Yet the majority of the value created by cocoa is captured in the West where chocolate is manufactured and sold. For every bar of chocolate sold a cocoa farmer receives approximately 4% of the price paid by the consumer.¹⁴ This inequitable distribution of value perpetuates poverty among farming communities. The terms on which cocoa farmers have been incorporated into the global market thus shape labour practices, as farmers remain poor and unable to hire labourers despite cultivating the primary ingredient in a luxury good.



Relations with the State

Human rights are granted and upheld by the state. The Ivoirian and Ghanaian governments have outlawed child labour and have committed to protecting the rights of children, including providing access to education. However, in many rural areas the infrastructural support needed to ensure the realisation of the rights of children is not yet present. Furthermore, when a case of child exploitation is identified there is a legal responsibility to report it to the authorities. Communities need to know they can trust the state authorities to act in their best interests and in that of the child to encourage the reporting of abuse.

¹³ Berlan, A (2011) 'Social Sustainability in Agriculture: An Anthropological Perspective on Child Labour in Cocoa', *Manchester Papers in Political Economy*, Working paper 9, pp. 1-28.

¹⁴ Fountain, A. & Hütz-Adams, H. (2015) *CocoaBarometer 2015*. VOICE Network.

How is Child Labour Being Addressed?

Like most social issues, there is no one straightforward solution that will eliminate child labour. Research has suggested multiple factors, all of which need to be considered by the chocolate industry as efforts remain ongoing. This is by no means an exhaustive list guaranteed to end all child labour, but an overview of the current best practices being adopted within the industry.

Traceability, Transparency and Accountability

Increased transparency is key to reducing forms of modern slavery in supply chains.¹⁵ Discussions on supply chain transparency tend to focus on two different understandings; internal and external. Corporations can increase supply chain transparency internally by conducting end-to-end supply chain research to understand where cocoa beans are grown and under what social and environmental conditions. In order to address human rights violations within its supply chain, a business first needs to know who is actually in the supply chain. Traceability is therefore a necessity. All companies included in this research were asked what percentage of cocoa farms are GPS mapped in a bid to gauge the level of supply chain research currently being undertaken internally.



Supply chain transparency also refers to external corporate relations; what a company is willing to publicly share. With multiple private actors embarking on efforts to increase sustainability in the cocoa sector a culture of openness is necessary. Without open dialogue interventions will be repeated, whether successful or not, and farmers who are easier to access will be targeted by multiple efforts, while others will remain beyond industry efforts (for example, multiple cocoa co-operatives are triple certified by Fairtrade, Rainforest Alliance and UTZ, while the majority of farmers remain outside of cooperatives). Willingness to share learning experiences, particularly failures, is vital in order to adapt and work towards solutions that benefit cocoa growing communities.

Aside from openly sharing with each other and with local government, transparency is vital for civil society to hold corporations to account. Unlike democratic countries where the state is elected through popular vote and can lose power when it fails to uphold human rights, when corporations commit human rights violations they are only held to account when abuses are reported on by the media. The media, civil society organisations (such as NGOs and advocacy groups) and consumers can only hold corporations to account when human rights violations come to light. From a business perspective, increasing transparency can minimise the risk of bad publicity by acknowledging the issue and even boost a company image by openly showing where it has tried, and where

¹⁵ New, S. (2015) 'Modern slavery and the supply chain: the limits of corporate social responsibility?', *Supply Chain Management: An International Journal*, 20(6), pp. 697-707.

it has failed, in its efforts to reduce the prevalence of child labour. Without transparency on the impact of corporate interventions, the actions discussed within this report remain unverifiable.

Transparency builds civil society trust that the companies are actually doing what they say they are doing.

Without transparency, human rights violations cannot be prevented, mitigated, remediated or reported on.¹⁶

Child Labour Monitoring and Remediation

To meaningfully engage with issues of modern slavery and implement initiatives to reduce its prevalence; industry must strive to increase the capability of workers and suppliers to spot and resist exploitative practices.¹⁷ Recognising that child labour happens on the ground at an individual level, it is vitally important to empower communities to spot, resist and remediate cases of child labour.

It is vitally important to empower communities to spot, resist and remediate cases of child labour.

One of the primary ways that the chocolate industry is attempting this is through the implementation of child labour monitoring and remediation systems (CLMRS). There is no one-size-fits-all approach to establishing a CLMRS within a community and measurements of the effectiveness of current variants are difficult to compare as definitions differ and none have been in operation for more than five years.¹⁸ However, the International Cocoa Initiative's (ICI's)¹⁹ CLMRS approach, developed in collaboration with Nestlé, is considered the industry exemplar. It aims to be supportive, rather than punitive. Its holistic approach includes community awareness raising, the establishment of Child Protection Committees (CPC), the implementation of development plans, support for infrastructural development and the facilitation of women's empowerment.²⁰ Members of the community are trained to identify exploitation and to support families to send their children to school. This approach focuses on empowering communities to deal with the issue and support each other, rather than relying entirely on external monitoring teams to approve or critique labour practices.

¹⁶ Fountain, A.C. (2017); Transparency and Accountability in the Cocoa Sector. Cocoa Barometer Consultation Paper.

¹⁷ Gold, S., Trautrim, A. & Trodd, Z. (2015) 'Modern slavery challenges to supply chain management', *Supply Chain Management: An International Journal*, 20(5), pp. 485-494.

¹⁸ Laboulle, O. & Wilson, S. (2017) *Effectiveness Review of Child Labour Monitoring Systems in the Smallholder Agricultural Sector of Sub-Saharan Africa: Review of Emerging Good Practices*. Châtelaine: ICI Secretariat Switzerland.

¹⁹ <http://www.cocoainitiative.org> (Accessed 24/03/2018)

²⁰ ICI (2017) *Child Labour Monitoring and Remediation System (CLMRS) and CocoaAction Community Development Interventions: Overview*. Châtelaine: ICI Secretariat Switzerland.

The establishment of CLMRS across Côte d'Ivoire and Ghana is a requirement of the 2016 CocoaAction strategy for the industry.²¹

This research asked companies whether they are implementing a CLMRS and, if so, in how many communities, whether it is community-led and the availability of anonymous grievance mechanisms.

Community Investment

To address slavery in supply chains, academic research argues that corporations need to take a multi-stakeholder approach that builds resilience at community level through increased livelihood security, access to education, healthcare and child protection training.²² Increasingly the chocolate industry is investing in cocoa growing regions with the aim of tackling poverty and building resilient communities. Depending on the specific company, this can include investment into education, youth skills training, construction of wells and access to drinking water, distribution of malaria nets, access to micro-finance through the establishment of village loans and savings groups (enabling communities without access to financial services to create a common saving fund to borrow from when necessary), and so on. Each company participating in the report was asked about its strategy for tackling the underlying poverty in cocoa growing regions and the extent of its community development initiatives.

Community Involvement and Participation

In order for corporate interventions to be undertaken with communities at the heart of the agenda, not business interests, cocoa growing communities need to be consulted. Projects that are imposed without community participation or ownership are likely to fail. Ensuring local input into development initiatives, both in terms of the design and implementation of interventions, to enable community ownership is vital for long-term success and sustainability. Third-party support from NGOs funded by industry players, is useful in the creation of Community Action Plans. Interventions do not all need to come straight from the company. Enabling community input and the prioritisation of local interests over corporate ones is important. All companies were asked about the degree of community consultation and participation in the programme design, along with who implements the projects.



²¹ Laboulle, O. & Wilson, S. (2017) *Effectiveness Review of Child Labour Monitoring Systems in the Smallholder Agricultural Sector of Sub-Saharan Africa: Review of Emerging Good Practices*. Châtelaine: ICI Secretariat Switzerland.

²² Gold, S., Trautrim, A. & Trodd, Z. (2015) 'Modern slavery challenges to supply chain management', *Supply Chain Management: An International Journal*, 20(5), pp. 485-494.

Increasing Access to Education

One of the biggest ramifications of child labour is that it deprives children of an education; a basic human right. Education is invaluable. Many cocoa growing communities live in rural areas with limited access to either primary or secondary school. The First Lady of Côte d'Ivoire called for support from the chocolate industry in building primary schools in regions that do not have easy access to one as a means of reducing the rate of child labour.



In 2018 under the umbrella of the Jacob's Foundation's Transforming Education in Cocoa Communities (TRECC)²³, Barry Callebaut, Cargill, Hershey, Mars and Mondelez committed to improving the quality of education for 80,000 children from 150 cocoa growing communities in Côte d'Ivoire. There is a sound business case for investing in education as it increases human capital which can have a long-term positive impact on the region, the quality of cocoa farming and in

lowering the rates of child labour. All companies were asked about their investment into education and the number of farmers targeted with child labour sensitisation activities to increase awareness of what work can be harmful to a child and what is beneficial for a child's development. If a child is going to school regularly, although not a guarantee, it is more likely that child labour, worst forms of child labour and human trafficking are not occurring. A child registered as a student in school hopefully also has another layer of protection when it comes to the community they are part of safeguarding their care. Teachers are important in identifying 'missing' children or child who may be being exploited.

Women's Empowerment

Studies have shown that when women are invested in, children are far more likely to benefit; statistically, women will invest more of their income in their children's education and future wellbeing than men.²⁴ Challenging gender inequality and empowering women, both financially and socially, is an important step towards tackling some of the underlying issues that enable child labour. According to CocoaAction, half of the farm-level work completed on cocoa farms is



²³ <https://jacobsfoundation.org/en/new-international-initiative-roof-trecc/> (Accessed 24/03/2018)

²⁴ Marston, A. (2016) *Women's Rights in the Cocoa Sector: Examples of Emerging Good Practice*, Oxfam.

done by women.²⁵ Yet no company reported that 50% of its source farmers are female. Encouraging women's participation in farming – particularly in naming women as cocoa farmers and not simply the wives of cocoa farmers – is one way that the chocolate industry can attempt to invest in the future of children. Current industry approaches to women's empowerment include the establishment of savings and loans groups specifically for women, income diversification initiatives, the granting of small plots of land for subsistence purposes and efforts to increase the decision-making power of women within cooperatives. During the research process, all companies were asked about the gender ratio of cocoa farmers, the percentage of female farmers participating in agricultural training workshops and about any women's empowerment initiatives being sponsored.

Living Income

The current income cocoa farmers derive from the sale of cocoa beans is insufficient for lifting them out of poverty. While chocolate is a valuable luxury good, cocoa farming remains largely a subsistence activity for many communities. Farmers are not paid a wage but earn an income from their crops. The components and principles of a living wage are still applicable for a living income.

A living wage is, "remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events".
*Global Living Wage Coalition*²⁶

A living income refers to the monetary value farmers need to allow for basic housing, food and essentials; plus, small unforeseen expenses. It will also allow families to send their children to school. Paying a living income to cocoa farmers is a controversial issue. Whilst much work and collaboration has been undertaken by the Global Living Wage Coalition, there is still questioning of the definition and calculation of what constitutes a living income in cocoa growing regions. Studies, if they have been done, have not yet been made public.

Research into what constitutes a living Income in cocoa growing regions in Côte d'Ivoire is currently being undertaken by the Living Income Community of Practice.²⁷ Companies assert an unwillingness to commit to something yet to have an agreed definition.

However, current approaches to improving the livelihoods of cocoa farmers include increasing productivity through agricultural training workshops and the rehabilitation of cocoa trees, income diversification workshops that encourage the growth of alternative

²⁵ CocoaAction (2017) *Learning as We Grow: Putting CocoaAction into Practice*. World Cocoa Foundation.

²⁶ <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1800> (Accessed 24/03/2018)

²⁷ <https://www.living-income.com> (Accessed 24/03/2018)

cash crops and additional premiums for each tonne of certified cocoa purchased. Yet the underlying issue of a low farm gate price remains.

The price that cocoa farmers receive is set biannually by the respective governments of Côte d'Ivoire and Ghana. This price is influenced by world markets and the quantity of cocoa available (as such increased productivity has actually had the detrimental effect in driving down the price of cocoa). While companies need to be willing to pay more for cocoa beans, collaborating with the respective governments is also vital to increasing the income of cocoa farmers.

It must never be forgotten that, "necessitous men are not free men".

(President F. D. Roosevelt, 1944).



Whose Responsibility is Child Labour on Cocoa Farms?

Traditionally human rights are granted, maintained and protected by the state. Article 32 of the UN Convention on the Rights of the Child 1989 (CRC)²⁸ recognises 'the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.' As both Ghana and Côte d'Ivoire have ratified the CRC, protecting the rights of child is foremost the domain of their respective governments.

However, protecting the rights of children is not solely the responsibility of government; today upholding human rights, rather than undermining them, falls within the definition of being a 'good corporate citizen'. The United Nations Guiding Principles on Business and Human Rights places the responsibility on business for human rights abuses committed by private sector actors and sets out a framework on what can reasonably be expected from business. It includes an obligation to

- avoid infringing on human rights,
- create and uphold company policy on respecting human rights,
- conduct human rights due diligence
- identify, prevent and mitigate abuses and
- provide for, or participate in, remediation efforts once abuses have been identified.

In line with these principles, the chocolate industry therefore has a key role to play in efforts to reduce and remediate cases of child labour on cocoa farms.

The responsibility to respect human rights requires that business enterprises:

- 1. Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;*
- 2. Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.*

UN Guiding Principles on Business and Human Rights²⁹

Child labour is also a local issue that is the product of the historical, social and economic context of rural Ghana and Côte d'Ivoire. National and international NGOs, along with certification bodies, have a role to play in supporting and empowering cocoa growing communities. Training members of the community to spot, reduce and remediate cases

²⁸ <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx> (Accessed 24/03/2018)

²⁹ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf (Accessed 24/03/2018)

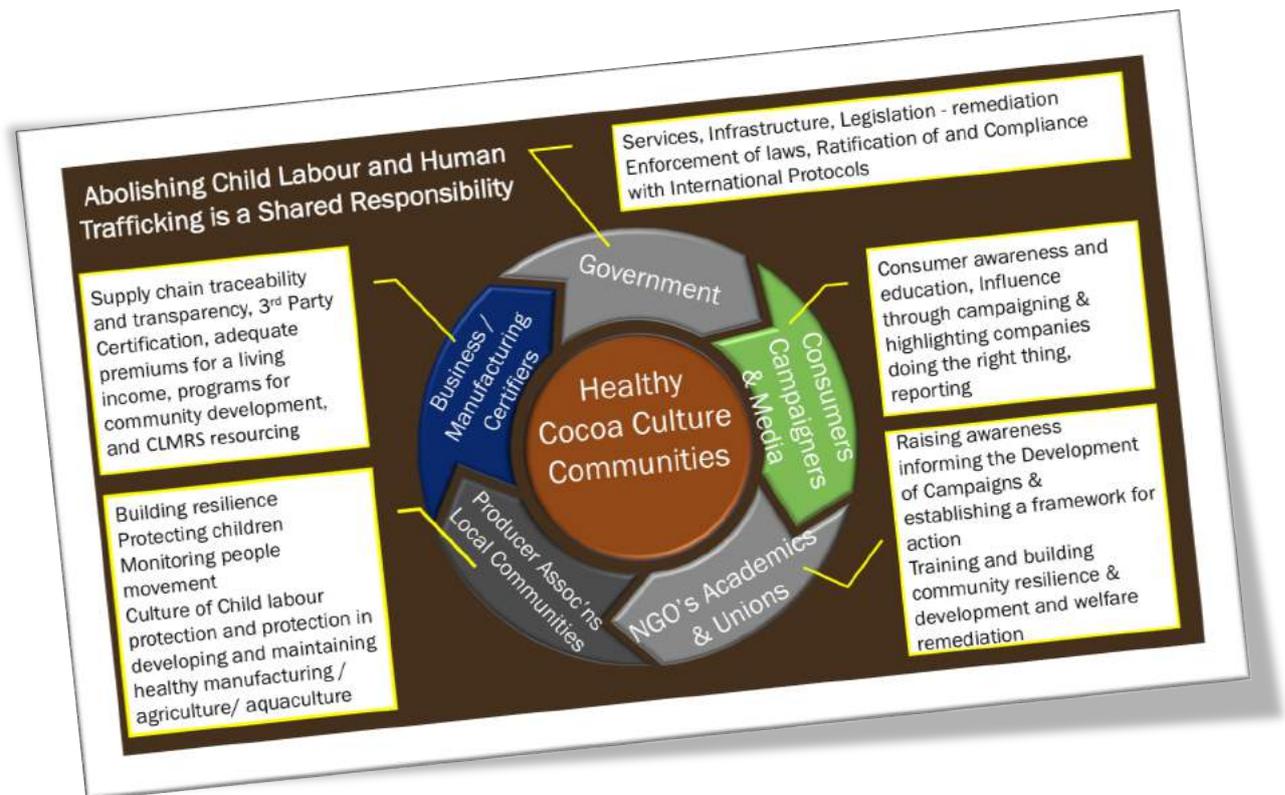
of child labour is vital to the long-term success and sustainability of external interventions.

The International Cocoa Initiative (ICI) was formed on the acknowledgement that child labour is a shared responsibility. It is a problem to be addressed by numerous actors working together at a local, national, and international level. This report explores solely the role of the chocolate industry. It is important to note that it does not address all who share the responsibility for addressing child labour (farmers, local communities, government or NGOs) – nor does it include the perspectives of workers or government.

STOP THE TRAFFIK’s Shared Responsibility Model

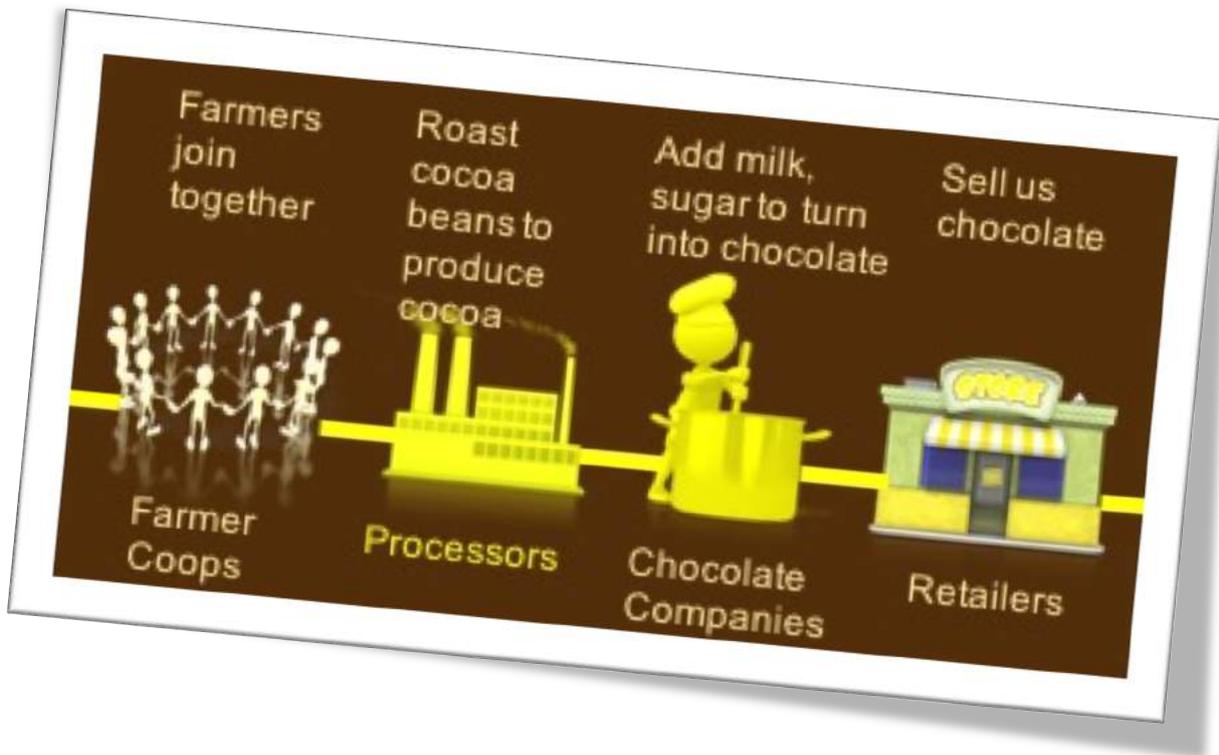
STOP THE TRAFFIK Australian Coalition has worked on a shared responsibility model in addressing complex problems such as child labour and trafficking. The only way we will end child labour and trafficking is together. No one organisation will do it alone and no one sector will do it alone. If there was a quick win solution we would have found it already, but this is a complex issue with multi-faceted push and pull factors.

The model recognises that each sector has unique responsibilities. For any sector to fulfill these, they need to be held responsible and supported by the other sectors. This leads to a co-accountability creating a learning system where issues can be addressed and promising practices developed. At the same time., each sector needs leadership to come from within the sector to engage in new and promising practices.



The Chocolate Supply Chain: Who Does What?

Cocoa beans are grown largely by small-holder farmers who harvest cocoa pods twice a year. Once the beans are removed from their pods, fermented and dried, farmers deliver their beans to either their cooperative or community collection point or sell the cocoa beans to middle dealers.



Processors

[Cocoa processors](#) have field staff in Côte d'Ivoire and Ghana who interact directly with cocoa farmers. Field staff buy cocoa beans either from the cooperatives or middle-dealers. The cocoa processors then either process the cocoa beans in country – grinding the cocoa and processing it into either cocoa liquor or cocoa butter and cocoa powder – or export the unprocessed cocoa beans to Antwerp (among other destinations). Processing can also take place in Europe after the cocoa beans have been exported. Three of the biggest production companies were involved in the research for this report – [Barry Callebaut](#), [Cargill](#) and [Olam](#). Combined Barry Callebaut and Cargill process approximately 70-80% of the world's cocoa trade.³⁰ Barry Callebaut also produces chocolate but does not usually sell direct to consumers.

Chocolate Companies

[Chocolate manufacturers](#), depending on the company, then buy either cocoa beans, processed cocoa liquor or chocolate, from the production companies. Chocolate manufacturers create the consumer facing products recognisable around the world. Six of the biggest manufacturers – [Ferrero](#), [the Hershey Company](#), [Lindt & Sprüngli](#), [Mars](#),

³⁰ Fountain, A. & Hütz-Adams, H. (2015) *CocoaBarometer 2015*. VOICE Network.

[Mondelēz](#) and [Nestlé](#) – along with a smaller boutique company whose founding aim was to create slave-free chocolate – [Tony’s Chocolonely](#) – participated in this year’s report.

Retailers

Once the final chocolate bar has been manufactured, it is transported to shops and supermarkets where consumers can purchase it. The role of supermarkets is not investigated within this report. It is nevertheless an important component as the largest share of the value created from the sale of a bar of chocolate is captured by the retailer; 44% of the sale price.

Retailers profit from the impoverished conditions in which cocoa beans are grown, they are also stakeholders who need to be involved in discussions on responsible sourcing practices and the payment of a living income to cocoa farmers.

Certification Bodies

This report also examines three [certification bodies](#): [Fairtrade International](#), [Rainforest Alliance](#) and [UTZ](#). Certification bodies interact directly with cocoa cooperatives. Once audited and certified, a cooperative can sell cocoa beans at a small premium. This premium is insufficient for attaining a living income or lifting farmers out of poverty. A certification logo appears on chocolate bars manufactured by companies who pay the additional premium to farmer cooperatives. However, it does not guarantee that certified cocoa beans went into that specific bar of chocolate; all three certifiers operate on a mass balance ratio, where companies buy a certain percentage of their cocoa bean supply as certified and can claim a corresponding mass of the final chocolate produced to be thus certified.

*It is important to note that currently **NO** company or certifier can promise the consumer that the cocoa that went into their chocolate bar is 100% ‘traffik-free’.*

While the industry has made major strides in recent years, the level of traceability and transparency, along with the continued presence of modern slavery on cocoa farmers, means that the industry is still a long way from producing chocolate that is not contaminated by child or forced labour. We can, however, say that promising steps are being taken in the direction of ensuring no child labour, worst forms of child labour, forced labour or human trafficking are occurring.



Logos on Chocolate Bars: What Each One Means

There is a growing number of logos appearing on bars of chocolate. Ever wondered what each one means? This section recounts what each logo seeks to communicate to consumers

Certification Bodies



® Fairtrade

A product with the FAIRTRADE mark means producers and businesses have met internationally agreed standards which have been independently certified. For a product to be Fairtrade certified, farmers and the businesses right across the product's supply chain must ensure fairer terms of trade by following the relevant standards.

Fairtrade requires smallholder cocoa farmers to organise democratically in cooperatives. When purchasing cocoa on Fairtrade terms, buyers must pay the cooperatives the Fairtrade Premium. Buyers must also pay the Fairtrade Minimum Price, or in the case of Cote d'Ivoire and Ghana the difference between the Fairtrade Minimum Price and relevant market reference price.

Fairtrade cocoa farmers must comply with the Fairtrade Standard for Small Producer Organisations and meet the requirements of the product standard for cocoa. These incorporate strong social, economic and environmental criteria - including standards for labour - which enable farmers to strengthen their communities. Traders buying and selling Fairtrade products are also certified against the Fairtrade Trader Standard which requires them to commit to transparency and integrity in these trading relationships.”³¹

Rainforest Alliance



“When you see our green frog seal on a product it means it is better for people and better for the planet. This is because it indicates that one or more ingredients (depending on what it says below the seal) has been sourced from a farm that meets the criteria of the Rainforest Alliance Sustainable Agriculture Standard. The Standard encompasses all three pillars of sustainability—social, economic, and environmental. Rainforest Alliance Certified™

farms are audited regularly to verify that farmers are complying with the Standard's comprehensive requirements, which require continual improvement on the journey to sustainable agriculture.

The Standard is built on these important principles of sustainable farming:

- Biodiversity conservation
- Improved livelihoods and human well-being
- Natural resource conservation

³¹ <http://fairtrade.com.au> (Accessed 24/03/2018)

- Effective planning and farm management systems”³²



UTZ

“UTZ is committed to creating a better, more sustainable world. To become certified, farmers have to follow the UTZ Code of Conduct, which offers expert guidance on better farming methods, working conditions and care for nature. This in turn leads to better production, a safeguarded environment and better social conditions.

UTZ certified ingredients are grown by farmers who have been trained to implement better farming practices, with respect for people and the planet. Farmers are regularly audited to ensure they comply with the sustainability standards³³ of the UTZ program. UTZ certification shows consumers that products have been sourced in a sustainable manner.”

Chocolate Manufacturers



Lindt & Sprüngli – Cocoa Farming Program

“The chocolate with the logo Cocoa Farming Program logo partly contains cocoa beans from the Lindt & Sprüngli Farming Program (100% Ghana origin beans). For our premium ingredients, especially our cocoa beans, we work on sustainable farming programs and develop long-term relationships with the farmers.

For every ton of cocoa beans sourced from the Lindt & Sprüngli Farming Program, we pay a price premium for traceability of cocoa beans to the origin as well as for the support of farmers in improving their agricultural, environmental and social farming practices and the livelihood of farmers and their communities.

Internal monitoring systems measure continuous progress, while external assessments by The Forest Trust verify the progress and allow the Program to develop further. The logo should serve as a teaser to find out more.³⁴”



Mondelēz – Cocoa Life

“Cocoa Life is a holistic, third party verified cocoa sustainability program. Farming communities working with Cocoa Life gain knowledge and skills that improve their livelihoods, strengthen their communities, and inspire the new generation of cocoa farmers. Each piece of chocolate carrying the Cocoa Life logo is another step towards empowering farmers in thriving cocoa communities.

³² <https://www.rainforest-alliance.org> (Accessed 24/03/2018)

³³ <https://utz.org/what-we-offer/certification/the-standard/> (Accessed 24/03/2018)

³⁴ www.lindt.com or www.farming-program.com.

Cocoa beans are sourced from Cocoa Life communities where:

- Farmers are attending Good Agricultural Practices training and communities have a Community Action plan in place, as verified by IPSOS
- Traceability to the farm level for the beans and premium are verified by FLOCERT³⁵

Nestlé – Cocoa Plan



“Nestlé sources UTZ certified cocoa for KITKAT and all Nestlé retail chocolate made in Australia. You will see the UTZ logo on all these products.

You will also see the “Nestlé Cocoa Plan” logo. The Cocoa Plan aims to improve the lives of cocoa farmers and the quality of their products. The pillars to the plan are

- **Better Farming** Nestlé works closely with farmers to improve the quality of their lives and products, by providing higher yielding plants
- **Better Lives** Nestlé supports the building of schools, water and sanitation and women’s empowerment programs
- **Better Cocoa** From bean to bar Nestlé is seeking to improve methods and outcomes
- **Tackling Child Labour** Working with the ICI and the FLA, Nestlé is seeking to develop CLMRS to address child labour.³⁶

Chocolate Processors

Cocoa Horizons



Barry Callebaut’s Cocoa Horizon’s program aims to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity, and community development. A premium on Horizon’s labelled products supports these activities.

³⁵ <https://www.cocoalife.org> (Accessed 24/03/2018)

³⁶ <http://www.nestlecocoaplan.com> (Accessed 24/03/2018)

Certification

Certification ensures that cocoa beans are purchased from small holder cocoa farmers under certain social and environmental conditions, providing a mechanism for supplier due diligence for companies sourcing certified raw materials. Historically certification, particularly Fairtrade, sought to bring the regulation of corporations back into a political environment that was increasingly deregulating. Certification has sought to hold business to account for its social and environmental impact around the world. As such, certification played a major role in mainstreaming discussions of responsible sourcing and the impact of business activity on source communities.

Certification uses third party certification standards and third-party auditing to verify the certification standards are being met. This provides the independence for verification which NGOs have requested.

Strengths

- ✓ Initiated the sustainability journey within the chocolate industry and raised the standard of what is considered 'acceptable' in terms of the impact of business activity on farmer livelihoods and the environment in cocoa growing regions
- ✓ Organises farmers into cooperatives, creating a collective voice that is louder than that of individual farmers
- ✓ Provides a tool which creates a platform for achieving sustainability
- ✓ Trains many industry players on sustainability
- ✓ Usually provides cooperatives with an additional premium on top of the market price for cocoa beans

Weaknesses

- ✗ Struggles with child labour identification
- ✗ Has not had a high impact in tackling poverty in cocoa growing regions of West Africa
- ✗ Despite investing in certification accreditation, farmers are not guaranteed that all their cocoa beans will be sold as certified; the volume is dependent on the market for certified cocoa
- ✗ Farmers by-in-large bear the burden of paying for audits, training and becoming compliant without any guarantee of selling all their cocoa beans as certified
- ✗ Most certification is at co-operative level. There is an expense to operating a cooperative and the additional premium is often used to offset these costs rather than providing a meaningful supplementary income for a farmer their family





Fairtrade aims to challenge and change the ethics of global trade to ensure that the value created is distributed more equally along the supply chain.

Fairtrade challenges the structures of trade through two specific economic interventions:

1. a minimum floor price below which companies cannot pay less for certified cocoa (\$2,000/tonne) and
2. an additional premium (\$200/tonne) paid directly to farmer cooperatives.

The Fairtrade model is built on the principle of empowerment and enabling farmer voice; cooperatives decide democratically how to invest the premium, without external influence.

Number of certified farmers	109,229 farmers in Ghana, 52,835 farmers in Côte d'Ivoire
% of cocoa beans farmers sell as Fairtrade certified	33% in Ghana, 58% in Côte d'Ivoire
Value of premium paid to farmers	\$200/tonne
Number of communities with active child labour monitoring systems	4

Traceability, Transparency and Accountability

FLOCERT (the body that audits Fairtrade cooperatives) does not currently GPS map cocoa farms. Fairtrade certified cooperatives are audited between one and three times in a three-yearly cycle. Based on risk profile assessments unannounced audits are also conducted. Farmer cooperatives pay for these audits. Audit results belong to the farmer cooperatives and it is their decision whether to make the results public or not.

Approach to Identifying Child Labour

All forms of child labour are prohibited under the Fairtrade standard. The board of each farmer cooperative is trained on rights-based approaches to identifying and responding to child labour. If child labour has been found, the farmer organisation must establish a program to ensure that children withdrawn from exploitation do not find themselves in even worse situations. If child labour continues to be a risk, the farmer organisations must establish an internal control system (ICS) to continuously monitor and respond to the issue. In addition, Fairtrade's Youth Inclusive Community Based Monitoring and Remediation (YICBMR) system is currently operational in three farmer organisations in Côte d'Ivoire and one in Ghana. The YICBMR systems are run by a child labour committee made up of two youth monitors, the certification officer, two board members and a child protection focal point and are partly funded by the Fairtrade premium.

Community and Participation Investment

Fairtrade encourages farmer co-operatives to invest the Fairtrade premium in community development initiatives. Each co-operative has a General Assembly which votes on how to invest the premium and on what projects they want to fund. In 2015,³⁷ an average of 6% of the Fairtrade Premium was invested in community services. These include infrastructure, education, gender equality initiatives and healthcare services. Fairtrade invests in and models the participation of co-operatives and farmers at all levels from their international governance to local community decisions and actions.

The latest Fairtrade standard for cocoa was produced in consultation with cocoa farmers. Additionally, farmer co-operatives democratically decide how to invest the Fairtrade premium within their community.

Access to Education

Increasing access to education is not the purpose of Fairtrade certification. Through private donors, €120,000 was donated for the construction of three schools in Côte d'Ivoire.

Women's Empowerment

In 2017, Fairtrade piloted the Fairtrade Women's School of Leadership in Côte d'Ivoire, with 20 female and 3 male participants, which aims to enhance women's economic empowerment and leadership positions within producer organisations. 25% of Fairtrade certified cocoa farmers are women (33% in Ghana, 7% in Côte d'Ivoire).

Living Income

Fairtrade does not currently require companies to commit to a living income for farmers when sourcing Fairtrade certified cocoa beans. The Fairtrade premium and minimum floor price aim to increase the income of farmers selling certified cocoa beans. Fairtrade has conducted a baseline study of 3,000 farmer households in Côte d'Ivoire as part of Fairtrade's Living Income strategy. Fairtrade is also an active member of the multi-stakeholder Living Income Community of Practice, which is working to create methodologies and strategies that could enable farmers to move closer to the goal of a living income. With the Fairtrade floor price applied and the premiums paid, there is still a major challenge in lifting farmers out of extreme poverty.

³⁷ Most up-to-date data available.

Rainforest Alliance



Rainforest Alliance aims to be an innovator and leader in the field of sustainable cocoa.

Through its certification scheme, it aims to encourage sustainable business models that increase productivity while mitigating the adverse social and environmental impacts of cocoa farming – for example, child labour, deforestation and climate change. This is complemented by Rainforest Alliance’s Landscapes and Livelihoods programme, which aims to build human capital by training producer groups in business skills and best management practices.

In January 2018, Rainforest Alliance merged with UTZ. The Rainforest Alliance and UTZ certification programs will continue to run separately and in parallel until the publication of a new program in 2019. The new standard will be designed to maximize positive social, environmental, and economic impact, offering farmers an enhanced framework to improve their livelihoods while protecting the landscapes where they live and work.

Number of certified farmers	46,470 farms in Ghana, 92,570 farms in Côte d’Ivoire
% of cocoa beans farmers sell as Rainforest Alliance certified	27% in Ghana, 35% in Côte d’Ivoire
Value of premium paid to farmers (in USD)	Rainforest Alliance does not mandate a premium, nor is it involved in setting the value, but market forces result in a premium being paid to farmers by buyers.
Number of communities with active child labour monitoring systems	4

Traceability, Transparency and Accountability

Approximately 95% of Rainforest Alliance certified smallholder groups are identified with an approximate GPS location. Rainforest Alliance is developing a protocol to assist these groups to develop GPS maps of individual members’ farms, which are not all mapped at present. Independent certification bodies, accredited by Rainforest Alliance, conduct full certification audits every three years. Between these, two further audits are conducted, one of which is unannounced. Farmer groups pay for these audits and own the audit results. A summary of the results is publicly available online to increase transparency.

Approach to Identifying Child Labour

The Rainforest Alliance standard prohibits child labour. Farms are monitored in annual audits by external auditors. Rainforest Alliance does not currently have any community level monitoring system. In collaboration with a specialty Swiss chocolate manufacturer, it is implementing a project to promote family well-being which includes the

development of community action plans and child protection committees in four communities. Establishing an anonymous grievance mechanism is a requirement of Rainforest Alliance certification. The Rainforest Alliance standard contains a child labour remediation guidance policy.

Community Investment

Approximately 10% (19,000) of Rainforest Alliance certified cocoa farmers benefit from community development initiatives under its Landscapes and Livelihoods Program. The Rainforest Alliance Landscapes and Livelihoods Program is funded by external private and public donors, including companies sourcing Rainforest Alliance certified cocoa beans. The type of community investment is project specific. Under certification, more broadly, Rainforest Alliance certified cocoa co-operatives are encouraged to invest in increasing access to education, healthcare and potable water, as well as environmental conservation and preparedness for climate change induced disasters.

Community Participation

In 2017 the Rainforest Alliance standard was revised. The revision process involved three rounds of consultation with stakeholders around the world, including West Africa. Rainforest Alliance asserts that an important aspect is ensuring that consultation is inclusive, so that the whole community's voice is heard and not just that of the most powerful interest groups. Rainforest Alliance certification aims to empower farmer groups to take charge of and invest in community development themselves. As such, the Rainforest Alliance Standard puts the onus on co-operatives to pursue community development, rather than external NGOs or companies.

Access to Education

Rainforest Alliance does not specifically invest in increasing access to education, although access to education falls under the 'decent standard of living' envisioned under the future payment of a living income.

Women's Empowerment

The Rainforest Alliance 2017 standard requires equal payment to women and men for work of equal value. Through its Landscapes and Livelihoods Program in western Ghana, Rainforest Alliance has supported women to establish small livestock enterprises.

Living Income

Rainforest Alliance does not currently require companies sourcing certified cocoa beans to commit to a living income for farmer. The Rainforest Alliance standard mentions paying a living income to farmers that they may be able to afford a decent standard of living, however without a calculation of what a living income is this cannot be addressed. Landscape and Livelihoods projects aims to improve household income by emphasising best practices to increase productivity, improve quality (which often comes with a price premium), strengthen the management capacity of groups, build farmer capacity in business and agriculture, improve market access and terms of trade, and increase resilience to climate change and weather-related shocks that otherwise erode income over time. Rainforest Alliance is an active member of the multi-stakeholder Living Income Community of Practice, which is working to create methodologies and strategies that

could enable farmers to move closer to the goal of a living income. This learning will feed into the new UTZ and Rainforest Alliance Standard, and Rainforest Alliance's field-based projects.



UTZ see certification as a machine that gets sustainability rolling. It is the starting point of a journey towards empowering cocoa farmers and making the sector thrive.

The UTZ Code of Conduct requires that all farmers participate in good agricultural practices training to increase the quality and productivity of cocoa farms, with the aim of increasing farmer livelihoods. UTZ’s hope is that certification will start a virtuous cycle where buying certified cocoa will be rewarded by the markets through increased consumer demand, which in turn will increase the demand for certified cocoa and create the market into which cocoa farmers can sell their cocoa beans at a higher price. UTZ certification does not claim to be a silver bullet promising 100% sustainability but is a tool in a larger toolkit that aims to see the production of cocoa, and other products, reach environmental and social sustainability.

In January 2018, UTZ merged with the Rainforest Alliance. The UTZ and Rainforest Alliance certification programs will continue to run separately and in parallel until the publication of a new program in 2019. The new standard will be designed to maximize positive social, environmental, and economic impact, offering farmers an enhanced framework to improve their livelihoods while protecting the landscapes where they live and work.

Number of certified farmers	124,224 farmers in Ghana, 267,757 farmers in Côte d’Ivoire
% of cocoa beans farmers sell as UTZ certified	44% in Ghana, 52% in Côte d’Ivoire
Value of premium paid to farmers (in USD)	No set value. But on average in 2016, farmers received \$109/tonne premium
Number of communities with active child labour monitoring systems	Data not collected centrally by UTZ

Traceability, Transparency and Accountability

All UTZ certified farmer groups must provide a central GPS location for the group. UTZ is working in several ways to increase the rate of GPS mapping of the individual farms within each group, for example through its First Mile Project which aims to increase transparency between farm and cooperative through the digitalisation of internal management systems. UTZ certification requires an annual audit – an UTZ certificate lasts for 365 days. Based on risk assessments, unannounced audits are also conducted. Farmer groups pay for the audits, with the premium intended to offset the cost. Audit results are not made public but a list of certified farmer groups is publicly available.

Approach to Identifying Child Labour

All forms of child labour are prohibited under the UTZ standard. Each UTZ certified farmer group must carry out a risk assessment to determine whether there is a risk of child labour in their community or farmer group. If so, they should set up a system to prevent, monitor and remediate child labour, including appointing a Child Labour Liaison Officer to work with their local community. The Child Labour Liaison Officers are members of the community and are responsible for preventing, monitoring and remediating child labour in their area.

Community Investment

UTZ does not have specific community investment projects but its Code of Conduct encourages certified farmer organisations to invest in good working conditions, gender equality and tackling child labour. On average 45% of the UTZ premium is used to further professionalise at cooperative level (e.g. investment in training and community services) while 55% is paid in cash to group members. Furthermore, the UTZ Sector Partnership Program implements privately funded community development initiatives in collaboration with private donors.

Community Participation

Every five years the UTZ standard is revised in close consultation with producers.

Access to Education

The UTZ standard specifies that cooperatives should encourage school attendance. However, UTZ does not invest in increasing access to education among cocoa growing communities.

Women's Empowerment

UTZ seeks to promote gender equality through its Code of Conduct – specifying equal pay and training for female cocoa farmers – and through its Sector Partnership Programs which conduct awareness raising on the negative effects of gender inequality and on best practices for remedying the problem. 14% of UTZ certified cocoa farmers are women.

Living Income

UTZ is committed to supporting cocoa farmers to earn a decent living but neither pays this living income nor requires companies to do so in order to comply with UTZ certification. Rather, UTZ sees a better income as an outcome of its certification through increased efficiency, productivity, quality of produce and market access. UTZ is working with the Mars' Living Income Lab on research into living incomes for cocoa growing communities and is a member of the Living Income Community of Practice, researching living income benchmarks.

Chocolate Manufacturers

Chocolate manufacturers play an important role in the industry. They are the brands that you see on the shelves of a supermarket and the names that get the most media attention when cases of child labour are exposed. As the public face of the chocolate industry and the scandals surrounding the exploitation of children, they have an important role to play, and vested interest in, improving the lives of cocoa farming families within the remit of its business activity. To do this, companies are increasingly investing in source communities to tackle the structural poverty in cocoa growing regions.

Strengths of Current Initiatives

- ✓ As an industry, the big market players have come together and acknowledged child labour as a problem and are working together, under CocoaAction, to tackle the issue
- ✓ All six companies have acknowledged the need for 'certification and beyond'; sustainability is recognised as a journey that requires continuous improvement
- ✓ Companies have moved towards investing in community development to tackle structural problems, like a lack of access to birth certificates and schooling in rural areas
- ✓ Companies are increasingly moving towards community-owned initiatives to ensure continuity of programs
- ✓ Companies recognise the importance of empowerment and supporting farmers to support themselves

Weakness of Current Initiatives

- ✗ There is still a major challenge in lifting farmers out of extreme poverty
- ✗ The strong focus on increased productivity by manufacturer's programs failed to understand that increased crop yields could dramatically decrease in the world price of cocoa, reducing farmer incomes even further. This has occurred in the last 12 months
- ✗ Collaboration still means individually tackling child labour and investing in communities. Working together to map which company is doing what and where still needs to happen for the industry to avoid repeating development projects in the same communities, and to ensure marginalised farmers are reached and the maximum number of farmers benefit. Currently there is significant overlap in the number of farmers that enrol in manufacturer (chocolate companies) and production (ie. Olam, Cargill and Barry Callebaut) programs, inflating the numbers of farmers actually benefitting from industry intervention
- ✗ Sustainability needs to be measured in terms of farmers reached and not just volume of cocoa purchased in programs. Small-hold farmers are the main supplier of cocoa beans and they are the ones who need to be impacted
- ✗ Lack of transparency about the use of premiums means it is often difficult to get a clear understanding of what portion is going to farmers, what portion is going to the farmer co-operatives and what portion is enabling manufacturer's farmer training programs
- ✗ Corporate programs that are assisting farmers are commendable and good steps forward, but there remains a dramatic need to scale up these programs to make a

significant difference to the absolute majority of farming families and communities!

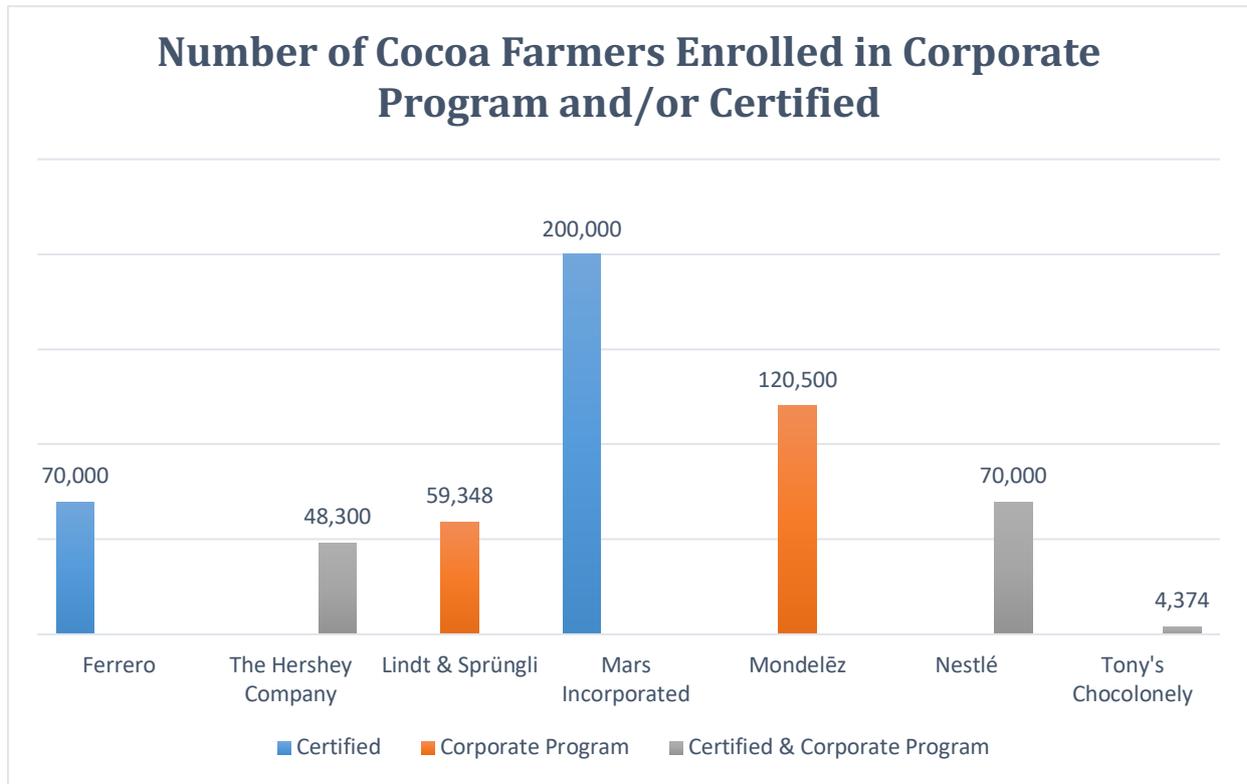


Figure 2: Self-reported number of cocoa farmers participating in corporate programs and/or certified, by company



FERRERO

Ferrero has committed to 100% certification by 2020, with 70% of cocoa beans purchased in 2017 sourced through certification schemes

Popular products

Kinder, Nutella, Ferrero Rocher, Ferrero Collection, Ferrero Eggs, Grand Ferrero Rocher.

Approach to Sustainability

Ferrero sources through certification schemes UTZ, Fairtrade, Fairtrade USA and Rainforest Alliance. Recognising that more is needed to bring about lasting change within the cocoa sector Ferrero has started to develop various projects, in collaboration with external partners including Save the Children and Fairtrade, that go 'beyond certification'.

% of cocoa beans self-defined as sustainably sourced in 2017	70%
Program name	Ferrero Farming Values
Year program commenced	2004
Total number of cocoa farmers sourced from	100,000
Number of cocoa farmers participating in programme (and/or certified)	Approx. 70,000 farmers are currently certified – 70%
Farmers participating in agricultural workshops	Approx. 70,000 – 70%
Farmers trained in income diversification	Approx. 10,000 – 10%

Transparency and Accountability

By the end of 2018, 100% of Ferrero source farms will be GPS mapped. By 2019 Ferrero aims to have 100% of cocoa beans traceable to the farm gate. This will enable Ferrero to monitor supply chain conditions, particularly environmental conservation.

Community Investment

Ferrero acknowledges that to create real change it is essential to break the poverty cycle. To do this Ferrero is working with a number of partners.

- In 2014 Ferrero partnered with Fairtrade and ECOOKIM (a union of 23 cooperatives in Cote d'Ivoire) to work on poverty alleviation
- In 2017, Ferrero supported initiatives in eight cooperatives which aimed to decrease child labour, empower women, improve farming techniques and support local

development; 5,988 cocoa farmers and 9,413 children are currently impacted by this Ferrero/Fairtrade/ECOOKIM partnership.

- Ferrero has also partnered with Save the Children in ten cocoa growing communities in the Soubre area of Côte d'Ivoire.

Community Participation

Ferrero aims to collaborate directly with co-operatives and together develop and implement Community Actions Plans. In partnership with Fairtrade, cooperatives are encouraged to take ownership of community development initiatives and vote on how to invest the Fairtrade premium within the community. Through the Ferrero/ECOOKIM partnership 18 KPI's have been developed, against which progress is monitored³⁸

Child Labour Monitoring and Remediation

Working with its partners, Ferrero aims to have an operational CLMRS in all the communities that it sources from. By August 2017, a CLMRS had been implemented in 11 out of the 22 cooperatives in Cote d'Ivoire, Ghana and Nigeria supplying cocoa beans to Ferrero. Additionally, in 2017 Ferrero embarked on a three-year partnership with Save the Children. They piloted a child protection project in 10 communities, with the aim of expanding to 10 more in 2018. The project is run in collaboration with local government and NGOs to create a community-centred child protection mechanism to prevent, identify and remediate cases of child labour and abuse. Through Save the Children, an anonymous grievance mechanism for reporting child labour and human trafficking is operational in 20 source communities (approx. 2% of cocoa communities in the Ferrero supply chain).

Access to Education

Through ECOOKIM, the Fairtrade premium paid by Ferrero was used to build a school in a community where there had not previously been one. Through the Save the Children project, six schools have been rebuilt and 38 teachers trained to improve the quality of education. The Save the Children project is also seeking to support children not in school. To date, 464 children have partaken in literacy classes and 535 children have taken bridging classes to help them get back into education. In 2017, 3,627 people participated in child labour sensitisation.

Women's Empowerment

As part of its community investment strategy Ferrero has started projects on women empowerment. This includes the provision of plots of land for growing vegetables and access to credit, specifically for women. Approximately 15% of cocoa farmers supplying Ferrero are female, while 23% of farmers participating in farmer training workshops are women.

Living Income

Ferrero has yet to commit to paying farmers more for their cocoa beans and has no long-term plan to there being a living income. However, Ferrero is actively involved in discussions with certification bodies and other stakeholders regarding how to work towards a living income for cocoa farmers and backs research on the issue through ICI

³⁸ <https://s3-eu-west-1.amazonaws.com/ferrero-static/globalcms/documenti/2533.pdf> p185. Accessed 24/03/2018

and CocoaAction. Ferrero is currently investing in farmer agricultural training and income diversification workshops as a means of increasing farmer income.

HERSHEY'S

Hershey aims to source 100% certified cocoa by 2020. 75% of cocoa sourced by Hershey is currently certified, with 80% the target for the end of 2018.

Popular products

Hershey Bar, Hershey Kisses, Reese's Peanut Butter Cups, Cadbury's (in the USA), Kitkat (in the USA).

Approach to Sustainability

Hershey aims to enrol 70,000 cocoa farmers in its Learn to Grow initiative in Ghana, Côte d'Ivoire and Nigeria by 2019. To date, 48,300 farmers are registered under the program.

% of cocoa beans self-defined as sustainably sourced in 2017	75%
Program name	Learn to Grow
Year program commenced	2012
Total number of cocoa farmers sourced from	Undisclosed
Number of cocoa farmers participating in programme (and/or certified)	48,300 farmers
Farmers participating in agricultural workshops	Unknown
Farmers trained in income diversification	Unknown

Traceability, Transparency and Accountability

Hershey, under CocoaAction, is working towards the GPS mapping of cocoa farms and aims to have 100% of its source farms mapped by 2020. 100% of the cocoa beans sourced through Learn to Grow is currently traceable to farm level.

Like the other America-based companies, anti-competitive laws limited Hershey's ability to share information with STOP THE TRAFFIK. Hershey was nevertheless helpful in answering any questions regarding Learn to Grow and Energise Learning.

Child Labour Monitoring and Remediation

Hershey is working towards a community-centric approach to child labour monitoring and remediation in collaboration with CARE International and ICI. Child Labour Protection Committees are being set up in Hershey's Learn to Grow communities to spot,

identify and deal with incidences of child labour and abuse. While the number of communities with a child protection committee remains undisclosed, Hershey asserts that it is working with its suppliers to scale up the Child Labour Protection Committees to further communities. These committees act as a grievance mechanism for reporting incidences of abuse.

Community Investment

Hershey's two main projects investing in cocoa communities are its Energize Learning program, which aims to improve nutrition, and Learn to Grow. Learn to Grow focuses on improving farmer livelihoods through training on best agricultural practices, income diversification and women's economic empowerment. Learn to Grow is implemented by Hershey's suppliers in Côte d'Ivoire, Ghana and Nigeria.

Community Participation

As part of the CocoaAction baseline assessment conducted in 2016, community action plans were developed across Learn to Grow communities, encouraging community input into identifying their specific needs – for example investing in school infrastructure or boreholes.

Access to Education

Hershey's Energize Learning initiative provides peanut-based nutritional supplements (25% of daily calorific intake) to 50,000 school children in Ghana daily with the aim of increasing concentration levels and combatting childhood malnutrition. Hershey is currently in the process of launching the initiative in Côte d'Ivoire. Hershey reports a positive impact in lowering anaemia among children, improving school attendance and levels of concentration within the classroom. In partnership with the Jacob's Foundation, Hershey has also committed to increasing the quality of education in Côte d'Ivoire under the TRECC initiative.

Women's Empowerment

Learn to Grow addresses gender inequality through training on how to build and grow a business, with the aim of advancing women's economic empowerment. Currently, 16% of cocoa farmers enrolled in Learn to Grow are women while 33% of the total cocoa beans sourced by Hershey are cultivated by women.

Living Income

Hershey has yet to commit to paying farmers more for their cocoa beans and currently has no long term plan for a living income. However, Hershey is involved in CocoaAction discussions on how to attain a living income for cocoa farmers. Moreover, Learn to Grow aims to increase farmer incomes through increased productivity and income diversification training on how to farm alternative cash crops and to best use land.



LINDT & SPRÜNGLI

The Lindt & Sprüngli Farming Program is the company sustainability flagship program. Having opted against certification, Lindt & Sprüngli have chosen to take greater ownership of its supply chain.

Popular Products

Lindt Lindor, Lindt Excellence, Lindt bunnies.

Approach to Sustainability

The Lindt & Sprüngli Farming Program has 392 field staff in Ghana who work directly with farmers to increase the quality and productivity of cocoa farms, as well as striving to improve social conditions for farming communities. Field staff visit every farmer within the Lindt & Sprüngli West African cocoa bean supply chain annually to monitor progress and serve as a point of liaison for any labour grievances. Additionally, unannounced child labour monitoring visits take place based on risk assessments. The Lindt & Sprüngli Farming Program is externally verified by [The Forest Trust](#). Lindt & Sprüngli source cocoa beans from Ghana and not from Côte d'Ivoire. Issues of child labour, worst forms of child labour and child trafficking are less prevalent in Ghana.

% of cocoa beans self-defined as sustainably sourced in 2017	79%
Program name	Lindt & Sprüngli Farming Program
Year program commenced	2008
Total number of cocoa farmers sourced from	100,000 farmers (approx.)
Number of cocoa farmers participating in programme	59,348 farmers 79% worldwide (approx.) 100% of Ghanaian farmers
Farmers participating in agricultural workshops	100% of Ghanaian farmers delivering cocoa beans to Lindt & Sprüngli
Farmers trained in income diversification	11,109 farmers in Ghana (approx. 20%)

Traceability, Transparency and Accountability

Lindt & Sprüngli are leading the way in terms of transparency and accountability. The farms of 88% of farmers in the Lindt & Sprüngli Farming Program are GPS mapped and 100% of all cocoa beans sourced in Ghana by Lindt & Sprüngli are currently traceable to

the farming community of origin. The name of all farmers supplying cocoa beans to Lindt & Sprüngli is known. Internal monitoring teams visit every farmer once a year.

Child Labour Monitoring and Remediation

Lindt & Sprüngli Farming Program field staff, who have been trained on the Ghana Hazardous Child Labour Activity Framework, conduct unannounced visits to communities and cocoa farms based on risk assessments. Any cases of child labour identified during these visits are remediated on a case by case basis. This can include the provision of school uniforms, the setting-up of additional livelihoods for the family, and/or follow-up with social services. Labour grievances can be reported directly to the Purchasing Clerk – anonymity can be requested – and will be adjudicated by the community executive committee within 72-hours of receiving the complaint.

Community Investment

Lindt & Sprüngli's approach to community development is context specific. In Ghana, initiatives include increasing access to clean drinking water (150 boreholes dug, 60 more planned for 2018), a focus on healthcare through the distribution of 38,000 mosquito nets, the establishment of village saving and loan groups in areas without access to financial services, and supporting selected entrepreneurs with initial investment to run farm shops in their communities (which provide inputs and equipment for farming cocoa and other crops, as well as household products (e.g. staple food, batteries etc.)). Community initiatives are implemented by 392 Lindt & Sprüngli paid field staff working directly with communities.

Community Participation

A participatory needs-based assessment is conducted prior to the implementation of the Lindt & Sprüngli Farming Program. Farming communities are supported in the establishment of their own Community Action Plan.

Access to Education

Lindt & Sprüngli have limited investment in primary education. To date one school has been refurbished with 29 refurbishments planned for 2018. Child labour sensitization training is part of the Farming Program. 29 Village Resource Centres have been built – equipped with computers and printers – to increase access to training materials for both children and farmers.

Women's Empowerment

Lindt & Sprüngli do not have a women's empowerment aspect to its Farming Program. It does however encourage women's participation – 31% of registered farmers are female.

Living Income

Lindt & Sprüngli has yet to commit to paying farmers more for their cocoa beans and has no long-term plan for a living income. However, the Lindt & Sprüngli Farming Program aims to improve farmer livelihoods through agricultural training for all enrolled farmers, the encouragement of income diversification via training on the best additional livelihoods opportunities (e.g. snail rearing, bee keeping, soap making, fish farming, crop diversification), and the establishment of Village Savings and Loans Groups. Based on the

Ghana Cocoa Board Farmer Business School train-the-trainer model, Farming Program field staff have supported 4,704 farmers (32% of whom were women) in 2017 to complete a one-week training course, where they learned how to calculate costs, sales, or return on investments, the benefits of professional organisation and how to access financial services. In total 11,109 farmers have attended the business school and 40% have been women.



Mars recognises that certification alone does not equate to sustainably sourced cocoa and is working to achieve 100% certification while also going beyond it.

Popular products

Mars® bar, Snickers®, Milky Way®, Maltesers®, Galaxy®.

Approach to Sustainability

Mars aims to source 100% certified cocoa by 2020. As of 2016, 50% of the cocoa beans sourced by Mars are certified – more up-to-date data is unavailable. Mars suppliers (e.g. [Barry Callebaut](#), [Cargill](#) and [Olam](#)) are implementing Child Labour Monitoring and Remediation systems in their supply chains in Cote d’Ivoire and Ghana. Mars continues to support its West African development initiative Vision for Change.³⁹

% of cocoa beans self-defined as sustainably sourced in 2017†	50% (in 2016, 2017 data unavailable)
Program name	Sustainable Cocoa Initiative
Year program commenced	2012
Total number of cocoa farmers sourced from worldwide	400,000 farmers approx.
Number of cocoa farmers participating in programme (*and/or certified)	200,000 farmers certified approx.
Farmers participating in agricultural workshops	200,000 approx. (50%) through certification
Farmers trained in income diversification	unknown

†This is the percentage certified, Mars does not claim this as 100% sustainably sourced.

Traceability, Transparency and Accountability

Mars is not directly involved in mapping its supply chain. Mapping cocoa farms is done at cooperative level (with an estimated 40-50% currently GPS mapped) and the information shared with suppliers, rather than with Mars.

³⁹ <http://www.mars.com/global/about-us/policies-and-practices/cocoa-policy> (accessed 24/03/2018)

Like other US-based companies, Mars provided limited transparency during the research process, less willing to share information with STOP THE TRAFFIK due to anti-competitive laws in the US.

Child Labour Monitoring and Remediation

Child Labour Monitoring and Remediation systems are in the process of being implemented by ICI in cocoa cooperatives that supply Mars's suppliers. 30 Vision for Change communities currently have an operation CLMRS. ICI training materials encourage the use of the Ivorian government run grievance mechanism hotline.

Community Investment

Vision for Change focuses on increasing farmer productivity, establishing Village Savings & Loan Associations, the empowerment of women and increasing access to education. Under Vision for Change, 23 boreholes have been constructed to increase access to clean water. These initiatives are implemented by the World Agroforestry Centre and CARE International.

Community Participation

All projects undertaken in Vision for Change communities are based on community participation and consultation, leading to the formation of Community Action Plans.

Access to Education

Mars is working to increase access to education through funding the construction of 16 school latrines, 23 school canteens, the construction of 12 blocks of classrooms and the renovation of a further 5 classroom blocks. In partnership with the Jacob's Foundation, Mars has also committed to increasing the quality of education in Côte d'Ivoire under the [TRECC](#) initiative. Child labour sensitisation workshops are conducted through ICI and certification bodies.

Women's Empowerment

In 2014 Mars published a specific gender action plan, developed in consultation with external experts, for cocoa growing regions of Côte d'Ivoire. Activities include supporting women's economic empowerment through village savings and loan programs, which are being implemented by CARE International in 26 communities, and by aiming to increase the number of women with decision making roles within farmer cooperatives. Based on a sample survey, currently 14% of certified cocoa farmers supplying Mars are women.

Mars has committed to a long-term vision of 'the farmers in our supply chain earning a sufficient income to maintain a decent standard of living'.

Living Income

They cannot immediately ensure a living income is paid to cocoa farmers. To this end, it has created the Farmer Income Lab to lead research into, and discussions on, how to go about attaining a higher income for cocoa farmers. Currently, Mars aims to increase farmer income through agricultural training, income diversification and/or premiums paid for certified cocoa beans. Mars is a member of The Sustainable Food Lab.⁴⁰

⁴⁰ The Sustainable Food Lab is a global network of organizations accelerating progress toward a more sustainable food system. Food Lab staff advise on sustainability strategy and procurement programs, design and manage pre-competitive collaboration, and provide leadership development. <https://sustainablefoodlab.org> (Accessed 24/03/2018)



Mondelēz believes that reaching sustainability requires going beyond the supply chain to focus on source communities.

Popular products

Cadbury, Milka, Toblerone, Oreo, Côte d’Or, Green & Black’s, Freia, Marabou and Daim.

Approach to Sustainability

Having opted against certification, Mondelēz invested \$400m in its Cocoa Life program. The five pillars of Cocoa Life are 1) Farming, 2) Community, 3) Youth, 4) Livelihoods and 5) Environment. Underpinning all Cocoa Life projects are child protection, women’s empowerment and addressing climate change. In 2017, Mondelēz scaled Cocoa Life up by 30,000 farmers and rolled out CLMRS in Ghana. Mondelēz aims to sustainably source all of its cocoa bean supply, mainly through Cocoa Life.

% of cocoa beans self-defined as sustainably sourced in 2017	35%
Program name	Cocoa Life
Year program commenced	2012 (building on the 2008 Cadbury Cocoa Partnership in Ghana)
Total number of cocoa farmers sourced from	200,000+ farmers
Number of cocoa farmers participating in Cocoa Life	120,500 farmers in 1,085 communities
Farmers participating in agricultural workshops	120,500 farmers (to be enrolled in Cocoa Life farmers have to register for training)
Community members trained in income diversification	17,000 involved in alternative income generation activities

Traceability, Transparency and Accountability

70-80% of Cocoa Life cocoa farms are currently GPS mapped. The locations of these farms are publicly available online. Cocoa Life is no longer using certification schemes. In order to increase transparency and accountability, FLOCERT (the same scheme and standards as certifies Fairtrade) verifies that the volume of cocoa beans purchased from Cocoa Life communities corresponds with that bought by Mondelēz and that farmers subsequently receive an additional premium (value undisclosed). Third party research group IPSOS⁴¹ annually analyse impact on the ground against 10 global KPIs.

⁴¹ <https://www.ipsos.com/en-us/news-polls/ipsos-mondelez-cocoa-life-2017-10-02> (Accessed 24/03/2018)

Child Labour Monitoring and Remediation

116 Cocoa Life communities in Ghana currently have an operational Child Labour Monitoring and Remediation System while a further 166 communities are in the process of implementation. 518 Cocoa Life communities have their own Child Protection Committee (approx. 48%). The CLMRS is implemented by Child Rights International which aims to enable community ownership, with Cocoa Life providing support and tools as necessary – for example, funding child labour sensitisation and remediation initiatives. Cocoa Life will start rolling out community-centric CLMRSs in Côte d’Ivoire in 2018, through its NGO partners CARE and Solidaridad. Mondelez aims to have a Community Child Protection Committee (CCPC) of trained volunteers in every Cocoa Life community, with links to local NGOs and government to maintain its longevity. Anonymous grievance mechanisms are not built into Cocoa Life; however, labour abuse can be reported to the CCPCs and Cocoa Life provides case-specific remediation.

Community Investment

The goal of Cocoa Life is to invest in cocoa growing communities to support them in improving their livelihoods. The key areas that Cocoa Life seeks to address when investing in cocoa growing communities are: improving farming techniques, supporting farmers to build the communities they want to live in, improving the livelihoods of farmers, making cocoa farming more attractive to the youth and environmental protection. How these are manifested on the ground is specific to particular communities. Cocoa Life is implemented by CARE International, Solidaridad, World Vision and Save the Children, among others.

Community Participation

Cocoa Life conducts participatory needs assessments prior to implementing its program. With support from implementing NGOs, communities then develop their own context-specific Community Actions Plan (CAP) which guide development initiatives; the CAPs are integrated into the governments’ regional development plans.

Access to Education

Increasing access to education is a key element of Cocoa Life. In Ghana in 2017, this included building 34 schools (4 of which are fully completed and 30 are in progress), awarding 134 scholarships for students to attend secondary schools and providing textbooks to 2 schools. In Côte d’Ivoire 15 pre-schools were constructed and school canteens supported to provide lunch to 2,420 children. Child labour sensitisation is provided through farmer training modules.

Women’s Empowerment

Women’s empowerment is an underlying aim of Cocoa Life; gender mainstreaming has been central to community projects since the Cadbury Cocoa Partnership launched in 2008. Mondelez reports a positive impact on women’s financial literacy, increased household income and more active participation in decision-making bodies. 10% of Cocoa Life cocoa farmers in Côte d’Ivoire are female while 30% are in Ghana.

Living Income

Mondelēz has yet to commit to paying farmers more for their cocoa beans and has no long-term plan for a living income. However, through Cocoa Life Mondelēz seeks to improve farmer productivity, provide business training (30,000 Cocoa Life community members trained in business and financial literacy to date) and support farmers to diversify their incomes as a means of improving their livelihoods. Additionally, Cocoa Life enrolled farmers are paid an additional premium for the cocoa beans that they sell to Mondelēz (premium value undisclosed). Independent impact assessment show increased farmer incomes.

Nestlé is leading the way in terms of transparency and what it publicly shares. In 2012, Nestlé became the first major chocolate company to start implementing a child labour monitoring and remediation system, considered par excellence within the industry.

Popular products

KitKat, Aero, Smarties, Milo, Nestlé Bakers Choice and Plaistowe.

Approach to Sustainability

Nestlé's cocoa sustainability flagship is the Nestlé Cocoa Plan. Based on three main pillars, the Nestlé Cocoa Plan aims to improve farming techniques, improve the lives of farming communities and improve the sustainability of its cocoa bean supply. 43% of cocoa beans purchased by Nestlé are currently sourced through the Nestlé Cocoa Plan. All Nestlé Cocoa Plan farmers are certified, primarily by UTZ with some Fairtrade, and 90% receive an additional premium for their cocoa beans. In partnership with ICI, Nestlé piloted a child labour monitoring and remediation system in Nestlé Cocoa Plan communities and continues to scale it up across its supply chain. In 2017, Nestlé released a very informative 2017 Tackling Child Labour⁴² report detailing its current efforts to address the issue.

% of cocoa beans self-defined as sustainably sourced in 2017	43%
Program name	Cocoa Plan
Year program commenced	2009
Total number of cocoa farmers sourced from	Unknown
Number of cocoa farmers participating in Nestlé Cocoa Plan	70,000 farmers (Approx. 2,200 communities)
Farmers participating in agricultural training	All 70,000 enrolled in Cocoa Plan
Farmers trained in income diversification	Unknown

Traceability, Transparency and Accountability

Nestlé's suppliers are in the process of GPS mapping cocoa farms. An estimated 60% are currently mapped. The Nestlé website and CSR publications offer significant data and insight into the progress being made. Nestlé is partnering with the Fair Labor Association

⁴² https://www.nestlecocoaplanreport.com/sites/default/files/2017-10/NestleCocoaPlanReport2017_EN_0.pdf
(Accessed 24/03/2018)

(FLA) to assess the impact of Nestlé’s CLMRS and openly reports on incidences of child labour.

Child Labour Monitoring and Remediation

In 2012, Nestlé became the first major chocolate company to start implementing a child labour monitoring and remediation system in collaboration with ICI. Its CLMRS is considered par excellence within the industry and the model others have followed. Each community has a Community Liaison Person (CLP) who visits all Cocoa Plan cooperative members and collects data on the ground. This data is fed back to the Child Labour Agent at the cooperative level. When abuse is detected, ICI suggest and implement a context specific remediation strategy to help reduce the risk of future abuses. To date, 9,869 remediation actions have been undertaken. 1,900 communities in Cote d’Ivoire (100% of Nestlé Cocoa Plan communities) and 89 in Ghana (20%) have an active CLMRS.

Nestlé reports that rates of child labour have reduced by 51% over a three-year period.

A Community Liaison Person (CLP) works with their community to educate and raise awareness of the harmful effects of child labour. To date, 231,000 community members (primarily in Côte d’Ivoire) have participated in child labour sensitisation. Labour abuse can be anonymously reported through a grievance hotline. All Cocoa Plan communities are provided with the contact details for this hotline, although phone signal remains an issue.

Community Investment

The three main focuses of Nestlé’s approach to tackling poverty in cocoa growing regions are child labour, education and gender. These are primarily implemented by ICI. Furthermore, in partnership with the International Red Cross, 200,000 people in Côte d’Ivoire have benefited from increased access to clean water, sanitation facilities and hygiene awareness.

Community Participation

Nestlé relies on local communities to pick their Community Liaison Person (CLP) – to date, 1,704 CLPs work with their communities on child labour awareness. 30 communities have also devised community action plans on where they wish to see future community development head. In each of these 30 communities, community-owned child protection committees are being devised and the impact evaluated.

Access to Education

Nestlé is focusing heavily on increasing access to education. 43 schools have been refurbished or built in Côte d’Ivoire (impacting 10,000 young people). In 2018, the program will expand to start building school canteens in partnership with the Jacobs

Foundation TRECC program.⁴³ Nestlé Cocoa Plan has provided 5,578 school kits for children found at risk of child labour.

Women's Empowerment

Nestlé's Cocoa Plan includes women's empowerment. In partnership with the Fair Labor Association and the World Cocoa Foundation, initiatives include capacity building (through cash crop cultivation), economic empowerment (1,305 women participating in new economic ventures) and literacy classes (attended by 300 women). Female farmers supplying cocoa beans through the Nestlé Cocoa Plan make up 7% of the Nestlé Cocoa Plan Farmers in Côte d'Ivoire and 28% in Ghana. 29% of female Ghanaian cocoa farmers have attended agricultural training, but only 4% of female farmers have in Côte d'Ivoire.

Living Income

Nestlé has yet to commit to paying farmers more for their cocoa and does not currently have any long-term plans for a living income. Nestlé, however, aims to increase farmer income through increased productivity, income diversification training and the additional premium paid for certified cocoa. Nestlé is a member of the Sustainable Food Lab.

⁴³ <https://jacobsfoundation.org/en/> (Accessed 24/03/2018)

Tony's Chocolonely



Tony's Chocolonely's founding goal was to make chocolate 100% slave-free.

Approach to Sustainability

Tony Chocolonely source cocoa beans on five principles:

- 1) traceability from bean to bar,
- 2) pay a living income to cocoa farmers,
- 3) create strong co-operatives,
- 4) improve the quality and production of cocoa beans, and
- 5) a long-term (five-year) commitment to cocoa farmers so that they have the security of a guaranteed income

To address modern slavery beyond its own supply chain, Tony's Chocolonely has a three-point roadmap. Firstly, to raise awareness of the issue; it commissioned two major research studies into the current state of modern slavery and child labour in Ghana and Côte d'Ivoire, due to be published in April 2018, in the hope that it will be helpful to the industry as a whole. Secondly, it tries to lead by example; demonstrating that commercial success can be coupled with social responsibility. Finally, it aims to inspire the rest of the industry to follow suit.

% of cocoa beans self-defined as sustainably sourced in 2017	100%
Program name	N/A
Year program commenced	Company founded in 2004. Investing in cocoa communities beyond certification since 2008.
Total number of cocoa farmers sourced from	4,374 farmers in Côte d'Ivoire and Ghana
Number of cocoa farmers participating in programme (*and/or certified)	4,374 farmers (100%)
Farmers with access to agricultural workshops	100% of farmers have access to training, unknown how many participate.
Farmers trained in income diversification	100% of farmers

Transparency and Accountability

Tony's Chocolonely estimate that 70% of cocoa farms in its supply chain are currently GPS mapped. Tony's Chocolonely employed Bean Tracker, software connecting farmers, suppliers and manufacturers, to ensure full traceability and increase transparency throughout the supply chain.

Tony's Chocolonely publishes an extensive annual report on its efforts to end all forms of modern slavery and child labour within the entire chocolate industry.

Child Labour Monitoring and Remediation

Nestlé and ICI's Child Labour Monitoring and Remediation System has been implemented and is fully operational in all Tony's Chocolonely source communities. Through the CLMRS, incidences of child labour or abuse can be anonymously reported to the child labour community facilitator.

Community Investment

1% of the Tony's Chocolonely annual turn-over is donated to the Chocolonely Foundation to fund community projects. These include increasing access to education, poverty reduction – through cash transfers and income diversification – women's empowerment and the rehabilitation of former child slaves.

Community Participation

The use of the additional Tony's premium is 100% the decision of the cocoa growing community; farmers vote at an annual co-operative meeting, during which community development plans are laid out. For development initiatives not funded through the premium, Tony's Chocolonely hired Dr Monk, a Ghanaian Dutch consultancy group, to conduct extensive research and work closely with the communities to development a community development strategy.

Access to Education

The Chocolonely Foundation offers microloans to cocoa farmers to pay their children's school fees. These loans are repaid once the farmer receives their cocoa harvest income. Tony's Chocolonely is also involved in the Jacob's Foundation TRECC program to improve the quality of education in Côte d'Ivoire and is renovating school buildings in one of its source communities. Child labour sensitisation is conducted through the CLMRS.

Women's Empowerment

The Chocolonely Foundation funds 100 weeks of unconditional cash transfers to rural women with the aim of tackling rural poverty and increase their economic empowerment. This enables women to have control of the money, without external corporate pressure or influence, with more freedom to choose how to invest it. Tony's Chocolonely intends to make women's empowerment part of its strategy going forward. 9% of cocoa farmers currently supplying Tony's Chocolonely are women.

Living Income

Tony's Chocolonely pays cocoa farmers a living income. In partnership with external experts Tony's Chocolonely calculated a living income for Ghana and Ivory Coast and developed a model for paying cocoa farmers a living income.

As the price of cocoa is set by the respective governments, Tony's Chocolonely pays a \$600/tonne premium to cocoa farmers in Côte d'Ivoire - \$200 through Fairtrade and an additional \$400 'Tony's premium' which is paid through the cooperative to the farmer when the cocoa beans arrive in Antwerp. This is facilitated through Bean Tracker – software that enables farmers, suppliers and manufacturers to all track the location of the cocoa beans at any point in time. As the set price of cocoa beans in Ghana is higher, the premium farmers receive is USD375 (USD200 Fairtrade premium and USD175 Tony's premium). The Chocolonely Foundation is also rolling out an initiative (in 3 of 5 source co-operatives) to fund business ventures outside of cocoa, in order to support income diversification for cocoa farmers.

Tony's Chocolonely's tries to lead by example; demonstrating that commercial success can be coupled with social responsibility.

Cocoa Processors

As the supply chain actor interacting directly with cocoa farmers, Chocolate Processors play an important role in the sustainability of cocoa farming.

Unlike most of the chocolate manufacturers, chocolate processors have an on the ground presence in Côte d'Ivoire and Ghana. The production companies interact directly with the farmer cooperatives, from whom the processors buy cocoa beans. Depending on the company and the requirements of the buyer, the cocoa beans are either ground and processed and shipped to manufacturers, shipped as cocoa beans or processed into chocolate before being sold on.

The majority of corporate programs, for example the Nestlé Cocoa Plan, Mondelez's Cocoa Life and Hershey's Learn to Grow, are implemented by processors on the ground in Côte d'Ivoire and Ghana. As the implementers of multiple projects and with a constant on the ground presence they are in the privileged position of seeing what works and what doesn't. This enables processors to share learnings on best practice and flag unintentional ramifications of corporate involvement.

Strengths

- ✓ On the ground interactions with farmers in Côte d'Ivoire and Ghana
- ✓ Have the power to bring farmers' voices to the discussion table
- ✓ Working with government to increase basic services, for example primary education, and lobbying the government to engage with issues of social sustainability
- ✓ See what works and what doesn't in terms of sustainability and efforts to reduce child labour and can contribute to industry-wide learning on best practice
- ✓ Have the potential to create real change on the ground

Weaknesses

- ✗ As the direct point of contact with cocoa farmers, cocoa processors carry a primary responsibility for the price paid to cocoa farmers. They have the capacity to pay cocoa farmers more, through a larger premium on top of the farm gate price. They could pass on this additional cost to manufacturers. However, this is yet to happen and premiums would need to increase dramatically to actually attain a living income for cocoa farmers
- ✗ As with manufacturers, additional premiums are funding agricultural training and development initiatives rather than solely boosting the incomes of farmers
- ✗ There is little visibility or knowledge of the processor's brands. They are rarely seen as targets of campaigns or media despite their significant role
- ✗ How sustainability is defined by processors is still contentious. Third party verification, through certification, does not equate to sustainable sourcing

- ✘ Farmers registered under chocolate manufacturer programs are also registered under processor programs. While this is not in itself problematic, it does lead to double counting that makes progress look greater than it is.

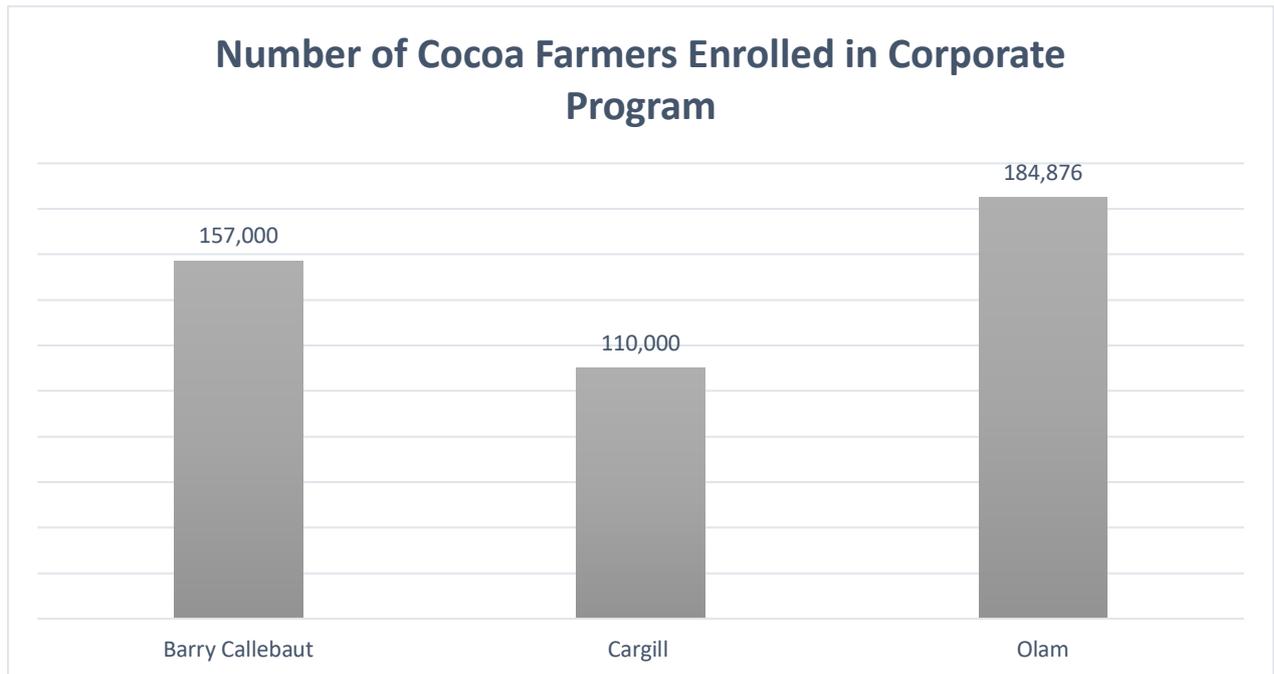


Figure 3: Number of cocoa farmers participating in a corporate program to improve yields and advance community development, by company





Barry Callebaut has committed to being 100% sustainable by 2025. Its goal is to lift 500,000 cocoa farmers out of poverty.

Approach to Sustainability

Forever Chocolate is Barry Callebaut’s business strategy for achieving future sustainability. Forever Chocolate has four main goals it hopes to realise by 2025:

- 1) lift 500,000 cocoa farmers out of poverty
- 2) end child labour within its supply chains
- 3) be carbon neutral and forest positive
- 4) have 100% of ingredients in all its products certified as sustainable.

Barry Callebaut sources cocoa from certified co-operatives (Rainforest Alliance, Fairtrade, UTZ, Organic). It also runs its own verification program, Cocoa Horizons and provides a labelling system which manufacturers and retailers can use. Currently, 83 farmer groups in Côte d’Ivoire and 24 in Ghana are registered with Cocoa Horizons. The Cocoa Horizons Foundation is an independent NGO set up by Barry Callebaut to improve the livelihoods of cocoa farmers and their communities via productivity and community level initiatives. To drive productivity, activities focus around providing coaching, support and finance; community level activities include child protection, women’s empowerment and healthcare (e.g. access to clean water). Cocoa Horizons is one of the key vehicles through which Barry Callebaut is working towards achieving its Forever Chocolate targets.⁴⁴

% of cocoa beans self-defined as sustainably sourced in 2017	36%
Program name	Forever Chocolate
Year program commenced	Forever Chocolate was launched in 2016. Investing in cocoa communities since 1996.
Total number of cocoa farmers sourced from	Undisclosed
Number of cocoa farmers participating in Forever Chocolate	157,000 farmers (undisclosed percentage)
Farmers participating in agricultural training	157,000 farmers trained in 2016/17
Farmers receiving an additional premium	100% of farmers participating in Forever Chocolate

⁴⁴ Overviews of both initiatives are available at [Forever Chocolate](#) and [Cocoa Horizons](#).

Traceability, Transparency and Accountability

Barry Callebaut has started to map 90,000 farmers in its West African supply chains. Currently, 21,591 farms in Côte d'Ivoire, belonging to 18,380 farmers, are GPS located, while in Ghana, approximately 200 farms are mapped. Barry Callebaut uses Katchilè, a geo-traceability app, which enables high levels of traceability and is integrated with its CLMRS, facilitating the company in mapping which communities to target with awareness raising and remediation efforts. Detailed information on its sustainability efforts are feature on its Forever Chocolate website.

Child Labour Monitoring and Remediation

Barry Callebaut recently started implementing Child Labour Monitoring and Remediation systems. Currently 3.2% of source communities in Côte d'Ivoire have an operational CLMRS, while none in Ghana do. Barry Callebaut operates a helpline that can be used to anonymously report labour abuse and grievances.

Community Investment

Barry Callebaut's primary approach to tackling poverty among cocoa growing communities in West Africa is through increased farmer productivity – such as providing access to fertilisers, training and new cocoa tree seedlings. It is also working to provide microcredit loans to 100,000 smallholder farmers, in partnership with the International Finance Corporation (member of the World Bank group), to enable farmers to invest in further income generating activities. Barry Callebaut is implementing development initiatives in collaboration with the ILO, the Sustainable Trade Initiative and the Jacobs Foundation.

Community Participation

Community consultation and participation takes place through Community Development Committees who shape the Community Development Plan. These committees are comprised of different stakeholders in the community including women. Cocoa growing communities contribute labour and locally available materials to the construction of infrastructure, prioritising local ownership and involvement.

Access to Education

Barry Callebaut believes in supporting national governments to take on the responsibility of increasing access to education. It works with origin governments to improve access to schooling, through various means. Through Forever Chocolate, 20,000 farmers have participated in child labour sensitisation.

Women's Empowerment

18% of farmers registered under Barry Callebaut's Cocoa Horizons program are women, while 17% of farmers participating in training are female. Barry Callebaut runs an agroforestry programme solely for women which supports them to become agricultural trainers (e.g. to lead the agricultural training of cocoa farmers within their communities) and to start agroforestry plots, growing diversified crops and cocoa tree nurseries to rejuvenate aging trees.

Living Income

Barry Callebaut has not just yet committed to paying a living income to farmers, nor does it currently have a long-term plan to do so as long as research on what constitutes a living income remains limited. However, it is committed to lifting 500,000 cocoa farmers out of poverty (based on the World Bank extreme poverty line (\$1.90/day)). Barry Callebaut is focusing on both the price of cocoa and farmer yield. In addition to the premium paid for certified cocoa beans, Barry Callebaut is supporting farmers to increase productivity.



In line with the Sustainable Development Goals, Cargill aims to eradicate child labour from its supply chain by 2025.

Approach to Sustainability

Cargill was involved in establishing UTZ certification and is committed to ensuring the sustainability of its entire direct supply of cocoa beans. Cargill recognised the difficulty for cocoa farmers in becoming compliant with certification standards and in 2008 started working with farmers to support them in reaching the point of being certifiable. The Cargill Cocoa Promise, the company sustainability agenda, built on this. It aims to empower cooperatives to facilitate training within their own communities while also investing in community development. Unlike some other companies, the Cargill Cocoa Promise is only implemented in communities that Cargill directly buys from to ensure that sustainability and sourcing decisions go hand in hand; 130 out of 200 source cooperatives are currently participating in the Cargill Cocoa Promise.

% of cocoa beans self-defined as sustainably sourced in 2017	40% of cocoa beans certified
Program name	Cargill Cocoa Promise
Year program commenced	Cargill Cocoa Promise launched in 2012. Investing in cocoa communities since 2006.
Total number of cocoa farmers sourced from	400,000 approx.
Number of cocoa farmers participating in Cargill Cocoa Promise	110,000 approx. (90,000 in Côte d'Ivoire)
Farmers participating in agricultural training	100% of farmers participating in the Cargill Cocoa Promise
Farmers receiving an additional premium	100% of farmers participating in the Cargill Cocoa Promise

Traceability, Transparency and Accountability

2.3 million hectares of land are GPS mapped, belonging to approximately 60% of the cocoa farmers Cargill directly sources from. Cargill believes in an organised supply chain

– 95% of cocoa beans sourced in Côte d’Ivoire come from cooperatives to increase traceability.

Child Labour Monitoring and Remediation

60 cocoa growing communities in Cargill’s supply chain currently have an operational CLMRS. Cargill is working with ICI to form Child Protection Committees in each cocoa growing community in its supply chain. Furthermore, Cargill aims to train community development committees, established during community consultations, to act as focal points for child labour identification. Anonymous grievance mechanisms are available through the CLMRS but only in the 60 communities where it is operational. Grievances can be reported to cooperatives who inform local authorities and directly to Cargill via a grievance hotline or online portal. Remediation is case specific and offered by Cargill and ICI.

Community Investment

Cargill has had a long-standing partnership with CARE, who have implemented community development initiatives in West Africa since 2006. These initiatives focus heavily on child protection and child labour awareness raising, increasing access to education, women’s empowerment, food security and access to basic social services (for example, drinking water and healthcare). Through CARE International, Cargill has also established Village Savings and Loans Association in 200 communities – with an equal gender balance among participants.

Community Participation

Cargill Cocoa Promise community initiatives are based on participatory consultation with communities who establish Community Development Committees to steer the direction of local initiatives and shape the Community Action Plan.

Access to Education

Cargill is investing in education in partnership with the Jacobs Foundation’s Transforming Education in Cocoa Communities (TRECC). Cargill has been working to increase access to education, in partnership with CARE, for over a decade and reports that 98% of children reached have remained in school.

To date, 145,065 farmers have participated in child labour sensitisation.

Women’s Empowerment

Cargill support women’s involvement in Community Development Committees and runs gender sensitisation training and women’s capacity building – through financial literacy and entrepreneurship training – with the aim of empowering women in cocoa growing communities. Roughly 50% of cocoa farmers in Ghana are female, however in Côte d’Ivoire only 4-5% are female; all have access to agricultural training.

Living Income

Cargill has not yet committed to paying a living income to farmers, nor does it currently have a long-term plan to do so. However, improving farmer income is a key component of the Cargill Cocoa Promise. Cargill is part of the Sustainable Food Lab living income

platform, working towards a living income strategy for the industry. Cargill is also exploring alternative means of increasing farmer incomes through the establishment of Savings and Loans Associations, the participation of 100% of Cargill's direct source farmers in agricultural training and the encouragement of income diversification. Furthermore, as Cargill supports cocoa farmers to become certifiable, the additional premium for certified cocoa beans supplements the farm gate price received by cocoa farmers.



Olam supports multiple sustainability initiatives but only those that address all eight principles are considered part of the Olam Livelihood Charter.

Approach to Sustainability

Olam works directly with cocoa farmers in Côte d’Ivoire and Ghana on a daily basis and seeks to build long-term mutually beneficial relationships. Olam has been implementing sustainability initiatives on the ground since 2003.

In 2010, it launched the Olam Livelihood Charter⁴⁵ which operates on eight principles:

- 1) Provide farmers with access to microloans to invest in farming equipment,
- 2) Improve yield through training in good agricultural practices,
- 3) Provide training on good labour practices – e.g. health and safety, gender inclusion and child labour,
- 4) Improve market access by building direct relationships with farmers,
- 5) Improve the quality of cocoa beans purchased,
- 6) Traceability of cocoa bean supply,
- 7) Social investment into cocoa growing communities – e.g. healthcare, education and infrastructure, and 8) Mitigate the environmental impacts.

% of cocoa beans self-defined as sustainably sourced in 2017	35% (approx.)
Program name	Olam Livelihood Charter
Year program commenced	Olam Livelihood Charter launched in 2010. Investing in cocoa communities since 2003
Total number of cocoa farmers sourced from	650,000 farmers (approx.)
Number of cocoa farmers participating in Olam Livelihood Charter	184,876 farmers
Farmers participating in agricultural training	In 2017, 143,847 farmers received training in Good Agricultural Practices.
Farmers receiving an additional premium	100% of farmers enrolled in Olam Livelihood Charter (35% of total source farmers)

⁴⁵ The [Olam Cocoa Sustainability](#) report provides more detailed information on Olam’s approach to sustainability.

Traceability, Transparency and Accountability

The farms of 73,725 farmers are currently GPS mapped (approx. 11%). However, 100% of cocoa beans sourced from farms enrolled in the Olam Livelihood Charter are traceable.

Olam publishes information on its strategy for tackling child labour, the Olam Livelihood Charter and its impact on its website.

Child Labour Monitoring and Remediation

162 cooperatives in Côte d'Ivoire currently have an operational Child Labour Monitoring and Remediation system (approx. 73% of Ivorian cooperatives currently registered in the Olam Livelihood Charter). While financed by Olam, all CLMRSs are community-owned and managed. Labour abuses can be reported through the CLMRS or to Olam field staff. Olam provides remediation services for children found in child labour through its field staff, the ICI and Fair Labor Association.

Community Investment

Investing in infrastructure is one of the eight principles of the Olam Livelihood Charter. To date, this has included renovating and building schools, health centres, roads, bridges and nurseries and improving access to clean water. Community baselines assessments are conducted prior to implementation, which can help guide the direction of community investment, which is implemented by Olam field staff, international NGOs and certification bodies.

Community Participation

In Côte d'Ivoire, cooperatives independently decide what types of infrastructural investment their communities need.

Access to Education

Olam has built 18 schools in Côte d'Ivoire and supported others through investment in infrastructure and school kits. In Côte d'Ivoire, Olam employs 57 field officers who runs workshops on good labour practices – which include child labour sensitisation and gender equity. In 2017, 145,341 cocoa farmers participated.

Women's Empowerment

Olam runs empowerment programs for women – 3,250 women in Cote d'Ivoire participated in these initiatives in 2017. They include support for women's associations, alternative income generation training, and ensuring women hold a certain percentage of decision making roles. Currently, 8% of farm group leaders are women. Overall, 13% of farmers participating in the Olam Livelihood Charter are women, while 15% of farmers attending training on good agricultural practices in 2017 were women.

Living Income

Olam has not yet committed to a living income to farmers, nor does it currently have a long-term plan to do so. However, improving farmer income is a key component of the Olam Livelihood Charter. To do this, Olam facilitates productivity and diversification training (for example, fortified Cassava nurseries and beekeeping). It provides support

for women's associations, with a focus on income generation, and ensures that farmers enrolled in the Olam Livelihood Charter receive a premium of approximately 10% of farm gate price.



Conclusion

This report explored what each company and certification organisation is doing in terms of traceability, transparency and accountability, child labour monitoring and remediation, community investment, community participation, access to education, women's empowerment and living income. It is encouraging to see the increase in financial investment and implementing and scaling of programs to address these issues. This is by no means an exhaustive list of all the ways to reduce child labour on cocoa farms, but rather an overview of current best and promising practices. Many challenges still face the chocolate industry as a whole.

Industry-wide partnerships such as CocoaAction create hope that change is happening within the cocoa sector. The biggest players in the chocolate industry have moved beyond solely certifying the supply chain, to investing in cocoa growing communities to increase productivity and reduce the rates of exploitative child labour.

Joining forces to improve the wellbeing of farmers at the bottom of the supply chain, is a major culture shift from abrogating all responsibility for labour conditions. For this the industry should be commended.

However, as corporations race to the top through their sustainability programs and initiatives, the fight against the worst forms of child labour remains an uphill battle if the industry is to achieve zero child labour by 2025 (UN Sustainable Development Goal 8). As consumers, as NGOs and as sustainability leaders in the industry, we all need to keep pushing for this change to not only continue but to increase exponentially.

Traceability is one of the keys to identifying forms of modern slavery and understanding and addressing supply chain risks. Most companies report to be mapping to the farm level and seeking to discover effective ways to use this data. Transparency between industry players, to create a comprehensive overview of who is doing what where; and between industry and civil society, in reporting impact, still needs to greatly improve.

CocoaAction report that four companies introduced CLMRSs that reached 14,762 farmers and 55,000 households in Côte d'Ivoire and Ghana in 2016.⁴⁶ While this is a good start, it is vital to consider it within the context of 1.2 million cocoa farmers in Côte d'Ivoire and Ghana who will need to be reached. Key to the effectiveness of CLMRSs will be the dramatic scaling reach more farmer communities. Nestlé has been operating these systems the longest and their experience suggests if CLMRSs are to effectively reduce child labour they must scaled to reach a significant proportion of communities.

Similarly, the number of cocoa growing communities currently being targeted by industry programs represent a small fraction of the total in number of farmers. CocoaAction report investment in 330 communities in 2016, with an end goal of reaching 1,200 by 2020.⁴⁷ This goal may lift some cocoa farmers out of poverty but there is still a long way to go.

Genuine commitment to gender mainstreaming and women's empowerment will grow the capacity of women in child labour prevention. Acknowledging women as cocoa farmers for the work that they are already doing would be one way of valuing women's input in the supply chain.

The stark reality is that poverty is a key driver of child labour, worst forms of child labour and child trafficking. Farmers are extremely poor by anyone's calculation. They also receive the lowest percentage of the value in a chocolate bar. While manufacturers, processors and certifiers establish more coalitions and learning communities on living income for cocoa farmers; Tony's Chocolonely has already done a living income calculation of its own and pays a premium for farmers to achieve this. We look forward to the rest of the industry following.

Higher premiums paid directly to farmers as well as financial support for farmer co-operatives appears as a key avenue to alleviate poverty, increase the assurance of sustainability of cocoa supplies and prevent child labour.

Paying farmers more, should mean directly paying farmers more money. Higher premiums paid directly to farmers as well as financial support for farmer co-operatives appears as a key avenue to alleviate poverty, increase the assurance of sustainability of cocoa supplies and prevent all the forms of child labour. Paying a premium which is then used to fund programs, training or their co-operative's operations does not necessarily mean a direct increase in the income of farmers.

Tony's Chocolonely (now one of the largest selling chocolate in The Netherlands) demonstrates that commercial success can be coupled with social responsibility and sustainability. Consumers need to continuously encourage all chocolate manufacturers to embrace the culture and practice of sustainable sourcing. Otherwise, sustainability programs will never reach the number of farming community in Côte d'Ivoire and Ghana

⁴⁶ CocoaAction (2017) *Learning as We Grow: Putting CocoaAction into Practice*. World Cocoa Foundation.

⁴⁷ Ibid.

needed to change the culture and capacity to prevent, disrupt and abolish child labour, worst forms of child labour, forced labour and human trafficking.

The changes within the past year alone give way to optimism that industry efforts will continue to scale and impact more lives. Hopefully, the same can be reported in the next “A Matter of Taste” report.

