



# A MATTER OF TASTE

**A STUDY OF THE ROLE CHOCOLATE  
MANUFACTURERS AND CERTIFIERS ARE  
PLAYING IN COMBATTING HUMAN TRAFFICKING  
AND CHILD LABOUR IN CÔTE D'IVOIRE'S AND  
GHANA'S COCOA GROWING COMMUNITIES.**

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STOP THE TRAFFIK AUSTRALIAN COALITION  
BAPTIST WORLD AID AUSTRALIA

IN CONSULTATION WITH INFLUENCE GLOBAL AND THE VOICE NETWORK



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In the end the report and its opinions are ours and not theirs.

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Photos: Fuzz Kitto and Hannah Boles

**Fuzz and Carolyn Kitto (STOP THE TRAFFIK Australian Coalition)**  
**Gershon Nimbalker (Baptist World Aid Australia)**

## **Disclaimer:**

The following research is based entirely on self-reported material. It draws upon information in the public domain and interviews, correspondence and a company-completed questionnaire. The report does not offer a third party impact assessment, but rather compares what companies and certifiers say that they are doing. We are sincerely grateful for their time and collaboration.



## Abbreviations

AUD	Australian Dollars
CAP	Community Action Plan
CEN	European Committee for Standardisation
CFA	Central African Francs
CHF	Swiss Francs
CLMRS	Child Labour Monitoring and Remediation System
CLMS	Child Labour Monitoring System
Co-op	Cooperative
CSR	Corporate Social Responsibility
CVC	Cocoa Village Centres (Mars)
FLA	Fair Labor Association
F3C	Ferrero Cocoa Community Commitment
FY	Financial Year
GIS	Geographic Information System
GPS	Global Positioning System
IGA	Income Generating Activity
ICI	International Cocoa Initiative
ILO	International Labour Organisation
IPEC	International Program for the Elimination of Child Labour
ISO	International Organisation for Standardisation
KPI	Key Performance Indicator
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
SAN	Sustainable Agriculture Network
SDG	Sustainable Development Goals
UNESCO	The United Nations Educational, Scientific and Cultural Organisation
UK	United Kingdom
UN	United Nations
US	United States of America
USD	US Dollars
VSLA	Village Savings and Loans Association
V4C	Vision for Change (Mars)
WCF	World Cocoa Foundation
WFCL	Worst Forms of Child Labour
YICBMR	Youth Inclusive Community Based Monitoring and Remediation

Where \$ is used it refers to US Dollars

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# Executive Summary

The aim of this report is to investigate the variety of methods currently being used to combat human trafficking and child labour on cocoa farms in Côte d'Ivoire and Ghana. Based on self-reported material, a corporate-completed questionnaire and interviews, it looks at how each of the six biggest chocolate manufacturers (Ferrero, Hershey, Lindt & Sprüngli, Mars, Mondelēz, and Nestlé) and three leading certification systems Fairtrade, Rainforest Alliance and UTZ are tackling the issue of human trafficking and child labour in their supply chains.

The report examines the role of multinational chocolate manufacturing corporations in building resilient cocoa-growing communities. It starts by exploring a number of the international initiatives encouraging businesses to take an active role in advocating human rights and decent labour practices and the child protection conventions that Ghana and Côte d'Ivoire have ratified.

It proceeds to compare the policies and practices of the certification systems under six categories: Code of Conduct and Practices; Traceability and Transparency; Wages and Income; Building Resilient Communities; Worker Empowerment and Voice; and Child Protection.

Fairtrade scored highest overall but was very closely followed by UTZ and Rainforest Alliance. The Fairtrade Premium scored positively in terms of Fairtrade's role in building resilient communities via investment in community development initiatives. All three rely primarily on their audit processes to monitor the occurrence of child labour and human trafficking on farms, holding a 'zero tolerance' approach to either violation. This is coupled with training programs and identification and remediation schemes, such that when the violations are ongoing or systemic decertification will result. UTZ leads the way in child protection at a local level, with a community liaison person in each certified cocoa-growing community. When cases of child labour are identified, Rainforest Alliance provide a comprehensive remediation programme to assist child labourers in getting back to school.

The report presents a profile on each of the six big chocolate manufacturers. It examines the sustainability endeavours of each in four key areas: Sustainability Strategy; Programme Overview; Approach to Child Labour; and Traceability and Transparency.<sup>1</sup> It looks at the variety of approaches that are currently being adopted by the chocolate industry to tackle child labour and human trafficking on cocoa farms.

For the majority of companies examined here commitment to certification has become the expected baseline of sustainability. Mars, Hershey and Ferrero have all committed to 100% certification by 2020 and Nestlé by an unspecified date. It is a significant step towards making sustainable consumption mainstream practice. Verifying that human rights and fair labour practices are being upheld throughout the cocoa supply chain is a big leap forward in changing mentalities from consumers to farmers, and in building communities resilient to child labour and human trafficking.

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<sup>1</sup> The companies were compared under the same categories as the certifiers (Code of Conduct and Practices; Traceability and Transparency; Wages and Income; Building Resilient Communities; Worker Empowerment and Voice; and Child Protection). However due to the confines of space only building resilient communities, child protection and traceability and transparency are dealt with in this report.

The second major approach being pursued by chocolate manufacturers is investment in local communities. This approach recognises that poverty is one of the underlying structural causes of human trafficking and child labour, and considers investment in community development a long-term solution. Companies working with partners in West Africa are focusing on two main pillars:

1. Economic – increased cocoa yield through farmer agricultural training, and
2. Social – investing in educational infrastructure, health centres, boreholes, mosquito nets, women’s empowerment and in training for young people.

Mondelēz’s Cocoa Life programme is championing community development strategies that are designed by local communities and implemented by partner NGOs. The Nestlé Cocoa Plan is doing impressive work in terms of child protection, leading the way in the establishment of child labour monitoring and remediation systems at community level, and increasing access to education in rural communities.

No company is perfect nor without an agenda in investing in cocoa farmers. Their initiatives will not lift every farmer out of poverty without being significantly expanded. However, they are making commendable efforts to advance the sustainability of cocoa farming beyond the minimum requirements set out by certification systems. This report has not ranked companies against each other. Instead it offers a brief manufacturer profile, detailing how each company is investing in cocoa-growing communities and the prevention of child labour and human trafficking.

It is our shared responsibility to combat child labour and human trafficking on cocoa farms. We will succeed only if everyone in the supply chain works together – farmers, communities, exporters, manufacturers, consumers, Non-Governmental Organisations (NGOs) and governments. Only together, can we STOP THE TRAFFIK.

\* \* \*

The report concludes that consumers and NGOs should continue to support companies who are actively investing in the wellbeing of the farmers growing the cocoa beans that end up in our chocolate. Investing in local community development is a significant step towards overcoming the poverty that blights the lives of cocoa farmers. While this report details the ambitions and goals of each company, without externally assessed and published impact reports the effect these programmes are having on cocoa farmers is difficult to determine. STOP THE TRAFFIK and Baptist World Aid Australia urge companies to publicly report the impact their corporate investment is having on the lives of cocoa farming communities. The next step towards combatting human trafficking and child labour in the cocoa sector is to challenge the inequalities in the global value chain by paying farmers a fair price for their cocoa to ensure they receive a living income.

We hope that having read this report you can come to your own conclusions about which companies to support and make an informed choice when buying chocolate.



# Chapter 1: Introduction

Hot cocoa was an ancient Mayan drink that the Spanish introduced to the European market. From the late 1500s onwards demand grew and with it the link between cocoa farming and human trafficking. As diseases introduced by Europeans decimated local populations in South America the transatlantic slave trade supplied African slaves to work the cocoa plantations.<sup>2</sup>

The cocoa bean was introduced to Ghana in 1879 and to Côte d'Ivoire in 1905.<sup>3</sup> In the 1930s and 1940s, West Africa overtook Latin America as the largest producer of cocoa. Over 70% of the world cocoa supply is now grown in West Africa, with Côte d'Ivoire and Ghana as the biggest producing nations. The phrase 'Cocoa is Ghana, Ghana is Cocoa' and the engraving of cocoa beans on Ivorian money signify the local importance of cocoa to the region.

Taken to court over allegations of slavery in the production of chocolate in 1901, Lord Cadbury admitted that slavery was necessary for profit. Today's corporate response is markedly different.

Since 2000 there has been a media spotlight on child trafficking within cocoa supply chains. In response, United States (US) Senator Harkin and Representative Engel attempted to legislate for a child labour-free label on chocolate sold in the US. The major chocolate manufacturers then came together and offered to tackle the issue voluntarily within their supply chains. In 2001, representatives from the governments of Ghana, Côte d'Ivoire and the US and the major chocolate manufacturers signed the Harkin-Engel Protocol, putting the emphasis on business to take responsibility for child labour and trafficking on the farms they source from.

The role of business in upholding human rights is changing rapidly. In 2000, United Nations (UN) Secretary General Ban Ki-Moon launched the UN Global Compact<sup>4</sup> which advocates the role of business in ensuring human rights and preventing labour violations within their supply chains. This call has since been echoed by the World Bank and the Organisation for Economic Cooperation and Development (OECD).

In 2015, the UN Sustainable Development Goals<sup>5</sup> emphasised the necessity of business to play its part in the pursuit of international development and the elimination of poverty. SDG 8.7 specifically urges businesses to 'take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms'.

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<sup>2</sup> Poelmans, E. & Swinnen, J. (2016) 'A Brief Economic History of Chocolate', in Squicciarini, M. & Swinnen, J. (eds.) *The Economics of Chocolate*. Oxford: Oxford University Press.

<sup>3</sup> Ibid.

<sup>4</sup> UN Global Compact [www.unglobalcompact.org](http://www.unglobalcompact.org)

<sup>5</sup> UN Sustainable Development Goals <https://sustainabledevelopment.un.org>



Nobel Prize Winner and child labour activist Kailash Satyarthi, believes the corporate sector is vital to combatting child labour.

***I firmly believe that the business community can put compassion alongside profit. Businessmen with compassionate hearts and businesses with compassionate intelligence should be the norm.***

(Kailash Satyarthi)<sup>6</sup>



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<sup>6</sup> Kailash Satyarthi, [www.oecd.org/development/end-child-labour.htm](http://www.oecd.org/development/end-child-labour.htm)

# Chapter 2: Child Labour and Human Trafficking

## 2.1 Situation Overview in West Africa

*In 2013, the International Labour Organisation (ILO) estimated that 1.42 million children were working in Côte d'Ivoire, 37.8% (539,177 children) of whom were in hazardous working conditions.<sup>7</sup>*

In a study of 18,000 households in Ghana, the 2014 Child Labour Report (published in collaboration with the Ghanaian government) estimated that 21.8% of children between five and seventeen years old were involved in child labour. This number is as high as 30.2% in rural areas. About 14.2% of the Ghanaian children surveyed were engaged in hazardous child labour, which was also higher in rural areas at 20%.<sup>8</sup>

The Tulane University Report, commissioned by the United States Department of Labor to monitor progress, reported an increase in children working in hazardous conditions on cocoa farms from 791,181 in 2008/9 to 1,153,672 in 2013/14 in Côte d'Ivoire, and a decrease from 931,005 to 878,595 children in Ghana.<sup>9</sup>

Definitions matter as they ensure that we are talking about the same thing and help with addressing the issues at hand. Not all children who are exposed to hazardous work are 'slaves' and not all workers who don't receive a fair wage are forced. Child Work encompasses the normal things a child does to help out around the house, or in the family business, or on the family farm. It is good for their development, vocational education, and socialisation, and happens all over the world. Child Labour is when this work starts to negatively impact their attendance at school and is harmful for their physical and mental development. (See Appendix for further definitions of Worst Forms of Child Labour and Human Trafficking)

Agreeing on a finite statistic on child labour in each country is highly contentious and political. Statistics on human trafficking are far more difficult to determine. Given the illegal nature of human trafficking, reporting an incident comes at a much higher social cost. When cases of trafficking are suspected, the police must get involved. Due to the fear of reporting incidences they get pushed further underground.<sup>10</sup> While child labour and human trafficking are not the same, we operate on the assumption that a small percentage of the child labour figures are children who have been trafficked to cocoa-growing regions. Our connections with local NGOs in West Africa support this supposition.

Within industry the debate is primarily focused on child labour. Whilst we use the language of child labour, worst forms of child labour and human trafficking throughout this report it is

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<sup>7</sup> IPEC (2014) *Enquête nationale sur la situation de l'emploi et du travail des enfants (ENSETF 2013)*. Geneva: ILO.

<sup>8</sup> 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.

<sup>9</sup> Tulane University (2015) *2013/14 Survey Research on Child Labor in West African Cocoa Growing Areas: Final Report*. New Orleans: School of Public Health and Tropical Medicine, Tulane University.

<sup>10</sup> Kapoor, A. (2016) *Children at Heart: Assessment of child labour and child slavery in Côte d'Ivoire's cocoa sector and recommendations to Mondelez International*. Embode, p15.

difficult to find the two latter phrases used by companies. One way to interpret this is that business is seeking to distance itself from the concept and language of human trafficking and ‘child slaves’ in its supply chains. It also stems in part from an understanding that addressing the human trafficking of children requires a broader holistic and systemic solution.

## 2.2 Key International Conventions on Child Labour

Both Ghana and Côte d’Ivoire have ratified all three of the following conventions:

### ILO Minimum Age Convention (No. 138), 1973<sup>11</sup>

This convention aims to eradicate child labour and to progressively raise the minimum age of entry into the workforce. It specifies the minimum age of employment as fifteen years, unless otherwise agreed. Article 7 notes that national laws or regulations may permit the employment or work of persons 13 to 15 years of age which is:

- a) not likely to be harmful to their health or development; and
- b) not such as to prejudice their attendance at school, their participation in vocational orientation or training programmes approved by the competent authority or their capacity to benefit from the instruction received.

### UN Convention on the Rights of the Child, 1989<sup>12</sup>

Article 32 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.’ This article is purposefully open to local interpretations of child labour, allowing for the children of poor agricultural families to work on the family farm, providing the work is not hazardous.

It is worth noting that Article 28 encourages states to develop ‘different forms of secondary education, including general and vocational education, make them available and accessible to every child’. Currently only 40% of Ivorian children are enrolled in secondary school.<sup>13</sup> UNESCO estimates that enrolment rates are as low as 3.92% in rural areas.<sup>14</sup> Where access to secondary education is limited, for those who wish to become cocoa farmers learning the art of cocoa farming falls under the category of vocational education.

### ILO Worst Forms of Child Labour Convention (No. 182), 1999<sup>15</sup>

Key to this convention is Article 4, which lays out the definition of the term **the worst forms of child labour**:

- a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;

<sup>11</sup> ILO Minimum Age Convention (138), 1973, [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C138](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138)

<sup>12</sup> UN Convention on the Rights of the Child, 1989, [www.unicef.org.au/Upload/UNICEF/Media/Our%20work/childfriendlycsrc.pdf](http://www.unicef.org.au/Upload/UNICEF/Media/Our%20work/childfriendlycsrc.pdf)

<sup>13</sup> World Bank (2014) *Côte d’Ivoire: Gross Enrolment Ratio, Secondary, Both Sexes (%)*. Available at:

<http://data.worldbank.org/indicator/SE.SEC.ENRR?locations=C1>

<sup>14</sup> UNESCO (2012) *Education Databank*. Available at: [http://data.uis.unesco.org/Index.aspx?DataSetCode=SCN\\_DS&lang=en](http://data.uis.unesco.org/Index.aspx?DataSetCode=SCN_DS&lang=en)

<sup>15</sup> ILO Worst Forms of Child Labour Convention (No. 182), 1999,

[http://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO:12100:P12100\\_INSTRUMENT\\_ID:312327](http://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO:12100:P12100_INSTRUMENT_ID:312327)

- b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- d) 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.

Article 7 sets out what each ratifying member state is committing to.

Each Member shall, taking into account the importance of education in eliminating child labour, take effective and time-bound measures to:

- a) prevent the engagement of children in the worst forms of child labour;
- b) provide the necessary and appropriate direct assistance for the removal of children from the worst forms of child labour and for their rehabilitation and social integration;
- c) ensure access to free basic education, and, wherever possible and appropriate, vocational training, for all children removed from the worst forms of child labour;
- d) identify and reach out to children at special risk; and
- e) take account of the special situation of girls.

The ILO Convention 182 has been called the most relativist child protection document as it is open to local interpretations of child work, while seeking to protect children from extreme exploitation.<sup>16</sup>

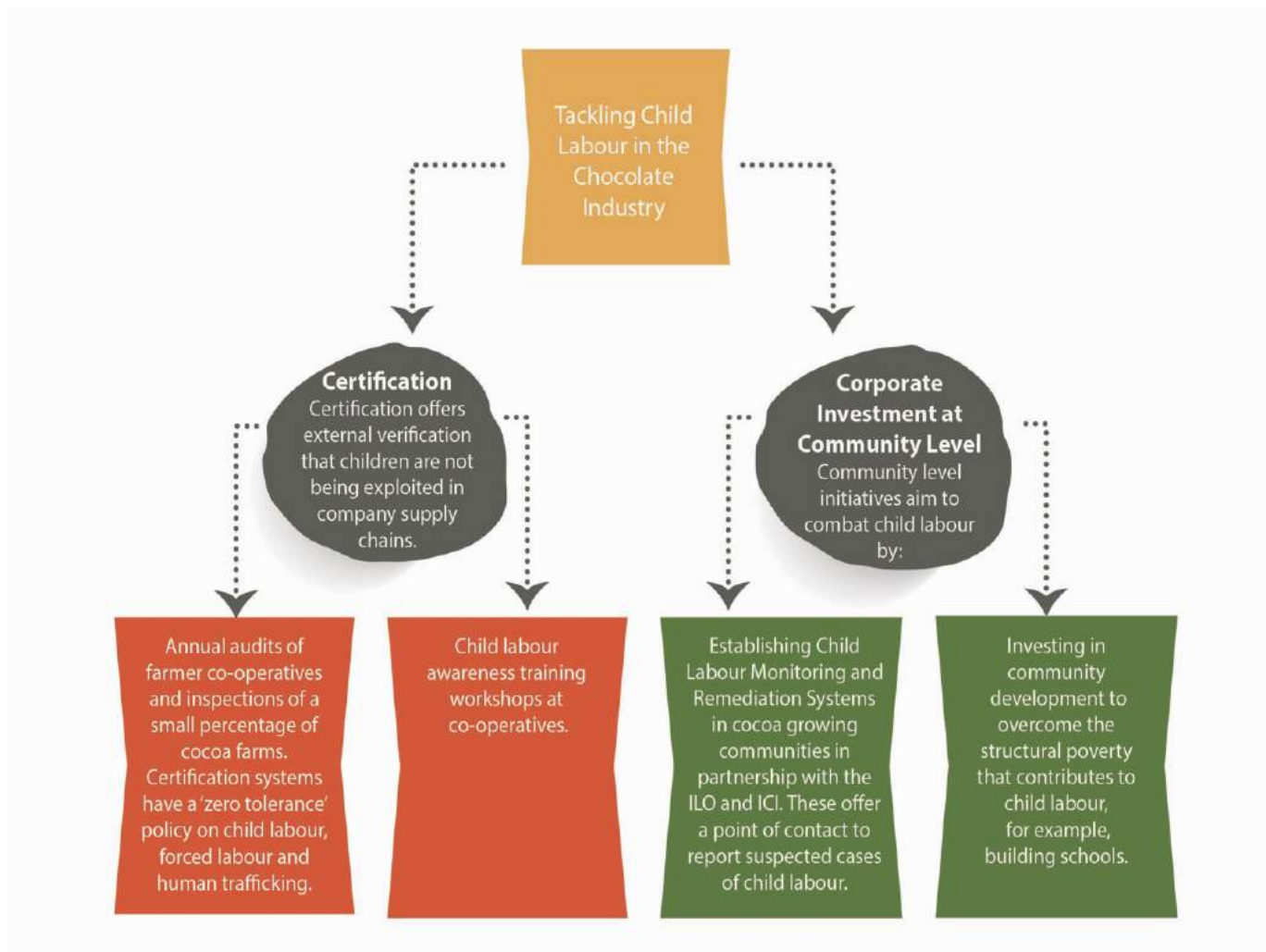


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<sup>16</sup> Myers, W. E. (2001) 'The Right Rights? Child Labor in a Globalizing World', *The Annals of the American Academy of Political and Social Science*, 575, pp. 38-55.

## 2.3 Corporate Response to Child Labour

Since the media exposé on child labour and human trafficking on cocoa farms at the start of the millennium, the chocolate industry has adopted a number of approaches to tackling this exploitation within their supply chains. The infographic below illustrates the main approaches being adopted, two primarily via certification and two via corporate investment at community level.



While certification systems also engage with child labour monitoring in a number of their certified communities and companies also provide child protection training, the above infographic tries to simplify the description of child labour prevention strategies being taken by different parties. This report examines the variety of combinations of these approaches that are currently being adopted within the industry.

In 2011, chocolate exporter/producer companies (ADM, Barry Callebaut and Cargill) and chocolate companies (Ferrero, Hershey, Kraft Foods (became Mondelez International), Mars and Nestlé) entered into a US\$2 million public-private 'partnership to combat child labour in the chocolate and cocoa industry' with the ILO's International Programme on the Elimination of Child Labour (IPEC). This partnership had three main objectives:

1. To 'strengthen the capacity of the government, social partners and cocoa farmers to combat the worst forms of child labour in cocoa producing communities.'<sup>17</sup>
2. To 'support the development of community based Child Labour Monitoring Systems (CLMS)'. The CLMS provides a channel through which to identify and report children subject to the worst forms of child labour at a community level.
3. To coordinate the various programmes addressing child labour in the cocoa growing industry.

The partnership ended in 2014. Companies are now collaborating with the International Cocoa Initiative (ICI) to continue implementing CLMRS in cocoa growing communities.<sup>18</sup>

## 2.4 A Highly Political Issue

Child labour is a global issue, with numerous players engaging in its reduction.

- ▲ The First Lady of Côte d'Ivoire, Dominique Ouattara, has sworn to combat child labour in the cocoa industry during her tenure as First Lady.<sup>19</sup> She chairs the National Oversight Committee to Fight Against Child Trafficking, Exploitation and Labour.
- ▲ All of the major chocolate manufacturers and most of the buyer/producers (Barry Callebaut, Cargill etc.) have committed to addressing the issue.
- ▲ The certification systems require external audits of farmers to ensure that they are not using children on their farms.
- ▲ NGOs and consumers are putting pressure on manufacturers to clean up their supply chains and stop profiting from child labour, exploitation and human trafficking.

Each of the above see the issue through a different lens and has a differing pathway and language for the issue. As Nelson Mandela said, "Where you stand depends on where you sit."

***With so many stakeholders, each with a particular angle on the situation and diverse vested interests, child labour and human trafficking figures are contentious, political and subject to debate.***

Child labour is also a local issue. As child protection consultant, Aarti Kapoor notes, child labour and human trafficking 'do not exist in a vacuum'.<sup>20</sup> It is an issue that is often controversial. During a fieldtrip to eastern Côte d'Ivoire, one farmer indignantly asserted that 'we don't have a child labour problem here, stop coming in and telling us we exploit our children.'<sup>21</sup> Child labour statistics suggest quite different understandings of what constitutes acceptable levels of work for children on an international stage and locally in cocoa communities. It is important to remember local realities and perception of what has become a hotly debated global issue.

At the World Cocoa Foundation meeting in Abidjan, Côte d'Ivoire in October 2016, the First Lady of Côte d'Ivoire reminded the audience to differentiate between child work and child labour, in order

<sup>17</sup> ILO (2015) *A Partnership to Combat Child Labour in the Chocolate and Cocoa Industry*.

Geneva: ILO. Available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms\\_409581.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_409581.pdf)

<sup>18</sup> For more information see ICI: <http://www.cocoainitiative.org/our-work/our-work/community-level/>

<sup>19</sup> For more information see her website: <http://dominiqueouattara.ci/en/presentation/her-vision-her-mission>

<sup>20</sup> Kapoor, A. (2016) *Children at Heart: Assessment of child labour and child slavery in Côte d'Ivoire's cocoa sector and recommendations to Mondelez International*. Embode, p7.

<sup>21</sup> Field Trip to Aboisso, Côte d'Ivoire, November 2016.

to dismiss the legitimacy of the Tulane University findings (See section 2.1). She appealed for a relocation of the global child labour debate within a West African context. Only by working with local culture can children's rights become rights as culture.<sup>22</sup> She thanked companies for answering her plea for the construction of schools and health centres, reminding her audience of the necessity of local infrastructure in overcoming one of the underlying causes of child labour: poverty.

## 2.5 The Cocoa Farmers' Reality

As cocoa trees can only grow within a 10–15 degree bracket north or south of the equator, cocoa farmers predominantly live in low income countries, growing a crop that is mostly consumed by those in the high income countries.

According to a study by Barry Callebaut and the French Development Agency (AFD),

***Côte d'Ivoire cocoa farmers earn around US\$0.91 per day. This is much lower than the World Bank's extreme poverty line for Côte d'Ivoire (\$2.40).<sup>23</sup> The World Bank estimate that 46.3% of Ivoirians were living below this poverty line in 2015.<sup>24</sup>***

In Ghana, there is a minimum wage of US\$2 a day. However, this applies primarily to waged employees, such as farm workers, rather than the non-waged small-holder farmer. The World Bank estimated that 24.2% of Ghanaians were living below the national poverty line in 2012 (their most up-to-date calculation), which was higher in rural areas with 37.9% living below the poverty line.<sup>25</sup>

Under such conditions of poverty, paying an adult wage to farm labourers, is effectively impossible. A solution (albeit undesirable and detrimental) for securing their meagre and inadequate income is for children to be used as labourers. This is an ideal context for human traffickers to prey on people's desperation for their own profit. Speaking at the 2016 World Cocoa Conference in the Dominican Republic, Barry Parkin (WCF Chairperson and Mars Global Procurement) said



<sup>22</sup> Cowen, Dembour & Wilson (2010) *Culture and Rights: Anthropological Perspectives*. Cambridge: Cambridge University Press, p11.

<sup>23</sup> Cocoa farmers' agricultural practices and livelihoods in Côte d'Ivoire <http://librairie.afd.fr/nt24-cocoa-farmers-cote-ivoire/>, February 2017

<sup>24</sup> World Bank (2016) *Côte d'Ivoire: Poverty headcount ratio at national poverty lines (% of population)*. Available at: <http://data.worldbank.org/indicator/SI.POV.NAHC?locations=CI>

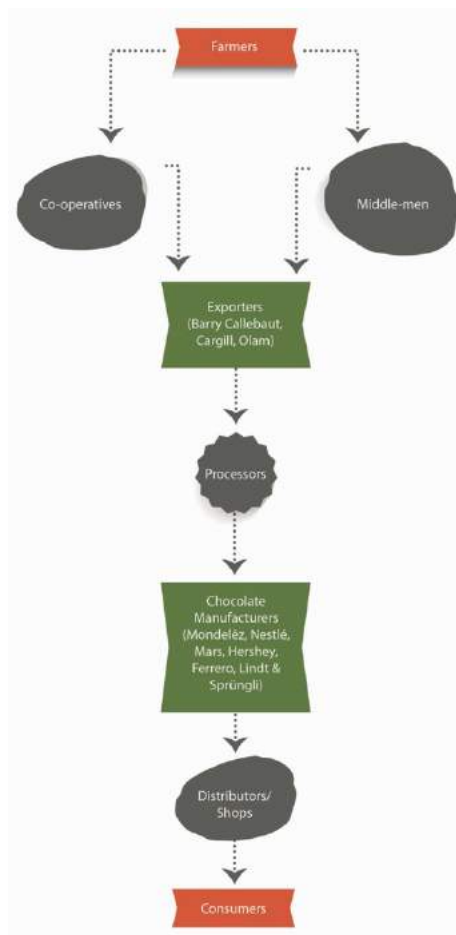
<sup>25</sup> World Bank (2012) *Ghana: Poverty Headcount Ratio at National Poverty Lines (% of Population)*. Available at: <http://data.worldbank.org/indicator/SI.POV.NAHC?locations=GH>; World Bank (2012) *Ghana: Rural Poverty Headcount Ratio at National Poverty Lines (% of rural population)*. Available at: <http://data.worldbank.org/indicator/SI.POV.RUHC?locations=GH>

***“To get to sustainable we’ve got to triple or quadruple the income. That’s the harsh reality of what is needed to get to a living income.”***

As farmers generally live in rural areas, access to services such as health centres and secondary schools, not to mention electricity, petrol and markets, are minimal as these services are usually restricted to the nearest town. During the rainy season roads can be unusable. In Côte d’Ivoire the rainy season falls between June and October. In southern Ghana there are generally two rainy seasons, April to June and September to October. Children born during these seasons are often not registered as birth, due to difficulties in getting to a town registry. In Côte d’Ivoire, there is a fee for obtaining a birth certificate (which is needed for enrolment in primary school) after three months of age.<sup>26</sup> As a remediation effort to get child labourers into schools, NGOs are helping communities to secure birth certificates for children when they don’t currently have them.

It is also worth noting that only 20% of cocoa is sourced through a co-operative, while 80% goes through informal farmer associations or ‘middle-men.’<sup>27</sup> Most farmers, therefore, do not have any power in negotiating the price of their crops.

## 2.6 Structure of the Cocoa Supply Chain



Farmers grow and harvest the cocoa pods. Once the pods have been harvested they are split open and the cocoa beans, surrounded by white pulp, are removed. The farmer then packs the beans into boxes or heaps them into covered piles. The pulp heats up and ferments the beans. After fermentation, which can last from three to five days, the beans are left to dry in the sun for several days, even weeks.

These dried beans are bagged and sold either via a co-operative or to an agent or middle-man. The co-operatives or middle-men sell the cocoa beans to an exporter. Barry Callebaut, Cargill, and Olam are the biggest exporters in West Africa. The exporters are responsible for monitoring quality and shipping cocoa beans to manufacturers. Some grind the cocoa, while some sell the beans directly to chocolate manufacturers.

Manufacturers roast and shell the cocoa beans, grinding the cocoa nibs into paste and separating out the cocoa liquor. The next step uses a hydraulic press to separate the cocoa liquor in cocoa butter and cocoa cake (which is ground into cocoa powder). To make chocolate from these raw ingredients cocoa liquor and butter are mixed with sugar and milk in a conch – a large agitator that simultaneously stirs

<sup>26</sup> From conversation with Solidaridad in Abidjan, Nov. 2016.

<sup>27</sup> Kapoor, A. (2016) *Children at the Heart: Assessment of child labour and child slavery in Côte d’Ivoire*. Embode.



and heats the mixture until smooth. To produce a final product the chocolate is tempered and moulded according to a confectioner's particular specifications.<sup>28</sup>

Finished products are distributed to wholesalers and then to shops where we, the consumer, purchase them.

## 2.7 Principle of Shared Responsibility

Since child labour and human trafficking was first reported within the chocolate industry, the relationship between business and NGOs has been described as moving from outright hostility to a 'wholehearted marriage'.<sup>29</sup> It is being recognised increasingly that collaboration is the key to success. This collaboration is not just between NGOs and companies but among all players in the context. At the heart of this shared responsibility are the farmers and cocoa growing communities. Every other stakeholder must keep them at the centre.



The basic premise of shared responsibility is the collective obligation to work together and help one another with the aim of combatting human trafficking and child labour. Key to this is understanding the role that each sector has to play and how each sector can help the other sectors to achieve the common objective of child protection and build communities resilient to human trafficking and child labour. Businesses, governments and local communities all play a role in lifting cocoa farmers out of poverty and creating a thriving environment that helps farmers to excel and their children to complete their education.

Central to this collaboration is co-accountability. If one party is not interested in tackling child labour on cocoa farms, the situation is unlikely to change. With this in mind a number of systems have been set up to foster collaboration and shared responsibility.

<sup>28</sup> For more information on the role of each actor in the supply chain towards the production of chocolate see <http://www.worldcocoafoundation.org/about-cocoa/cocoa-value-chain/>

<sup>29</sup> Rajak, D. (2011) *In Good Company: An Anatomy of Corporate Social Responsibility*. Stanford: Stanford University Press.

## World Cocoa Foundation

The World Cocoa Foundation (WCF) is an international membership organisation that promotes sustainability in the cocoa sector. WCF states that it seeks to provide cocoa farmers with the support they need to grow more quality cocoa and socially and economically strengthen their communities. WCF's members include cocoa and chocolate manufacturers, processors, supply chain managers, and other companies worldwide. It represents more than 80% of the global cocoa market. WCF operates at the local and global level, bridging the needs of cocoa farmers and their families with the needs of the cocoa industry and the environment.<sup>30</sup>

## CocoaAction

CocoaAction is a framework under the World Cocoa Foundation. It states that its vision is a transformed cocoa sector that offers a profitable way of life for professionalised and economically empowered cocoa farmers and their families, while providing a significantly improved quality of life for cocoa growing communities. CocoaAction is a voluntary industry-wide strategy that aligns the world's leading cocoa and chocolate companies, origin Governments, and key stakeholders on regional priority issues in cocoa sustainability.<sup>31</sup> WCF members committed to Cocoa Action are Barry Callebaut, Blommer, Cargill, Ferrero, Hershey, Mars, Mondelēz, Nestlé, and Olam.

## International Cocoa Initiative

Established in 2002, with the original purpose of implementing the Harkin-Engel Protocol (See section 1.1), the International Cocoa Initiative (ICI) is a leading organisation promoting child protection in cocoa-growing communities. ICI works with the cocoa industry, civil society, farmers' organisations, communities and national governments in cocoa-producing countries in seeking to ensure a better future for children and contribute to the elimination of child labour. Operating in Côte d'Ivoire and Ghana since 2007, ICI has promoted holistic child protection measures in more than 600 cocoa-growing communities reaching over 1 million people, 682,500 of whom are children.<sup>32</sup>



<sup>30</sup> Text taken from WCF website: <http://www.worldcocoafoundation.org/about-wcf/history-mission/>

<sup>31</sup> Text taken from WCF website: <http://www.worldcocoafoundation.org/about-wcf/cocoaaction/>

<sup>32</sup> Text taken from ICI website: <http://www.cocoainitiative.org/about-ici/about-us/>

# Chapter 3

## Certifications Compared

Certification seeks to offer accountability and external assurance that companies are adhering to the voluntary best practices they have advocated in their Supplier Code of Conduct. Fairtrade, Rainforest Alliance and UTZ are three of the leading certification systems working with the chocolate industry. All three offer third party verification of best sourcing practices, modelled on those set out in the Global Compact (see appendix 7.3).

Certification tackles child labour and human trafficking on cocoa farms through three channels:

1. Policy – ‘zero-tolerance’ standards that farmers have to meet to achieve certification. Farmer co-operatives are audited against these standards. Whilst child labour is not permitted, there are allowances for remediation and putative action taken where the issue is ongoing or systemic.
2. Training – certified cocoa farmers, co-operative staff and auditors all partake in child protection training.
3. Child labour monitoring at community level – this can involve a community liaison person (UTZ) or Group Administrator (Rainforest Alliance) who monitors the community and to whom suspected cases are reported followed by a remediation mechanism, or a child labour monitoring and remediation system (Fairtrade).

***No certification system is a guarantee that there is no child labour or human trafficking in the source farms or cooperatives. There is an expectation, however, that the systems should be able to identify and remediate child labour and human trafficking and build communities resilient to these abuses.***<sup>33</sup>

### 3.1 Certifier Profiles

All three share a fairly similar goal, yet have slightly different agendas. They all insist on fairer labour practices and the championing of human rights throughout supply chains.

#### Fairtrade

Fairtrade focuses on addressing the inequalities in the global value chain. They aim to overcome the unfair deal farmers around the world receive through their Fairtrade Premium, by supporting holistic local development, advocating for trade justice and giving farmers a voice. This premium is paid to co-operatives who democratically decide how to invest it – either by giving it to farmers or investing in local projects. Community development projects are generally funded either through this premium and/or external funding from governments or NGOs. In the cocoa sector, Fairtrade certifies cooperatives only. They currently certify 11 co-operatives, who represent 95,900 farmers, in Ghana and 52 co-operatives, with 33,300 farmers, in Côte d’Ivoire. Fairtrade currently have an active child labour monitoring system in 3 of these 63 cocoa co-operatives.



<sup>33</sup> UTZ (2015) *UTZ Child Labour Position Paper*.

## Rainforest Alliance

Rainforest Alliance's two main objectives are environmental conservation and protection and improved livelihoods and wellbeing of farmers. While their environmental focus is hugely important given the urgency of climate change, for the purpose of this report they were only assessed on their child labour and human trafficking strategies. Their certification is based on the Sustainable Agriculture Network (SAN) Standard which has been used to certify 211,878 farms worldwide. 63.6% of Rainforest Alliance certified cocoa is grown in Côte d'Ivoire, while 14.9% is Ghanaian. Of the three certifiers, they have the most recently updated supplier code (the 2017 SAN Standard), which includes 'zero tolerance' on child labour, forced labour and human trafficking. Of the three certifiers, Rainforest Alliance has the most comprehensive remediation strategy, that will be introduced into the new SAN Standard, valid from 1 July 2017.



## UTZ

UTZ focus on improving farmer livelihoods and enabling them to compete in the global market place. They do this through training workshops on topics such as agricultural practices, business skills and safety standards, with the goal of increasing productivity. They aim to make farming sustainable for farmers and for the planet. 100% of certified farmers partake in this training. An aspect of the training includes child protection and the importance of education. Their approach to monitoring child labour combines prevention, monitoring and remediation, which includes the appointment of a community liaison person in each cocoa growing community. They certify both farmer groups or co-operatives and individual farmers. Over 53% of UTZ certified cocoa comes from Côte d'Ivoire. 18% comes from Ghana. In 2015, there were more than 465,000 UTZ certified cocoa farmers – around 9% of the world's cocoa farmers. This includes more than 193,000 in Cote D'Ivoire and more than 92,000 in Ghana.



The following summarises how they compare in terms of what they are doing to combat child labour and human trafficking within the cocoa supply chain, based on our self-assessed questionnaire (see Appendix 7.2).

### 3.2 Policies and Code of Conduct

The basic requirement for this section was the presence of a Code of Conduct or Supplier Standard. Questions on the Code included assurance of the ILO Four Fundamental Principles and Rights at Work (the right to collective bargaining, elimination of forced labour, abolition of child labour, and elimination of workplace discrimination); the prohibition of excessive overtime; ensuring the freedom of movement of workers; voluntary best practice at co-operative level on child protection; and a protection policy for children or vulnerable adults suspected of being in forced labour or having been trafficked.

Fairtrade A+  
Rainforest Alliance A+  
UTZ A+

#### Strengths:

- ▲ All three certifiers specify that no child labour, forced labour or human trafficking is permitted on certified farms.
- ▲ All three collect data on labour at farm level.

### 3.3 Traceability and Transparency

The way that certification verifies compliance with the policies set out in the Code of Conduct is through actively auditing farmer co-operatives. This section looked at the structure of the initial compliance audit, the percentage of audits that are internal and that are external, the existence of impact assessments and whether child labour is included in these assessments, the percentage of farms that are traced beyond co-operative level, the number that are physically visited during an audit and whether audits are unannounced. Traceability is 'core business for certification systems and it would be expected they would excel in this category.

Fairtrade A  
Rainforest Alliance A  
UTZ A+

#### Strengths:

- ▲ All three have a comprehensive audit process that involves a baseline assessment in the form of an initial compliance audit, followed by annual audits thereafter. Most audit cycles are annually or two audits in every three years.
- ▲ All compliance audits, and subsequent audits, require 'zero tolerance' on child labour, worst forms of child labour and human trafficking alongside remediation processes.

#### Limitations:

- ▲ Auditing is primarily at co-operative level, rather than individual farms. Although a small percentage of farms are audited every time it cannot ensure zero child labour or human trafficking on every farm.
  - For Fairtrade certified co-operatives that have 50–500 members, a minimum of five farms are visited, for co-operatives bigger than 501 members, a minimum of ten farms are visited.<sup>34</sup>
  - For UTZ certified cooperatives the minimum number of farms to be physically audited is the square root of the total number of plots on the farm, rounded up to the next whole number.<sup>35</sup>

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<sup>34</sup> FLOCERT (2014) *Audit: Standard Operating Procedure*. Available at: <http://www.flocert.net/wp-content/uploads/2014/02/AM-Audit-SOP-17-en1.pdf>

<sup>35</sup> UTZ (2016) *Certification Protocol Version 4.1*, p19. Available at: [https://www.utz.org/wp-content/uploads/2015/12/EN\\_UTZ\\_Certification-Protocol\\_v4.1\\_2015.pdf](https://www.utz.org/wp-content/uploads/2015/12/EN_UTZ_Certification-Protocol_v4.1_2015.pdf)

- Likewise, Rainforest Alliance’s audit team visit at least a square root of the total number of member farms. In some cases where groups have performed poorly, the size of the sample may increase up to 1.4 times the square root.<sup>36</sup>
- ▲ Co-operatives, rather than the purchasing company, manufacturer or consumer, usually pay for the certification audits.

### 3.4 Wages and Income

This section addressed three key issues. Firstly, the existence of a living income calculation and whether or not farmers receive it. Secondly, does the certifier provide a premium and, if so, how much? And finally, does certification include programmes to improve farming practices?

Fairtrade D+

Rainforest Alliance D+

UTZ D+

The three are mostly comparable. As of yet there are no Living Income calculations for Côte d’Ivoire or Ghana. As such, none of the three certifiers can record whether farm labourers receive a living income, leading to the low scores of all three.

#### Strengths:

- ▲ Increasing farmer yields. Each certifier reports this slightly differently:
  - ▲ UTZ report a 50% increase in cocoa yield for certified farmers, following farmer agricultural training.<sup>37</sup>
  - ▲ Rainforest Alliance report a 50% increase in Côte d’Ivoire and a 42% increase in Ghana, compared with non-certified farms.<sup>38</sup>
  - ▲ Fairtrade report a 26% higher than the national average crop yield.<sup>39</sup>
- ▲ Premium paid to farmers.
  - ▲ Fairtrade offers a US\$200/tonne premium.
  - ▲ Rainforest Alliance and UTZ do not determine the value of the premium paid to their farmers.

#### Limitations:

- ▲ Living Income calculations are still to be conducted in West Africa.
- ▲ The price of cocoa has fallen dramatically from August 2016 – February 2017, threatening the advances which have been made in cocoa growing communities.
- ▲ Fairtrade offers a guaranteed ‘floor-price’ (or minimum) for commodities. This minimum price is not farm gate as many people assume but FOB. (This stands for free on board. It means that the price quoted by supplier includes the cost of freight to nearest port.) In January 2011, Fairtrade International increased the

<sup>36</sup> SAN (2013) *General Interpretation Guide – Group Certification Standard*, p5. Available at:

[http://www.san.ag/biblioteca/docs/SAN\\_GIG\\_Group\\_Certification\\_Standard\\_March\\_2013.pdf](http://www.san.ag/biblioteca/docs/SAN_GIG_Group_Certification_Standard_March_2013.pdf)

<sup>37</sup> UTZ (2014-2016) *Impact Assessment Studies*, <https://utz.org/what-we-offer/measuring-impact/commissionedstudies/>

<sup>38</sup> Rainforest Alliance (2012) *Rainforest Alliance Certification on Cocoa Farms in Cote d’Ivoire*, p1; SAN (2015) *Rainforest Alliance Impact Report 2015*, pp53-4.

<sup>39</sup> Fairtrade (2015) *Monitoring Scope and Benefits of Fairtrade*, p95. Available at:

[http://www.fairtrade.net/fileadmin/user\\_upload/content/2009/resources/2015-Monitoring\\_and\\_Impact\\_Report\\_web.pdf](http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2015-Monitoring_and_Impact_Report_web.pdf)

minimum Fairtrade price for cocoa, the first increase since 1997. The FOB price went up to \$2,000/ton up from \$1,600/ton. The Premium went from \$150/ton to \$200/ton. However, FOB minimum has been lower than the market price for at least the last 10 years and is significantly lower than the estimated amount a farmer would need to receive to earn sufficient income to be lifted out of extreme poverty.

### 3.5 Building Resilient Communities

Central to this part of the study is the impact certification is having at community level. It looked at how certification systems are building resilient communities with protective environments for children. Questions include how certification systems resource communities; how much is invested in communities; and whether or not farmers get any input into shaping development programmes.

Fairtrade **A+**

Rainforest Alliance **B+**

UTZ **C+**

This section saw rather large divergences between the certification systems. Fairtrade scored highest due to their collaboration with companies, such as Ferrero, and external funding bodies to introduce community development projects such as It Takes a Village (a youth-inclusive community-based child labour monitoring system in Côte d'Ivoire funded by the Dutch Lottery).<sup>40</sup> (NB: Results are based on a self-reported questionnaire sent to STOP THE TRAFFIK. Rainforest Alliance and UTZ did not self-describe collaboration as community development.)

#### Proviso:

It is worth noting that Fairtrade scored particularly well as they were able to provide information on how the premium is invested, part of which falls under the category of community development. However, impact reports suggest Fairtrade communities chose to invest 4% of the premium at community level in 2012/13, which increased to 12% in 2013/14.<sup>41</sup> In 2013/14, 31% of the Fairtrade premium (US\$62 per tonne of cocoa) went to the farmer. Rainforest Alliance and UTZ did not score as highly as they do not collect information on how premiums are spent – instead leaving it up to the farmer associations to determine what they do with the money. Their models are not based on community development so they do not articulate it as such. This disparity in results reflects more of a failing on our part than on that of the certification systems. Rainforest Alliance can report that certified farmers typically receive 50% of the total premium. UTZ informed us that 49% of farmers use increased cocoa revenues to send their children to school.<sup>42</sup>

#### Strengths:

- ▲ All three report community consultation, consulting local officials, chiefs, elders, farmers and community members when devising their policies and standards.
- ▲ All three certifiers keep records of farm workers.
- ▲ Both Fairtrade and Rainforest Alliance resource communities through alternative incomes projects or credit systems.

<sup>40</sup> Fairtrade (2014) *Fairtrade Africa Launches New Project to Tackle Child Labour*. Available at: <http://www.fairtradeafrica.net/news/fairtrade-africa-launches-new-project-to-tackle-child-labour/>

<sup>41</sup> Fairtrade (2014) *Fairtrade Cocoa in West Africa*, pp6-7; Fairtrade (2015) *Scope and Benefits of Fairtrade*, p99.

<sup>42</sup> Impact Report UTZ Cocoa Program Cote d'Ivoire, <https://utz.org/wp-content/uploads/2016/03/Nutshell-CDI-2013.pdf>

#### Limitations:

- ▲ Premiums are allocated at the co-operative level. Co-operatives democratically determine how to allocate the premium. This can be limiting on addressing the needs of individual farmers, particularly the most vulnerable, especially when co-operatives are very large.

### 3.6 Worker Empowerment and Voice

This section inquired into the number of farmers in farmer associations or unions and the number of co-operatives that have negotiated agreements in place with buyers for their produce. The answer for all three was 'unknown' to both questions. This lack of knowledge led to the low scores of each certifier. It also asked whether certifiers engage in efforts to hear from workers, unions, NGOs and industry groups. The answer to the latter question was yes for each certifier.

Fairtrade D-

Rainforest Alliance D-

UTZ D-

### 3.7 Child Protection

Questions on child protection included the existence of child labour awareness raising and training programmes for farmers, training on other forms of child protection, whether or not the programme supports access to schools and initiatives for female empowerment, and the existence of a child labour monitoring and remediation system. One of the key questions was whether or not child labour monitoring and remediation systems were actually up and running in both Ghana and Côte d'Ivoire. These schemes are relatively new for each of the certifiers and as such there is much learning taking place.

Fairtrade B+

Rainforest Alliance A-

UTZ A-

#### Strengths:

- ▲ Each certifier runs training workshops on child labour and child protection.
- ▲ All three support access to schools.
- ▲ All encourage a rights-based approach to child labour monitoring and remediation.
- ▲ All three certification systems now use their auditing, both internal and external, as a means through which to monitor child labour and compliance with their respective 'zero tolerance' for child labour on farms.

***One aspect of the UTZ approach to child labour monitoring and remediation system is the appointment of a child labour liaison person from within the community. In the event of child labour remediation, UTZ links with local NGOs or government bodies to provide the necessary care and services.***

***Under Rainforest Alliance certification child labour monitoring at community level is via the Group Administrator who is required to undertake internal audits. Rainforest Alliance's remediation process for children found in child labour includes access to medical and psycho-social support, facilitation of re-integration into school and a process for replacing the child's wages in the family.***



***Fairtrade has The Youth Inclusive Community Based Monitoring and Remediation programme based on the Fairtrade principle that producers take charge of their own development. The aim of the programme is to ensure that the local community takes responsibility in monitoring itself for child labour. Based on the judgement of the committee, children can either be allowed or restricted to go to certain areas in the villages, farms, public places, among others.***<sup>43</sup>

**Limitations:**

- ▲ The certification systems are using a more formal compliance audit process to monitor child exploitation.
- ▲ Schemes that extend beyond child labour monitoring through annual audits are relatively recent for all three certifiers.
- ▲ Because the discovery of child labour or human trafficking can lead to farmers losing their certification, these labour violations are rarely found. Whilst the penalty does require a response, even a punitive one, it can also lead to the problem being covered up in the three certification approaches.
- ▲ The introduction of these schemes is still in the early stages. Of the 63 Fairtrade cooperatives, 19 in Cote d'Ivoire and five in Ghana (a total of 24) have engaged in child protection training (which includes child labour monitoring and remediation). Of the 19, three have internal control systems for child labour monitoring and remediation and three have Youth Inclusive Community Based Monitoring and Remediation systems.



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<sup>43</sup> Fairtrade Africa <http://www.fairtradeafrica.net/news/youth-inclusive-program-a-main-approach-for-fairtrade-child-labour-project/>

# Chapter 4

## From Voluntary Best Practice to Community Investment

### 4.1 What is Currently Happening in the Chocolate Industry

It is said that Corporate Social Responsibility (CSR) has brought a moral dimension to globalisation.<sup>44</sup> Over the past twenty years the global community has been trying to define what this actually means; what responsibilities multinational corporations have to their worker and suppliers. Following the social restructuring of many developing nations by the World Bank's policies in the 1970s and 1980s, the markets (and with them multinational corporations) became increasingly powerful. At the same time governmental power to regulate diminished.

More recently, international initiatives such as the UN Global Compact and the UN SDGs are trying to put the onus for development on businesses, emphasising their responsibility to act in accordance with human rights conventions. There are numerous standards that businesses are encouraged to subscribe to, for example SA8000.<sup>45</sup> Bodies such as the European Committee for Standardisation (CEN) and the International Organisation for Standardisation (ISO) set global best practices. They have been working in collaboration to create a standard of best business practice within the chocolate industry.

One of the major criticisms of business practice has been the voluntary nature of best practice standards, which have been seen as an alternative to law.<sup>46</sup> Rather than being legally binding through the regulation of international business, companies voluntarily sign up to preserve human rights and the environment. The current trend for 'ethical' consumption has led to each of the chocolate companies studied in this report drawing up a Supplier Code of Conduct.



Certification systems such as Fairtrade, Rainforest Alliance and UTZ offer external verification against international standards that these practices are being upheld. A third party audits the farmer co-operatives selling cocoa beans to the market, offering assurance against the principles set out by the certification systems. Once farmers pass this initial audit the certifier awards co-

<sup>44</sup> Blowfield, M. (2005) 'Corporate Social Responsibility: reinventing the meaning of development?', *International Affairs (Royal Institute of International Affairs 1944-)*, 81(3), p524.

<sup>45</sup> SA8000 is one of the world's first auditable social certification standards for decent workplaces, across all industrial sectors. It is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance. See: [http://sa-intl.org/\\_data/n\\_0001/resources/live/SA8000%20Standard%202014.pdf](http://sa-intl.org/_data/n_0001/resources/live/SA8000%20Standard%202014.pdf)

<sup>46</sup> Utting, P. (2005) 'Corporate Responsibility and the Movement of Business', *Development in Practice*, 15(4), p384.

operatives the certification logo, enabling the farmers to sell their cocoa beans as ‘certified’ to the cocoa market.

***Certification has become the expected baseline within the chocolate industry. As consumers, we now expect to have someone verifying that, when companies promise to respect their workers’ human rights, they are keeping this promise.***

Mars, Hershey and Ferrero have committed to 100% cocoa bean certification by 2020 and Nestlé is also committed to 100% certification, by an unspecified date.

Increasingly, chocolate companies are moving beyond certification as a verification of minimum requirements of responsible practice to invest in local cocoa-growing communities. Given that child labour is a social ramification of poverty, companies are embracing their role as agents of development, as advocated by the UN, and supporting the idea of resilient communities.

With higher financial and political capital than most NGOs, chocolate companies are perfectly poised to resource the communities that grow their raw materials. By working in collaboration with national governments, the exporters, and NGOs, multinational corporations can work with and for cocoa growing communities.

CSR has moved from philanthropic giving to facilitating development, and now to companies becoming the proactive agents and architects of development.<sup>47</sup> Mondelēz, Nestlé, Mars and Lindt and Sprüngli have devised ambitious projects that tackle lack of infrastructure – such as school buildings, health centres, and boreholes. These programmes also provide training on child protection and aim to empower women. Studies have found a strong correlation between investing in women and increased school attendance.<sup>48</sup>



The chocolate industry is primarily investing in increased agricultural production through farmer agricultural training sessions, cocoa nurseries (that offer new cocoa plants to replace aging trees) and village resource centres (which provide computer access for farmers to further their training). These initiatives are based on the concept of ‘shared value’ whereby cocoa bean supplies increase for companies and farmers make more money through increased produce to sell.

The major difference between certification and corporate programmes is the acknowledgement that they need to go beyond economic empowerment if child labour and human trafficking are to be

<sup>47</sup> Rajak, D. (2011) *In Good Company: An Anatomy of Corporate Social Responsibility*. Stanford: Stanford University Press.

<sup>48</sup> Marston, A. (2016) *Women’s Rights in the Cocoa Sector: Examples of Emerging Good Practice*, Oxfam.

tackled. Recognising that poverty is multidimensional many companies are also investing in the social conditions of cocoa-growing communities. Based on community action plans devised by farming communities in collaboration with locally based NGOs, initiatives aim to tackle the underlying structural constraints of poverty that contribute to child labour and human trafficking. Community-based projects like Mondelēz's Cocoa Life and the Nestlé Cocoa Plan attempt to challenge the adverse social factors, such as lack of access to schools, that contribute to child labour, with the aim of building resilient communities as a long-term solution to poverty in cocoa-growing areas.

## 4.2 What Is Still Not Happening

Before looking at the corporate strategies to combat child labour it is worth mentioning briefly what still is not happening and needs to be considered.

Increased agricultural productivity programmes operate on the assumption that the market can lift farmers out of poverty. Rather than addressing the inherent inequalities in the global value chain, the responsibility is placed primarily on farmers. It assumes that if a farmer grows more, their income will increase. However, it costs a farmer more money and they require more labour to grow more cocoa. In addition, if there is more cocoa available in world markets, market forces will usually see the price drop. From November 2016 to February 2017, there was a 25% decrease in the price of cocoa.<sup>49</sup> This is negatively impacting farmers livelihoods and has the potential to undermine the programmes designed to impact their lives positively.

The CocoaBarometer estimates that for every tonne of cocoa beans sold, farmers receive 6.6% of the final sale price.<sup>50</sup>

***There is a simple solution. "It is not rocket science. Farmers simply need to be paid more," according to Antonie Fountain, Managing Director of the VOICE network and co-author of the CocoaBarometre.***

During focus group discussions with cocoa farmers in eastern Côte d'Ivoire in November 2016, the resounding consensus was that the price received for cocoa beans is too low. At the time, the price was 1 100 CFA per kilogram of cocoa beans (roughly \$1.80). To be able to send their children to secondary school the farmers indicated that they need 2000–3000 CFA per kilogram. According to farmers one



<sup>49</sup> 'Côte d'Ivoire: les producteurs de cacao ont entamé une grève illimitée', *RFI Afrique*, 16 Feb 2017.

<sup>50</sup> Fountain, A. & Hütz-Adams, H. (2015) *CocoaBarometer 2015*. VOICE Network.

cocoa tree produces 25–30 cocoa pods per harvest which, when fermented and dried, make up roughly one kilogram of cocoa beans. No company is currently addressing the fact that farmers receive an insufficient and unfair price for their cocoa beans.

Chocolate companies are aware that increased productivity will not end the poverty cycle experienced by cocoa farmers. Many are investing in income diversification strategies, which increase farmer's market potential through an increased variety of cash crop cultivation. However, this nonetheless pushes the responsibility for farmers' incomes onto another industry. There is substantial evidence to support the importance of income diversification on



improving farmer livelihoods and this report is positive towards such programmes.<sup>51</sup> However, it is still worth noting that this is still deflecting the responsibility of paying farmers enough for their cocoa for them to receive a living income and does not address the wider issue of distribution of income along the value chain.

It is also important to note that much of the material reported in this document is hard to verify. Given the nature of their funding, corporate-led community development programmes have much less external accountability than publicly funded development agencies. Few of these corporate programmes have publicly available impact reports, which leads to limited verifiability of the actual impact and outcomes of these community initiatives. As such, what is presented below is the publicly expressed hopes and goals of the chocolate companies as they invest in farming communities.

Finally, it is vital to bear in mind that this report is based primarily on self-reported material. The content of the company profiles and Certification Compared chapter are based on a company completed questionnaire, publicly available information and meetings with the companies and certifiers. We are very grateful for their extensive collaboration.

\* \* \*

While the above section testifies to the need to continually improve the wellbeing of cocoa farmers, the remainder of the report highlights how far the chocolate manufacturers have come in the past ten years and lauds them for their successful embrace of the sustainable development agenda.

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<sup>51</sup> Oomes, N. et al (2016) *Market Concentration and Price Formation in the Global Cocoa Value Chain*, SOE Amsterdam Economics.

### 4.3 STOP THE TRAFFIK Chocolate Box

STOP THE TRAFFIK first developed the chocolate box in 2012 as a way of indicating the steps it expected companies to take to end human trafficking. The original chocolate box had six chocolates – three related to certification and three related to programmes. Things have come a long way in the last five years and our current chocolate box tries to reflect this with ten chocolates. The graphic is designed for consumers to assess easily what companies are achieving and what still needs to happen.



<p><b>ANNUAL THIRD PARTY AUDIT AGAINST INTERNATIONAL STANDARDS</b></p>	<p><b>TRACEABILITY TO FARM LEVEL</b></p>	<p><b>COMMITTED TO SUSTAINABILITY LOGO ON 100% OF PRODUCTS</b></p>	<p><b>ENSURE A LIVING INCOME</b></p>	<p><b>ACTIVE CHILD LABOUR MONITORING</b></p>
<p>Chocolate supply chains are annually audited by a Third-Party to International Standards.</p> <p>Partial if less than 80% of their supply chain is audited to these standards</p>	<p>The location of sourcing farms is mapped with more than 10% of total number of farms visited annually.</p> <p>Partial = location of source farms is mapped.</p>	<p>Communication to consumers is provided on chocolate products (usually via a logo) showing that farm conditions are monitored for human trafficking and efforts have been made to eliminated it. We also look for an associated goal of having 100% of products carrying logo by a nominated date.</p> <p>Partial = if have a certification goal but will not be putting a label on products.</p>	<p>A commitment to working with other stakeholders to ensure a living income for cocoa farmer families, specifically through an adequate price being paid for cocoa.</p>	<p>An 'Active Child Labour Monitoring and Remediation System' (CLMRS) in all communities from where cocoa programme is operated.</p> <p>Partial = in the implementation phase.</p>

<p><b>COMMUNITY DEVELOPMENT PROGRAMME WITH EXTERNAL IMPACT ASSESSMENT</b></p>	<p><b>COMMUNITY ACTION PLAN DEvised THROUGH LOCAL PARTICIPATION</b></p>	<p><b>INCREASING ACCESS TO EDUCATION FOR CHILDREN</b></p>	<p><b>PROGRAMME TO INCREASE FARMER YIELDS</b></p>	<p><b>PROGRAMMES FOR FEMALE EMPOWERMENT &amp; YOUTH INCLUSIVENESS</b></p>
<p>Community-based poverty alleviation initiatives with impact assessment by an external organisation and the results publicly reported.</p> <p>Partial = if the programs exist. Full = if they are externally assessed and reported on publicly.</p>	<p>Community Action Plans with cocoa growing communities are devised with local participation and decision-making into the programme structure.</p> <p>Partial = if Community Action Plan exists. Full = if devised through local participation.</p>	<p>Improving access to education for children in rural communities through school, toilet and/or canteen building, school feeding programmes and/or obtaining birth certificates.</p>	<p>Economically empowering farmers through agricultural or business training to increase productivity and income.</p> <p>Effectiveness of training programmes being measured over time by tracking yield and income increases.</p>	<p>Investing in gender empowerment and youth-inclusive programmes which aim to build resilient communities and a strong cocoa growing culture.</p> <p>Partial = Gender empowerment initiative. Full = And youth inclusiveness programme.</p>

#### 4.4 The Chocolate Companies in Summary

	Ferrero	Hershey	Lindt & Sprüngli	Mars	Mondelēz	Nestlé
Annual third-party auditing against international standards						
Over 80% of Cocoa Bean Supply Chain Annually Audited	X	X		X	X	X
Traceability to farm level	X	X				
Goal to have 100% of products carrying logo to communicate efforts to end human trafficking						
Commitment to Help Ensure a Living Income for farmers	X	X	X	X	X	X
Active 'Child Labour Monitoring and Remediation System' in all source Communities						
Community development programmes with external impact assessment						
Local participation in community action plan						
Increasing access to education for children						
Programme to increase farmer yields						
Programmes for empowerment of women and youth inclusiveness						
Logo						
% sourced through company sustainability program or certification	44% of beans certified	50% of beans certified	57% through company programme	50% of beans certified	21% of cocoa sourced through Cocoa Life	30% through Nestlé Cocoa Plan





## Chapter 5: Ferrero



# FERRERO

Net Sales 2015 (US\$ millions): 9,757  
Sustainability Programme: Ferrero Farming Values Programme  
Commencement Year: 2013  
Investment in Programme: Not disclosed  
Aiming for 100% Sustainable Cocoa by: 2020  
Current % Sustainably Sourced or certified: 44%  
Source from: Côte d'Ivoire and Ghana  
Cocoa Farmers (approx.): 120,000  
Farmers Participating in Training: 8,800  
Schools Built/Refurbished: 1

## Successes

1. Committed to 100% certification of cocoa and cane sugar by 2020.
2. Partnered with the Ghanaian government to develop a context-specific strategy for combatting child labour on Ghanaian cocoa farms.
3. Publicly categorise Côte d'Ivoire and Ghana as areas of high risk for Worst Forms of Child Labour.

## Limitations

1. Limited emphasis on community or social development.
2. Progress is conveyed mainly through the percentage of certified cocoa purchased rather than via monitoring and evaluation of programme impact and outcomes.
3. No publicly available impact reports on Ferrero Farming Values programme.
4. Ferrero does not use certification logos on their products and therefore provides no point of sale communication to consumers about the steps they are taking.

## Sustainability Strategy

Ferrero has committed to 100% certification of their cocoa supply by 2020 as the baseline of sustainable practice. Furthermore, they have committed to 100% certification of other key ingredients such as cane sugar (also by 2020) and palm oil (already achieved). They aim to have their entire hazelnut supply traceable by 2020.<sup>52</sup> Ferrero does not use certification logos on their products and therefore provides no point of sale communication to consumers about the steps they are taking.

Furthermore, Ferrero is committed to the implementation of local community development initiative, the Ferrero Cocoa Community Commitment (F3C), in Ghana. In Côte d'Ivoire, Ferrero has committed to the development of cocoa growing communities through its partnership with Fairtrade. Child protection is the main focus.

## Programme Overview

### Ferrero Cocoa Community Commitment (F3C):

Designed in partnership with the Ghanaian Government's National Programme for the Elimination of the Worst Forms of Child Labour in Cocoa, F3C is a livelihoods programme that provides training on 'good social practices'. It has three key focuses: social, environmental and economic. Specifically addressing child protection and crop yield, Ferrero has four main goals:

1. To implement child labour monitoring systems in 176 communities that do not currently have operational systems of identification.
2. To sensitise and train communities on children's rights and the Ghanaian CLMS. This training includes:
  - ▲ the identification of warning signs of WFCL,
  - ▲ understanding the national legal framework and laws regarding WFCL,
  - ▲ how to respond and remediation activities once child labour has been identified, or suspected,
  - ▲ and the formation of community child protection committees.

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<sup>52</sup> Ferrero (2016) *Sharing Value to Create Value: Ferrero CSR Report 2015*.

3. To provide farmer training for 8,800 farmers to increase their yields. This includes training on age appropriate work for children, such as how to gauge whether a task is age appropriate for a child outside of school hours, or not.
4. To aid the Ghanaian government in fulfilling its current education curriculum goal to teach IT skills to all students. F3C aims to equip village resources centres in cocoa growing communities, to provide students with the facilities to put their theoretical IT knowledge into practice.

The total number of farmers trained, through multiple projects, equal: 21,780 farmers (8,800 through a project in Ghana, 5,400 farmers in Cote d'Ivoire and 7,580 farmers in Nigeria).

The F3C programme is enacted by SourceTrust, Ferrero's implementing partner in Ghana. Over the project's three-year timeline, F3C reached a total of 226 cocoa-farming communities (versus a planned reach of 176).<sup>53</sup> All F3C farms are certified and audited annually by UTZ.

### **Ferrero–Fairtrade partnership:**

In Côte d'Ivoire, Ferrero's commitment to sustainability is tied to certification. Ferrero sources from approximately 5,400 Fairtrade certified farmers. In April 2015, Ferrero and Fairtrade created a partnership to investigate the potential to improve the livelihoods of these communities. Their main aims are:

1. To monitor the progress in cocoa farming and community development already made within certified co-operatives.
2. To strengthen the co-operatives' self-monitoring capabilities.
3. To support further sustainable social development within communities.
4. To create transparent long-term partnerships with co-operatives.

The data collected during this partnership comprised of 18 Key Performance Indicators (KPIs), one of which was reduction in child labour. The data collection phase ended in December 2015 and was collated and analysed throughout 2016. Ferrero is just starting to address issues of community development in Côte d'Ivoire and has so far been concerned with collecting the necessary baseline data to engineer an appropriate target group orientated response.

In Côte d'Ivoire Ferrero is embarking on a new partnership with Save the Children. Ferrero is also partnering with Noble Resources S.A. and with "Coopérative Anonklon de Bianouan" (COABIA), to finance the building of a school in the Sinikosson community in east of Côte d'Ivoire near the Ghana border. This is a rural cocoa community which is home to over 250 farmers within the COABIA cooperative.

### **Approach to Child Labour**

#### **Ghana:**

Ferrero's approach to child labour is a major aspect of their sustainability strategy. As such, the goals described above for F3C encompass the Ferrero approach to tackling child labour in Ghana. Through F3C, CLMS have been introduced to 226 communities over the past three years.

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<sup>53</sup> Ferrero (2016) *Sharing Value to Create Value: Ferrero CSR Report 2015*, p182.

## Côte d'Ivoire:

Through their partnership with Fairtrade, Ferrero has been involved in the introduction of Fairtrade's It Takes a Village project in three out of the seven Fairtrade-certified supplier co-operatives that Ferrero source from.

It Takes a Village rests on two pillars:

1. Establishing a Child Labour Committee for each co-operative, to undertake awareness-raising activities and develop a community child protection strategy.
  - ▲ The Committee is responsible for conducting household surveys to monitor the risks for children in the community.
  - ▲ The survey is carried out by trained youth monitors (18–25 years old) at community level.
2. Improving access to education
  - ▲ In line with SDG4, this includes primary, secondary and vocational education. However, most companies are currently focused on primary education.
  - ▲ Through access to primary, secondary and vocation training, it aims to promote employment opportunities for young community members.

Ferrero are also partnering with Save the Children to advance child protection in a number of cocoa growing communities in central Côte d'Ivoire.

Ferrero's community based projects are all still in the early phases. F3C currently involves 8,800 farmers in Ghana while the Fairtrade partnership reaches a further 5,400 farmers. As the initiatives are still being devised and implemented, the impact of them is yet to be seen.

## Traceability and Transparency

In terms of traceability, Ferrero use GeoTraceability, a farm mapping system. By the end of 2016, Ferrero hoped to have geographically mapped 13,000 of the farms supplying cocoa beans to the company.<sup>54</sup> Using GIS devices, a range of data is collected regarding the farms, including the age of trees, plant density and disease prevalence. Over time, this will allow Ferrero to trace the impact of its farmer training programmes. However due to cost, they do not plan to further scale up the number of farms traced.

Ferrero is entirely reliant on certification for auditing cocoa farms for labour practices within their supply chain. Their impact assessments are conducted in collaboration with their certifying partners.

Transparency-wise, Ferrero have yet to publish any external impact reports on their sustainability endeavours.

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<sup>54</sup> Ferrero (2016) *Sharing Value to Create Value: Ferrero CSR Report 2015*, p184.

## Chapter 6: The Hershey Company



# HERSHEY'S

Net Sales 2015 (US\$ millions): 7,422  
 Sustainability Programme: Learn to Grow  
 Programme Commencement Year: 2012  
 Investment in Programme: Undisclosed  
 Aiming for 100% Sustainable Cocoa by: 2020  
 Current % Sustainably Sourced or Certified: 50%  
 Sourced from: Côte d'Ivoire and Ghana  
 Cocoa Farmers (approx.): 25,000 in Côte d'Ivoire; 8,200 in Ghana  
 Farmers Participating in Training: 31,102  
 Schools Built/Refurbished: 6

*\*Partaking in Learn to Grow, not total farmers being sourced from*

## Successes

1. Have committed to 100% certification by 2020.
2. Moving towards community development initiatives and encouraging community participation in determining the direction of local development.
3. 16% of those engaged in the 'Learn to Grow' farmer training programme are women.

## Limitations

1. Lack of transparency regarding supply chain, such as the value of premiums paid to farmers.
2. Limited public information available on their West African initiatives.
3. Having newly embraced community development, Hershey has a long way to go to reach all cocoa farmers they source from.

## Sustainability Strategy

Hershey has embraced verified voluntary best practice through certification. They are also moving towards adopting a development approach, through their Learn to Grow programme.

Hershey has committed to 100% certification by 2020. 50% of its current cocoa supply is certified. By the end of 2017, Hershey is aiming for 75%.

Learn to Grow is a farmer training programme that aims to increase productivity and improve farmer livelihoods. In 2015, 31,102 farmers across 464 cocoa communities took part in Learn to Grow — 16% of those farmers were women.<sup>55</sup>

Over the next three years Hershey has committed \$250,000 to the US Peace Corps Let Girls Learn programme, which aims to help girls stay in school in Ghana.

Under their Nourishing Minds programme they launched Energize Learning in Ghana. Energizing Learning provides a vitamin- and mineral-fortified peanut-based food supplement to 50,000 children each day.<sup>56</sup> Through this initiative, Hershey aims to increase school attendance, children's health and their ability to learn. Unfortunately, the project is not currently active in cocoa growing communities.

## Programme Overview

Launched in Ghana in 2012, in Nigeria in 2013, and Côte d'Ivoire in 2014, Learn to Grow emphasises good environmental, social and agricultural practices on cocoa farms. Learn to Grow reaches 25,000 farmers in Côte d'Ivoire, 12,000 in Nigeria and 8,200 in Ghana.<sup>57</sup> Approximately 16 percent of the farmers enrolled in Learn to Grow are women.<sup>58</sup>

The primary focus is on improved farming practices.

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<sup>55</sup> Hershey (2016) *Learn to Grow*. Available at: [https://www.thehersheycompany.com/en\\_us/responsibility/good-business/creating-goodness/learn-to-grow.html](https://www.thehersheycompany.com/en_us/responsibility/good-business/creating-goodness/learn-to-grow.html)

<sup>56</sup> Hershey (2015) *Hershey CSR Report 2015*, p9, 64-69.

<sup>57</sup> Hershey (2015) *Hershey CSR Report 2015*, p27.

<sup>58</sup> Hershey (2015) *Hershey CSR Report 2015*, p26.

- ▲ Learn to Grow offers a three-year training programme. This training focuses on the management and protection of cocoa farmland as a natural resource. It includes how to better care for cocoa trees and reduce soil depletion.
- ▲ Cocoa tree nurseries are being established, with the aim of distributing one million higher yielding plants that are both drought and disease resistant.

Successful completion of the three-year programme can lead to UTZ certification.

The second emphasis is on improved social conditions. Learn to Grow aims to improve livelihoods via:

- ▲ Higher cocoa yields from better farming practices. (See section 4.2)
- ▲ Boosted incomes upon becoming certified.
- ▲ Diversification of farming practices. 12 communities have been encouraged to grow food and cash crops, such as cassava and plantain, to supplement cocoa generated incomes.<sup>59</sup>

To implement their Learn to Grow programme on the ground, Hershey has partnered with SourceTrust. In this collaboration they are leading the way in utilising communication technology to reach farmers. Their platform, CocoaLink, delivers farmer training and monitors progress via mobile phone. Information is transmitted to farmers, cost-free, via voice and text messages. Messages include information on good farming practices, fertilizer usage, farm safety, labour practices, health, pest and disease prevention, post-harvest handling and crop marketing.<sup>60</sup> Hershey reported that CocoaLink increased cocoa farmers' yields on average by 45 percent, when users were compared with nonusers.<sup>61</sup>

Hershey are still in the process of conducting baseline assessments. As such, any results from their intervention will not be seen for a number of years. However, it is worth noting that Hershey are moving towards embracing their role as development agent. Their baseline assessments include the development of Community Action Plans (CAP) to account for community input in local development strategies – such as school infrastructure, health centres, boreholes and income diversification workshops.

### **Approach to Child Labour**

Hershey are currently exploring the best option for implementing CLMR systems – of which they consider the ICI model the standard of excellence. ICI has implemented their CLMRS in five Hershey-sponsored cocoa communities – two in Ghana and three in Côte d'Ivoire. This includes the formation of local Community Child Protection Committees, community-based training on the definitions of illegal child labour and active monitoring of potential cases of illegal child labour. Hershey aims to learn from these five communities for potential future expansion across Hershey's cocoa supply chain.<sup>62</sup>

<sup>59</sup> SourceTrust (2016) *Hershey*. Available at: <http://www.sourcetrust.org/partners/hershey/>

<sup>60</sup> Hershey (2016) *Cocoa Link*. Available at: [https://www.thehersheycompany.com/en\\_us/responsibility/good-business/creating-goodness/cocoa-sustainability/cocoa-link.html](https://www.thehersheycompany.com/en_us/responsibility/good-business/creating-goodness/cocoa-sustainability/cocoa-link.html)

<sup>61</sup> Hershey (2014) *Hershey CSR Report 2014*, p23.

<sup>62</sup> Hershey (2015) *Hershey CSR Report 2015*, p31.

Hershey has embraced the Ivorian First Lady of Côte d'Ivoire's call to build infrastructure to combat rural poverty and child labour. So far they have built one health centre in Côte d'Ivoire and are contributing to the construction or rehabilitation of six schools, to increase access to education for children and offer literacy training to women.<sup>63</sup>

### **Traceability and Transparency**

Hershey relies on third party certification to trace the supply of cocoa beans they purchase, and verify their activities on the ground.

Through their suppliers, Barry Callebaut, Olam, Cargill, and ECOM, internal inspectors visit every farm once a year. In 2015, 37,741 farms were inspected.<sup>64</sup> Hershey's CocoaLink mobile software also enables the company to locate by GPS the farmers they source from.

In terms of transparency, Hershey does not disclose any information regarding the percentage of certified cocoa being sourced from West Africa, nor the value of the premiums being paid to farmers. Similarly, up-to-date information on the number of farmers partaking in farmer training is considered confidential supply chain data. Hershey has yet to publish an external impact report.

As consumers we should encourage Hershey to keep expanding their current initiatives.



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<sup>63</sup> US Dept. of Labor (2015) *CLCCG Annual Report 2015*, p103.

<sup>64</sup> US Dept. of Labor (2015) *CLCCG Annual Report 2015*, p101.



# Chapter 7: Lindt & Sprüngli



LINDT & SPRÜNGLI



Net Sales 2015 (US\$ millions): 4,171  
 Sustainability Programme: Lindt & Sprüngli Farming Program  
 Programme Commencement Year: 2008  
 Investment in Programme (US\$): 14 million  
 Aiming for 100% Sustainable Cocoa by: 2020  
 Current % Sustainably Sourced or Certified: 57%  
 Source from: Ghana  
 Cocoa Farmers (approx.): 50,000  
 Farmers Participating in Training: 50,000  
 Schools Built/Refurbished: 1

*\*Partaking in the Farming Program, not total farmers being sourced from*

## Successes

1. 100% of cocoa bean supply chain is traced and externally verified by The Forest Trust.
2. Community participation in the development of the programme.
3. 100% of cocoa farms are visited and monitored on an annual basis.

## Limitations

1. Child labour monitoring is via Lindt & Sprüngli field agents rather than a community based system.
2. No published impact reports.
3. The social side of their Farming Program still needs to expand.

## Sustainability Strategy

Rather than going down the certification route, Lindt & Sprüngli have opted for company control of their entire supply chain. Lindt & Sprüngli have devised their own verification framework which monitors child labour on farms and adherence to the company's standards of best practice. It is externally verified by The Forest Trust.

**'Because we control the entire production process, we can continuously improve sustainability along the entire value chain.'**<sup>65</sup>

In 2008 they established the Lindt & Sprüngli Farming Program which aims to improve cocoa yields while also focusing on agricultural and community development, to encourage farmers to continue farming cocoa in the future. The goal is to foster pride in, and local ownership of, the development programme.

## Programme Overview

The Lindt & Sprüngli Farming Program rests on four pillars:

### 1. Traceability and Farmer Organisation

Rather than sourcing through co-operatives Lindt & Sprüngli and their supply chain partners go directly to the farmers. Farmers are organised into unofficial groups, made up of twenty-five to fifty farmers in a community. Baseline data for each farm in a community is collected. This baseline assessment may include the age of cocoa trees, the number of school age children and/or the distance to the nearest school.

Since 2008, Lindt & Sprüngli have been able to trace 100% of the cocoa beans they purchase back to the communities they came from.<sup>66</sup>

### 2. Training and Capacity Building

Since the start of the Farming Program in 2008, more than 50,000 farmers in Ghana have participated in training sessions, focusing on agricultural, social, environmental and business practices. This includes seminars on basic business skills, soil fertility management and

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<sup>65</sup> Lindt & Sprüngli (2015) *Lindt & Sprüngli Sustainability and Responsibility 10 Facts*.

<sup>66</sup> Lindt & Sprüngli (30 Sept. 2016) *Lindt & Sprüngli achieves 2016 Cocoa Commitment: Cocoa Beans Supply Chain in Ghana fully Traceable and Verified*. Press release.

sensitisation regarding the worst forms of child labour, with the aim of making the programmes contextualised and specific to the target group.

### 3. Farmer Investments and Community Development

Apart from farmer training, the Farming Program has set up 113 nurseries to facilitate farmer access to new cocoa plants, as well as seedlings such as plantain as a source of income diversification.

The programme also invests in local community development, primarily through three key areas: malaria prevention, access to water and village resource centres. To date the Lindt & Sprüngli Farming Program has been involved in:

- ▲ the distribution of 38,000 mosquito nets to prevent diseases such as malaria, (a once-off project)
- ▲ the drilling and maintenance of more than 150 boreholes,
- ▲ the construction and equipping of 29 village resource centres.
- ▲ the refurbishment of one school (once-off initiative).

### 4. Verification and Continuous Progress

Discussed below under 'Traceability and Transparency'.

#### Approach to Child Labour

In order to identify and prevent child labour Lindt & Sprüngli are establishing child labour committees in cocoa-growing communities. They aim to tackle child labour through the strengthening of the farmer groups and their involvement in, and ownership of, community development strategies. Lindt & Sprüngli adopt participatory approaches in engaging farmers in child protection training, encouraging participants to pass on their ideas and what they have learnt to their neighbours and communities.

Central to their approach to identifying child labour is their internal monitoring system. Rather than opting for certification, Lindt & Sprüngli designed their own verification framework that can be adapted to each specific locality. The framework has a set of minimum requirements which are based on the Supplier Code of Conduct.<sup>67</sup> These include:

- ▲ 'No forced labour;
- ▲ Children (under 18) do not carry heavy loads or conduct dangerous work or any work that may endanger their well-being and education;
- ▲ Children are helping in family plantations only outside of school hours and accompanied by an adult'.<sup>68</sup>

Lindt & Sprüngli are in the process of training all field staff (more than 250 people) on the Ghana Hazardous Child Labour Activity Framework for the cocoa sector. All field staff visit at least five farms a week unannounced, with a focus on farms with higher prevalence of child labour risks.<sup>69</sup>

<sup>67</sup> Lindt & Sprüngli (2016) [http://www.lindt-spruengli.com/fileadmin/user\\_upload/corporate/user\\_upload/Sustainably/Supplier\\_Code\\_of\\_Conduct\\_and\\_Compliance\\_Declaration.pdf](http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Sustainably/Supplier_Code_of_Conduct_and_Compliance_Declaration.pdf)

<sup>68</sup> Lindt & Sprüngli (2016) *Lindt & Sprüngli Farming Program Verification Guidance Document*.

<sup>69</sup> Lindt & Sprüngli (2017) *Lindt & Sprüngli Sustainability Report 2016*.

## Traceability and Transparency

Lindt & Sprüngli can name the farmers producing each cocoa delivery and trace the geographical location of the farms. 56,000 cocoa farms in Ghana are currently GPS mapped.<sup>70</sup>

The final pillar of their Farming Program is verification. Their Verification Framework<sup>71</sup> covers principles such as:

- ▲ 'Good social farming practices' which foster human rights and decent working conditions beyond the minimum legal requirements;
- ▲ Thriving rural communities that are attractive places to work and live;
- ▲ Local ownership of the programme and farmer empowerment;
- ▲ Gender empowerment;
- ▲ Diversification of farmer income sources;
- ▲ Investing in the future of agriculture by appealing to the youth.

The Verification Framework (VF) lays out how to monitor to the minimum requirements and principles in Farming Program communities. The majority of monitoring is internal with the objective of exposing where the challenges lie and what needs to be improved.

The VF is comprehensive in its guidelines, ensuring that monitors receive intensive training, speak the local language, represent the diversity of farmers, understand the local context and are integrated into local communities, so that farmers have someone to turn to for advice. The framework recommends applying various methods of data collection, including focus groups, individual interviews and online research. Where possible monitors make visits to each individual farmer annually (at a minimum).<sup>72</sup>

Once the data has been gathered challenges are discussed at community level and solutions designed, with the aid of the farming community, on a three step time-scale: immediate, midterm and longer term corrective actions.

As the majority of assessments are internal the Verification Framework is liable to accusations of a lack of transparency. While the results of these internal assessments are not publically available, the level of data on the assessment process and structure is at least a move towards transparency. Annual external assessments are conducted by the Forest Trust to verify the entire programme, cross-check internal monitoring assessments, offer suggestions for improvement and give credibility to the Lindt & Sprüngli verification process.<sup>73</sup>

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<sup>70</sup> Lindt & Sprüngli (2016) *Lindt & Sprüngli Sustainability Report 2015*, p12.

<sup>71</sup> Lindt & Sprüngli (2016) *Lindt & Sprüngli Farming Program Verification Guidance Document*.

<sup>72</sup> For full methodology see Lindt & Sprüngli (2016) *Lindt & Sprüngli Farming Program Verification Guidance Document*.

<sup>73</sup> For more information see <http://www.tft-earth.org> and Lindt & Sprüngli (30 Sept. 2016) *Lindt & Sprüngli achieves 2016 Cocoa Commitment: Cocoa Beans Supply Chain in Ghana fully Traceable and Verified*. Press release.

## Chapter 8: Mars Chocolate



Net Sales 2015 (US\$ millions): 18,400  
 Sustainability Programme: Sustainable Cocoa Initiative  
 Programme Commencement Year: 2010  
 Investment in Programme: 340 million (2009 – present)  
 Aiming for 100% Sustainable Cocoa by: 2020  
 Current % Sustainably Sourced or Certified: 50%  
 Source from: Côte d'Ivoire and Ghana  
 Cocoa Farmers (approx.): Not disclosed  
 Farmers Participating in Training: 61,000  
 Schools Built/Refurbished: 20

## Successes

1. 50% of Mars chocolate is currently certified. Committed to 100% certification by 2020.
2. Aiming for community ownership of Child Labour Monitoring Systems.
3. Strong emphasis on empowering female farmers. Mars has published an external impact report on Vision for Change's gender empowerment programme.

## Limitations

1. Lack of transparency regarding origins of cocoa beans supply and premiums paid to farmers.
2. No publicly available impact reports on the community development or child labour strategies in its programme, Vision for Change (V4C)
3. Vision for Change started as a pilot project in 2010. Mars Chocolate has only recently started to incorporate Vision for Change farmers into their supply chain.

## Sustainable Strategy

Mars is committed to 100% certification of its cocoa bean supply chain by 2020 as its primary sustainability endeavour. In addition, Mars is investing in local community development through its V4C programme, which has a strong emphasis on gender empowerment.

'Our strategy is driven by the needs of cocoa farmers, their families and their communities.'<sup>74</sup>

Mars established its own Sustainable Cocoa Initiative which focuses on:

- ▲ Research into the cocoa genome.
- ▲ Certification.
- ▲ Vision for Change.
- ▲ Industry collaboration and greater partnership with suppliers in their dedicated supply chain.

Mars acknowledges that through a programme of its own it cannot reach every farmer in the supply chain. Thus their hope with certification is that it can 'reach further down the supply chain than we could on our own.'<sup>75</sup>

## Programme Overview

Vision for Change was founded in 2010 when Mars signed a Memorandum of Understanding with the Ivoirian government to work in collaboration on farmer productivity projects. It has been in operation in Soubré in Côte d'Ivoire since 2011.

The programme rests on two pillars:

1. Farming productivity and
2. Community development.

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<sup>74</sup> Mars (2016) *Cocoa Sustainability Approach: Giving Farmers the Tools to Thrive*. Available at: <http://www.mars.com/global/sustainability/raw-materials/cocoa/sustainability-approach>

<sup>75</sup> Mars (2016) *Sustainability Certification: Securing Cocoa's Future*. Available at: <http://www.mars.com/global/sustainability/raw-materials/cocoa/sustainability-certification>

The farmer productivity pillar aims to triple farmer cocoa yields in three to five years. It is implemented through two channels:

- ▲ *Cocoa Development Centres*, of which there are seventeen to date (the aim is 25), are responsible for educating farmers on best agricultural practices on how to cultivate higher yields and on diversifying income generating crops. The aim is to work with industry through CocoaAction to reach 200,000 farmers in Côte d'Ivoire by 2020.<sup>76</sup>
- ▲ *Cocoa Village Centres* (CVC), are local nurseries that provide the resources necessary to transmit the lessons learnt into everyday practice. Resources include good quality plants, fertilisers and pesticides. The CVCs also help with business management.<sup>77</sup> CVC's include the installation of a trained 'Cocoa Doctor' to support farmers day to day.

Since 2012, the community development pillar has been addressing education, health and gender empowerment in 75 V4C communities. Based on community action plans, initiatives include:

- ▲ Investment in local community infrastructure: V4C has built 44 infrastructure projects such as school canteens, school latrines and health centres, as well as installing 30 boreholes. Nine schools have been constructed, as well as 11 more V4C community schools that were co-funded by Mars.
- ▲ Strong emphasis on gender issues and female empowerment. According to a recent study Mars commissioned, 45% of the labour on cocoa farms is being completed by women, yet women are largely not recognised as farmers.<sup>78</sup> 27 women's groups have been supported with Income Generating Activities (IGA's). Further initiatives include training in good agricultural practices, in nutrition and in the preparation of food in order to combat food scarcity.
- ▲ In 2015, Mars entered a three-year partnership agreement with CARE International to initiate a Village Savings and Loans Association (VSLA) programme for women in 26 V4C villages. Co-funded by the Jacobs Foundation and developed by CARE, the VSLA programme provides access to loans for women, increasing their ability to invest in alternative income generating activities. The VSLA seeks to overcome the difficulties that the majority of women in Côte d'Ivoire face in obtaining loans from more formal financial institutions. The overall approach leads to greater empowerment for the participants. CARE's approach is inclusive of men, giving men opportunities to participate in and support the VSLA. Men and boys within families are also given coaching aimed at improving respect for women in the household. Through December 2016, 70 VSLA's have been successfully operated in 14 V4C communities. Participants in the programme include 1584 women and 336 men. The programme is being expanded to another 12 V4C communities in 2017.

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<sup>76</sup> Mars (2016) *Our Cocoa Policy: Working with Cocoa Farmers for a Sustainable Future*. Available at: <http://www.mars.com/global/about-us/policies-and-practices/cocoa-policy>

<sup>77</sup> *ibid.*

<sup>78</sup> Greene, M. & Robles, O. (2013) *A Sustainable, Thriving Cocoa Sector for Future Generations: The business case for why women matter and what to do about it*. Available at: <http://cocoasustainability.com/wp-content/uploads/2013/12/A-Sustainably-Thriving-Cocoa-Sector-for-Future-Generations-As-Publicly-Released1.pdf>

Local development committees are responsible for identifying, promoting and managing projects in their community. V4C has harnessed technological mediums of communication to disseminate its message, such as radio broadcasts.

### **Approach to Child Labour**

In 2013, Mars entered into the ILO's IPEC public-private partnership to combat child labour in the chocolate and cocoa industry. Under the PPP with Mars, CLMRS were implemented in 15 communities through 2015 when the work was completed.<sup>79</sup>

Since the ILO contract finished in 2015, Mars has teamed up with the ICI to continue its work on child labour interventions. An additional ten communities have been targeted with programmes that build on the learning of the ILO work.<sup>80</sup> This brings the total number of communities with improved child protection capacity up to 25. In each of these communities a community child protection committee has been established to conduct awareness raising activities and to collect data on the prevalence of child labour. These roles are voluntary. On the basis of the data collected each community has drafted a Community Action Plan (CAP) on child protection.

Furthermore, 25 Child Protection Committees have also been set up or strengthened. Mars has also funded the construction of nine schools in V4C communities and co-funded 11 more in partnership with the WCF and Comite Café Cacao (CCC).

### **Traceability and Transparency**

Mars is reliant on certification for all its traceability. Mars also use SourceMap, a software that connects people across supply chains, to reach farmers for monitoring and evaluation purposes.<sup>81</sup> Mars primarily considers information regarding the location of co-operatives, farms and the names of farmers the remit of their suppliers, Barry Callebaut and ECOM.

In terms of transparency, Mars were willing to talk with us on a number of occasions and were prompt returning our questionnaire, indicating a willingness to collaborate and improve their policies regarding human trafficking. However, there remains a lack of clarity regarding the cocoa they purchase: where it comes from, who certifies it and what premiums are paid to farmers. Their V4C programme was initially a pilot endeavour trying to establish best practice. As of yet there are no published reports on the impact of their development initiatives on communities or on the prevalence of child labour.

During its first five years, V4C was not linked with the Mars cocoa supply chain. This is now changing. In 2016 Mars started collaborating with its key cocoa suppliers to incorporate the 75 V4C communities into its supply chain.

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<sup>79</sup> US Dept. of Labour (2015) *2015 CLCCG Annual Report*, p107.

<sup>80</sup> US Dept. of Labour (2015) *2015 CLCCG Annual Report*, p107.

<sup>81</sup> Mars (2013) *SourceMap and Mars Chocolate: Connecting Cocoa Communities*. Available at: <http://cocoasustainability.com/2013/06/sourcemap-and-mars-chocolate-connecting-cocoa-communities/>



# Chapter 9: Mondelēz International



**Mondelēz**  
International



Net Sales 2015 (US\$ millions): 16,691  
 Sustainability Programme: Cocoa Life  
 Programme Commencement Year: 2012  
 Investment in Programme (US\$): 400 million  
 Aiming for 100% Sustainable Cocoa by: No date given  
 Current % Sustainably Sourced or Certified: 21%  
 Source from: Côte d'Ivoire and Ghana  
 Cocoa Farmers (approx.): 92,000  
 Farmers Participating in Training: 30,100  
 in Ghana; 20,600 in Côte d'Ivoire  
 Schools Built/Refurbished: 0

*\*Partaking in Cocoa Life, not total farmers being sourced from*

## Successes

1. Putting farmers first. Listening to what they want to happen in their communities.
2. Investing in community development to tackle the root causes of child labour and human trafficking.
3. Commissioned an external report on the child labour and human trafficking situation in Côte d'Ivoire and Ghana with recommendations for Mondelēz to adopt.

## Limitations

1. Only just introducing Child Labour Monitoring and Remediation Systems. Their aim is to have them fully functional across Ghana by the end of 2017 and will start implementing them in Côte d'Ivoire in 2017.
2. No projected date for achieving 100% sustainability.
3. Given the relatively recent implementation of Cocoa Life, its level of impact is still to be seen.

## Sustainability Strategy

Mondelēz International has opted to concentrate entirely on investment in local communities. In 2012 Mondelēz launched their cocoa sustainability project, Cocoa Life, which built on the Cadbury Cocoa Partnership in Ghana.

Mondelēz hopes that Cocoa Life will be a long-term solution to cocoa sustainability, aiming to create a strong supply chain while transforming the lives and livelihoods of farmers and their communities. Cocoa Life aims to reach 200,000 cocoa farmers over a ten-year period. 92,000 farmers are currently partaking in the programme.

At present the Cocoa Life programme supplies 21% of their cocoa beans. Mondelēz's ultimate goal is to source 100% of their cocoa beans via Cocoa Life, although no projected date is given for achieving this target.

In December 2016, Mondelēz announced that it would no longer be certifying its Cadbury range with Fairtrade but would maintain a partnership with the certifier.<sup>82</sup>

In 2017, Cocoa Life will start supplying the cocoa for all Cadbury products, which will bear the Cocoa Life label from May onwards in the UK and Ireland.<sup>83</sup>

## Programme Overview

Cocoa Life currently reaches 92,000 cocoa farmers in 861 communities across Ghana, Côte d'Ivoire, Indonesia, Brazil, India and the Dominican Republic.<sup>84</sup>

The programme is structured around three main principles.

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<sup>82</sup> Neiburg, O. (Nov. 2016) 'Next stage of evolution': Mondelēz teams with Fairtrade to expand Cocoa Life to Cadbury brand. Confectionary News. Available online.

<sup>83</sup> Mondelēz (17 Nov. 2016) *Cocoa Life sustainability programme expands to cover Cadbury chocolate through new partnership with Fairtrade*. Press release.

<sup>84</sup> Mondelēz (2016) *Cocoa Life Progress Report 2015*.

## 1. Holistic and Farmer–centric

Aims to listen to farmers and their communities in order to develop sustainable programmes that specifically target community needs, in a bid to empower and facilitate their thriving future. Communities are given three months to devise a Community Action Plan that encompasses what they think needs to be improved in the area, for example canteens in schools, and how as a community they will go about it.

## 2. Committed to Partnerships

With governments, NGOs, supply chain partners and local communities in order to effect lasting change brought about through collaboration and within national frameworks.

## 3. Aligned with Sourcing

To empower cocoa farmers as active members within the supply chain, verified by third party FLOCERT.<sup>85</sup> The Cocoa Life programme aims to address five focus areas:

- ▲ **Farming** – improve cocoa yield through an improvement in agricultural practice. This includes growing new cocoa plants, that farmers can invest in, in nurseries to replace aging trees.
- ▲ **Community** – increase women’s participation in decision–making processes and enable both men and women to transform their communities through specifically tailored Community Action Plans which strive to improve infrastructure, gender equality and education.
- ▲ **Livelihoods** – develop and monitor alternative sources of income for farmers, divorced from cocoa, in order to reduce their vulnerability to external shocks such as poor harvests or bushfires. Cocoa Life is attempting to improve business skills, providing microfinance and encouraging savings and loan groups.
- ▲ **Youth** – reduction in child labour and forced child labour. Furthermore, due to the increasing move away from cocoa farming by younger generations it aims to develop training for young people to make cocoa farming more attractive and to increase their career opportunities within the sector.
- ▲ **Environment** – protect the land and forests in farming regions, in order to sustain future generations and the survival of the chocolate industry.

These give rise to the ten global KPIs, against which progress and impact are measured.

Key to the Cocoa Life programme is collaboration at community level. When partnering with a community Cocoa Life initially conducts a situation assessment via one–on–one interviews, focus groups with farmers, community leaders, women’s groups and youth groups. 25% of all farmers in the community are visited in order to determine needs particular to that community. This assessment acts as a benchmark against which to measure progress. Having consulted local communities, farming organisations, NGOs and local government a programme is developed and then implemented by Cocoa Life’s NGO partners. In–country Cocoa Life teams ensure stakeholder involvement and that learning curves are continuously integrated. In terms of child labour this involves actively seeking out its occurrence and tailoring the approach taken to the specific circumstances of the community, ensuring that this approach evolves, with each experience–derived lesson incorporated back in.

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<sup>85</sup> FLOCERT is the inspection and certification body for Fairtrade. For more information see: <http://www.flocert.net>

In order to implement this ambitious programme, Cocoa Life has been working with a number of NGOs on the ground in Côte d'Ivoire and Ghana; CARE International, World Vision (Ghana), Voluntary Services Overseas International and Solidaridad.

### **Approach to Child Labour**

Cocoa Life reports that so far child labour awareness campaigns have been conducted in 330 out of the 446 communities in which it operates in Ghana.<sup>86</sup> However, these have reached only 5,128 cocoa farmers out of the 28,000 currently participating in Cocoa Life.<sup>87</sup> On the other hand, Ghana Cocoa Board's educational video "Children: the Nation's Future" has been seen by 54,727 community members, highlighting the importance of government collaboration.<sup>88</sup> While working in collaboration with the National Commission on Civic Education and the Department of Social Welfare, 32,400 students and 30,322 adults participated in forums addressing child labour. In Côte d'Ivoire, Cocoa Life's effort to sensitise communities to the issue of child labour has been significantly slower, with Community Development Committees education campaign's only reaching 11 communities.<sup>89</sup>

Cocoa Life is also currently implementing child labour monitoring and remediation systems in cocoa growing communities in Ghana. It hopes to have an active CLMRS in every Cocoa Life community in Ghana by the end of 2017. Cocoa Life will also start to implement CLMRS in Côte d'Ivoire in 2017. Mondelez is committed to an active CLMRS in every Cocoa Life community in West Africa.

### **Traceability and Transparency**

Mondelez publishes the location of every farming community that participates in Cocoa Life on its webpage.

In February 2015 Mondelez announced its partnership with FLOCERT, the third-party body that verifies Fairtrade supply chains. FLOCERT's tracking system, FLOTIS, is now verifying that the volume of cocoa sold by farmers under the Cocoa Life programme matches the volume bought by Mondelez and the benefits farmers have received.<sup>90</sup> Aside from traceability and accountability, one of the major benefits of Mondelez's engagement of FLOCERT is that Mondelez are shouldering the responsibility of paying for compliance audits, rather than the burden falling on cocoa farmers and co-operatives.

While FLOCERT focuses on the business approach and the supply chain, independent market research body IPSOS are investigating the impact of Cocoa Life on the ground. They assess whether the programme is reaching its stated outcomes. This involves an annual assessment of each cohort of farmers and an impact analysis every three years against the 10 global KPIs. Their report, however, is yet to be made public.

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<sup>86</sup> Mondelez (2015) *Cocoa Life Child Labour Interventions- July 2015 Update*, p5.

<sup>87</sup> *ibid.*

<sup>88</sup> *ibid.*

<sup>89</sup> *ibid.*, p6.

<sup>90</sup> Mondelez (2016) *Cocoa Life Progress Report 2015*, p16.

## Chapter 10: Nestlé SA



Net Sales 2015 (US\$ millions): 11,041  
 Sustainability Programme: Nestlé Cocoa Plan  
 Programme Commencement Year: 2009  
 Investment in Programme: CHF 110 million  
 Aiming for 100% Sustainable Cocoa by: No date given  
 Current % Sustainably Sourced or Certified: 30%  
 Source from: 73% Côte d'Ivoire and 8% Ghana  
 Cocoa Farmers (approx.): 400,000  
 Farmers Participating in Training: 44,617  
 Schools Built/Refurbished: 42

## Successes

1. The most comprehensive Child Labour Monitoring and Remediation System with independent impact assessments by the Fair Labor Association and reports which are publicly available.
2. The most transparent company at actively reporting the number of children found in the worst forms of child labour and trafficking.
3. Focus on education and keeping children in school to minimise exploitation.

## Limitations

1. Local input into community development projects in the start-up of the programmes has been limited. However, through CocoaAction Nestlé are starting to incorporate local voices by drawing up ten community action plans in 2016.
2. No commitment date for 100% certification world-wide has been given.

## Sustainability Strategy

Nestlé's general principle on responsible sourcing is to 'remove the worst, promote the best, improve the rest'.<sup>91</sup>

100% of Australian, New Zealand, United Kingdom products and KitKat are currently certified. Nestlé has combined certification with investment in local cocoa communities through the Nestlé Cocoa Plan.

The Nestlé Cocoa Plan focuses on increasing farmer yield as well as child protection, through the construction of schools in areas where access to educational facilities are limited. 30% of Nestlé cocoa beans are currently sourced through the Nestlé Cocoa Plan. Nestlé aim to source 175,000 tonnes of cocoa beans through the Nestlé Cocoa Plan by 2018.

Of the 120,000 tonnes of cocoa beans currently sourced through the Nestlé Cocoa Plan, 73% comes from Côte d'Ivoire, where 76% percent are certified by UTZ and 12% by Fairtrade. Ghana grows 8% of Nestlé Cocoa Plan cocoa beans, 100% of which are certified by UTZ.

Nestlé acknowledges that certification schemes have an important contribution to make by addressing the worst practices within the supply chain and improving environmental and social performance. However, Nestlé also makes the case that certification is not enough and that further approaches are needed to improve livelihoods and drive rural development.<sup>92</sup> Thus, they devised the Nestlé Rural Development Framework, a policy document on developing sustainable producer communities.

## Programme Overview

The Nestlé Cocoa Plan has three main objectives.<sup>93</sup>

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<sup>91</sup> Nestlé (2013) *Responsible Sourcing Guideline*, p2.

<sup>92</sup> Nestlé (Sept. 2015) *The Nestlé Rural Development Framework*, p15.

<sup>93</sup> Nestlé (2016) *Nestlé in Society: Creating Shared Value and Meeting our Commitments 2015*, p121.

## 1. Increase cocoa farmer yield

- ▲ Through agricultural training workshops (44,617 farmers were trained in better agricultural practices in 2015) and accessibility to high yield, disease-resistant cocoa plants.<sup>94</sup>
- ▲ Rewarding farmers for higher quality cocoa.

## 2. Improve the social conditions of farmers and their communities

- ▲ Improving access to schools – 42 schools have been built or rehabilitated in rural communities.<sup>95</sup>
- ▲ Promoting gender equality with the aim of eliminating unconscious bias against women in society, in their access to services and training and in income levels. To implement this Nestlé has partnered with the Fair Labor Association (FLA).<sup>96</sup>
- ▲ Providing safe water and sanitation facilities – Nestlé has been involved in rehabilitating water pumps and building sanitary facilities. 23 villages in Côte d'Ivoire currently have hygiene or sanitation programmes.<sup>97</sup> They also aim to provide training on nutrition, sanitation and hygiene, such as hand washing. These interventions are particularly targeted at women.

## 3. Ensure the long term supply of sustainable, quality cocoa

- ▲ Nestlé Cocoa Plan is mapping its supply chain to ensure transparency, the upholding of farmers' rights, and long-term relationships.

The Nestlé Rural Development Framework officially defines Nestlé's local commitment to communities.<sup>98</sup> Nestlé aims to 'create shared value' – 'the idea of simultaneously creating value for stakeholders and society'.<sup>99</sup> It is an ambitious project that situates Nestlé as an architect of local development. Baseline assessments are conducted initially through desk research, followed by livelihood zoning of farming locations, clustering of farmers into company prescribed zones. The third step involves community consultation, where third parties collect data from farmers, workers and the community, before returning to the head office to discuss strategy in the final stage. While the communities are involved in terms of data collection, it remains within the remit of Nestlé to determine the appropriate development initiatives pursued.

Drawing on external expertise, Nestlé works with a number of partners to implement the Nestlé Cocoa Plan and Rural Development Framework. The school building programme is in partnership with ICI, Winrock, and a number of other agencies and determined by need identified via the CLMRS. Nestlé Cocoa Plan is certified by UTZ and Fairtrade and is audited annually by the Fair Labor Association. The FLA audits cover all aspects of labour rights, including child labour, worst forms of child labour, human trafficking and forced labour.

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<sup>94</sup> *ibid*, p122.

<sup>95</sup> *ibid*, p239.

<sup>96</sup> Nestlé (2013) *Nestlé Action Plan on Women in the Cocoa Supply Chain*.

<sup>97</sup> Nestlé (2016) *Nestlé in Society: Creating Shared Value and Meeting our Commitments 2015*, p123.

<sup>98</sup> Nestlé (Sept. 2015) *The Nestlé Rural Development Framework*.

<sup>99</sup> *ibid*, p5.

## Approach to Child Labour

Nestlé have devised the most comprehensive Child Labour Monitoring and Remediation System (CLMRS). Commencing in 2012, it was piloted in two co-operatives in Côte d'Ivoire. By 2015 it had been rolled out to 40 co-operatives nationally, with the aim to implementing it in all 79 Cocoa Plan co-operatives in Côte d'Ivoire by the end of 2016.<sup>100</sup>

The CLMRS is comprised of four main actors: Community Liaison People, Co-operative Child Labour Agents, Suppliers and Nestlé.

- ▲ The *Community Liaison People* have two main functions – they collect data at community level, identify at risk children and run child labour awareness training. At the end of 2015, 687 Community Liaison People had been recruited, who in turn had interviewed 14,582 of the 24,470 registered cocoa farmers, and 120,067 farmers and community members had attended 7,044 community awareness-raising sessions.<sup>101</sup>
- ▲ The *Co-operative Child Labour Agents* are responsible for collating the data collected at community level by the Community Liaison People and in turn proposing appropriate prevention and remediation efforts. According to Nestlé's annual progress report 5,135 children, 19% of the total number of children surveyed, have been identified and removed from hazardous conditions.<sup>102</sup>
- ▲ The *Six Suppliers* in Côte d'Ivoire are responsible for passing on the Nestlé Code of Conduct to co-operatives and farmers. A designated *Nestlé Child Labour Manager* co-ordinates the programme nationally.

Remediation actions are specific to the situation of the individual child and their individual needs. They can include the provision of school kits containing books and pencils, securing birth certificates for unregistered children and developing alternative sources of income for families who were financially dependent on child labour. As cases are assessed on an individual basis, 2,196 of the 5,135 identified children have experienced one or more of the above remedial actions.<sup>103</sup> Through the CLMRS Nestlé learnt that only 67% of cocoa farmers children, in the Cocoa Plan co-operatives, attend school.<sup>104</sup> Hence, Nestlé focus on increased access to schools in rural areas.

## Traceability and Transparency

100% of farms within the Nestlé Cocoa Plan are traced beyond co-operative level in both Côte d'Ivoire and Ghana. During the harvest season, when children are most at risk of exploitation, community liaison people continuously visit the field. To date, 27,432 visits have been conducted.

Nestlé has established best practice in transparency through their partnership with the FLA. FLA reports are published externally upon completion. In the 2014–15 audit cycle, the FLA visited 260 farms in Côte d'Ivoire, representing 6% of the total number of farms within the four co-operatives selected for audit. Child labour was found on 17 out of 260 farms and forced labour on one farm.<sup>105</sup> In the 2015–16 cycle the FLA report noted no forced labour and a lower rate of child labour

<sup>100</sup> Nestlé (2016) *Nestlé in Society: Creating Shared Value and Meeting our Commitments 2015*, p240.

<sup>101</sup> *ibid.*

<sup>102</sup> *ibid.*, p242.

<sup>103</sup> *ibid.*

<sup>104</sup> *ibid.*

<sup>105</sup> Fair Labor Association (2015) *Independent External Monitoring of Nestlé's Cocoa Supply Chain in Ivory Coast: 2014-2015*.



than in the previous audit cycle.<sup>106</sup> This degree of corporate transparency is commendable and significantly ahead of the other chocolate manufacturers. The ICI is involved in collecting KPIs for the purpose of reporting on the overall performance of the CLMRS system. Nestlé is the only company reporting on child labour with this level of transparency. We believe this is an indication that their systems are working.



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<sup>106</sup> Fair Labor Association (2016) *Independent External Monitoring of Nestlé's Cocoa Supply Chain in Ivory Coast: 2015*.

# Chapter 11: Conclusion

## 11.1 Overview

The chocolate industry is moving towards more sustainable cocoa. As there is no one universal path towards sustainability, each company is forging a unique way for itself. This report examined the two main routes, via certification and/or corporate programmes, that have been embraced.

There are some major industry-wide cheers.

- 1. Embracing the role of business in development.** Corporate initiatives are often criticised for being entirely self-interested. Chocolate companies certainly don't deny their vested interest. However, they do advocate that the goal is to create 'shared value'. Measuring a company's ability to promote local development in terms of the level of self-interest misses the bigger picture. Investing in schools, in women's empowerment, in health centres and in school canteens is a move towards tackling the multidimensional poverty that currently blights cocoa-growing communities and contributes to the prevalence of child labour.
- 2. Community participation and ownership.** Asking cocoa farmers what they want and how business can work towards improving their livelihoods, both socially and economically, is a major improvement on policies which simply address labour practices. Engaging communities and working with them to overcome the adverse shocks, struggles and lack of infrastructure that contribute to the prevalence of child labour is far more likely to have a lasting impact. Devising local Community Action Plans with farmers brings their voice into the debate and offers an insight into local struggles and opportunities for improvement.
- 3. Reaching further down the supply chain.** As child labour occurs at farm level rather than co-operative level, this move on the part of business is likely to have greater success in combatting child labour.
- 4. Focus on children's education.** The push by Nestlé to build schools in communities too remote to access those currently available should be celebrated. Similarly attempts to get birth certificates for children who don't have them are far more likely to get them into school and off the farms. Investing in education works with cocoa-growing communities to fulfil the education development of children, who can then help out on farms at the weekend if the family desires.

## 11.2 What Isn't Being Talked About?

While the cocoa industry as a whole is making huge leaps of progress, it is still important to listen out for what isn't being said. Our job as consumers is to keep pushing for improvement.

One of the major criticisms of multinational corporations and the global push to deregulate markets in order to attract foreign direct investment, is the link between cheap labour and labour violations and international investment. There is an argument to be made that the inherent inequalities in the global value chain lead to the exploitation of children who work for less money

than adults, as farmers cannot afford to hire adult labour. The demand for cocoa beans creates the market for child labour. While this isn't being talked about, the efforts to invest in local communities is an attempt to overcome the structural poverty that makes labour so cheap.

Child labour is not necessarily human trafficking. While child labour has become a rallying point for collaboration, addressing human trafficking is still not 'in vogue' in this sector. Phrases like human trafficking need to become part of the dialogue if industry collaboration is to successfully address them.

Lastly, what happens next? Certifiers are not addressing what happens after farmer training. Repetitive training on child labour is teaching farmers what to hide during audits, forcing child labour underground, while repeatedly telling farmers they exploit their children appears to be annoying some of them. Similarly, the corporate programmes have yet to devise exit strategies. While they are all still young programmes and should very much be encouraged, corporate programmes do need to think about their future sustainability and how farmers can continue to benefit from them once funding dries up.

### 11.3 Recommendations

- ▲ **Commit to paying a living income.** Until farmers are paid a fair price for their cocoa no amount of income diversification or increased cocoa productivity will lift all West African cocoa farmers out of poverty.
  - A Living Income calculation for Ghana and Côte d'Ivoire agreed to industry wide is essential.
  - A commitment to ensuring steps are taken to provide a living income for cocoa farmers by chocolate companies is critical.
  - Certification bodies can play a huge role in making a living income a core compliance.
  - Consumers in the end will need to be prepared to pay more for their chocolate and in doing so know that they too are part of growing a supply chain which is sustainable and free from child labour and human trafficking.
  
- ▲ **Expand corporate programmes.** At the moment the community programmes described above sound very promising. However, CocoaAction acknowledges that they 'are currently reaching about 300,000 farmers in the start-up phase, less than 5% of total global producers.'<sup>107</sup> In order to truly combat child labour and human trafficking corporate programmes need to reach all cocoa-farming communities, not just a select few that can be brandished across Corporate Social Responsibility reports.
  
- ▲ **Publish externally conducted impact reports.** Unlike NGOs who have a responsibility to report back to their donors, the actual impact and related outcomes of these corporate community programmes remain largely obscured from the public. As a result, there is very little accountability. Consumers want to know more than what is being planned or even implemented. They want to know if it is making a difference.

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<sup>107</sup> CocoaAction (2016) *Establishing Our Roots, Preparing to Grow: CocoaAction Progress Report 2015*, p4.

- ▲ **Continue to increase community participation and programme ownership.** The agenda of community investment should be set by the community to meet their needs and not the company's. The development of Community Action Plans is imperative. Companies should continue to partner with and learn from NGOs on how best to engage in community consultation and planning for the purposes of lifting a community out of extreme poverty.
- ▲ **Consider the future sustainability of community programmes.** In order to reach all cocoa farmers, companies need to consider how to make programmes self-sustaining beyond the initial investment, so that funding can be allocated to a large number of programmes.

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This report concludes that overall there is reason to be hopeful for the future of cocoa farmers in West Africa and encourages companies to continue considering their suppliers in their business dealings. Progress is happening but there is more work to be done to end child labour and human trafficking within the chocolate industry.



# Appendix

## 12.1 Methodology

**Step 1:** STOP THE TRAFFIK Australia, in collaboration with World Vision Australia and Baptist World Aid Australia, drafted an extensive questionnaire under the following headings: Code of Conduct and Practices; Traceability and Transparency; Wages and Income; Resilient Communities: Community Development; Worker Empowerment and Voice; and Child Protection.

**Step 2:** The draft questionnaire was sent to the three certification systems and external consultants<sup>108</sup> around the world for feedback to ensure that we were asking the right questions and that certifiers and companies were being assessed on what they thought was important in ending human trafficking and child labour.

**Step 3:** The feedback was discussed in a series of meetings with the certifiers, and child protection specialists, and incorporated into the final drafting of the questionnaire.

**Step 4:** The questionnaire was completed as much as possible through researching the publicly available information on each chocolate manufacturer and certifier.

**Step 5:** The semi-complete questionnaire was then sent out to each company and certifier to be completed, and corrected with more up-to-date data and additional information.

**Step 6:** Upon receiving the completed questionnaires the responses were analysed and discussed internally.

**Step 7:** We then met with the company/certifier and discussed any questions that arose from their responses, as well as getting an insight into the overview of their project and their aims.

**Step 8:** The answers were then transferred into a weighted Excel spreadsheet which produced an overall grade for each company and certifier.

**Step 9:** The report was written based on the material provided. A near final draft was circulated to external consultants, chocolate companies and certifiers for their comments.

**Step 10:** The final report was provided to chocolate companies and certifiers ahead of its release with an opportunity for chocolate companies, retailers and certifiers to participate in a briefing webinar and the offer to publish on STOP THE TRAFFIK's webpage statements from the industry.

## 12.2 Questions and Scoring

1. Do you have a Code of Conduct or Standard for cooperative members (i.e. farm owners) that references and provides assurance on relevant ILO conventions involving the ILO Four Fundamental Principles and Rights at Work?
2. Does the Code of Conduct or standard specifically prohibit the use of regular and excessive overtime for farm workers?
3. Do you collect, or have available, data on labour at farm level?
4. Are farmer owners required to ensure freedom of movement for farm workers and their right to enter and leave employment willingly and voluntarily?
5. Does the Code or Standard specifically include provisions to protect worker health and safety?

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<sup>108</sup> We are grateful to Aarti Kapoor from Embode (<http://www.embode.co>); Ruth Dearnley from Influence Global; Friedel Huetz-Adams from Suedwind (<http://www.suedwind-institut.de/en/home/>); and Antonie Fountain from The VOICE Network (<http://voicenetwork.eu/Home.html>) for their critiques and engagement. In the end, however, the questionnaire and report are our responsibility.

6. Is the Code or Standard included in contracts or agreements with farm owners?
7. Is it required by the Code or Standard for farmers to record all labour contracts whether permanent and contract
8. Does your Code or Standard require farm cooperatives to establish transparent, self-governing, community-based systems to monitor and respond to child labour, forced labour and human trafficking or Internal Control Systems?
9. Are farm cooperatives required to have a Protection Policy and Procedure for children and vulnerable adults identified or suspected to be in child labour, forced labour or human trafficking?
10. Does the Code or Standard encourage voluntary best practices from traders in the supply chain to support initiatives from farm cooperatives to identify, respond to and mitigate risks of child labour, forced labour and human trafficking?
11. List the 5 top countries in which you source your cocoa from, or certify your cocoa in, and percentage you source from each country.
12.
  - a. 12a. What percentage of your cocoa is sourced from, or certified through, co-operatives?
  - b. What percentage of your cocoa is sourced from, or certified through, small holder farms – excluding those in co-operatives?
  - c. What percentage of your cocoa is sourced from, or certified through, plantations?
13.
  - a. What percentage of the cocoa that you source from, or certify in, Ghana is sourced as certified FT, RA, UTZ or your own cocoa program?
  - b. What percentage of the cocoa that you source from, or certify in, Cote d'Ivoire is sourced as certified FT, RA, UTZ or your own cocoa program?
14. Did you conduct a baseline analysis before implementing your farming program in a community or certifying a farm?
15. Does the baseline analysis include investigating the prevalence of child labour, worst forms of child labour, and human trafficking?
16. What percentage of farms are visited in the initial baseline analysis?
17. Do you conduct impact assessments?
18. Does the impact assessment measure the prevalence of child labour, worst forms of child labour and human trafficking?
19.
  - a. What percentage of impact assessments are conducted by in-house assessors and monitors?
  - b. What percentage of impact assessments are conducted by external, third-party monitors?
20. How often are cocoa farms in your program audited by labour rights accredited and trained social auditors?
21. Are the farms selected for audit by random sampling?
22. Are farm owners monitored for or required to report their use of labour brokers and charging of recruitment fees?
23. Is there a risk based monitoring approach, where more in-depth and frequent monitoring both for high risk suppliers (co-ops or farmer owners) or suppliers (co-ops or farmer owners) in high risk regions are conducted at the time of harvest of the cocoa?
24. Do you publicly categorise Cote d'Ivoire and Ghana as high risk countries for human trafficking, worst forms of child labour and child labour?
- 25.

- a. What number of farms in Cote d'Ivoire and/or Ghana are traced beyond the cooperative level?
  - b. What number of farms in Cote d'Ivoire and Ghana are audited in a 12-month period by labour rights accredited and trained social auditors?
  - c. What percentage of the above audits are done by third-party independent auditors?
  - d. What percentage of the above audits are done by in-house auditors?
26. What percentage of farms are audited with unannounced visits at least annually with the timing of the audit coinciding with one of the harvest seasons?
  27. What percentage of farms are audited with off-site worker interviews at least annually with the timing of the audit coinciding with one of the harvest seasons?
  28. In what percentage of the farms, audited in your last audit cycle, in Cote d'Ivoire and Ghana have there been cases of the following found?
  29. In what percentage of the farms audited in the last five years in Cote d'Ivoire and Ghana have there been cases of the following found?
  30. Do you make the information in 26 and 27 publically available?
  31. How were the uncovered cases dealt with?
  32. What have the unintended or negative impacts of your cocoa programme been?
  33. Is there a living wage or living income calculation for each of the major regions you source from or certify in?
  34.
    - a. If the answer to 31 is No, please proceed to question 33. If the answer to 31 is Yes to Living Wage: What percentage of farm workers receive a living wage?
    - b. If the answer to 31 is Yes to Living Income: What percentage of farm owners receive a living income?
  35. On average, how much more than the minimum price set by governments do farmers in your program receive for their cocoa in Ghana and Cote d'Ivoire?
  36.
    - a. What percentage of farmer owners that you source from, or certify, participate in programs to improve income of farmers from cocoa?
    - b. Has the cocoa yield in these communities increased since farmers attended farmer field school, or equivalent?
  37. Is it a goal of your programme to ensure that the price paid for cocoa improves working and living conditions for farm owners and workers?
  38. Do farmers get to offer input into the structure of the program, following the baseline analysis?
  39. Are other members of the community, such as village chiefs, elders, teachers, etc. consulted during the initial analysis and in the development of your program?
  40. Does the program financially support community development initiatives in farmer communities, either through their initiative, a premium or through resourcing the local community?
  41.
    - a. If Yes to Local Initiative in 38: How much do you annually invest, by country, into local run community initiatives?
    - b. Is there a community consultative process in place to determine how community development initiatives are identified?
    - c. Do you provide livelihood support to communities?
  42. If yes to Premium in 38:

- a. How much is the Premium?
  - b. To whom is the Premium paid?
  - c. How much of the Premium is invested into community-wide activities?
43. If Yes to Resourcing Community in 38:
- a. Aside from a Premium, how much is annually invested into community development programs?
  - b. What do your community development initiatives focus on?
  - c. Do Community Development programs only benefit cocoa farmers or are these initiatives accessible by the wider, non-farming, community?
44. Does the program (either which you run or which you fund other organisations to run) invest in training farmer workers, farmer owners and co-ops to increase their awareness of child labour, worst forms of child labour and human trafficking risks?
- 45.
- a. Do you know how farm owners recruit or source their labour?
  - b. Do farm owners have sufficient access to labour?
  - c. Do farm owners have sufficient means to pay adult labour?
46. Do you have programs and/or training to develop jobs for young people in the cocoa industry?
47. How many farmer owners or farm workers in the program are known to have independent democratically elected trade unions or farmer associations?
48. What percentage of co-ops in your program are known to have collective bargaining agreements in place?
49. Is the program actively engaged in efforts to hear from workers, unions, NGOs and industry groups in an effort to improve their ethical sourcing policies and practices?
50. Does the program actively encourage participation in union and associations through allowing for time off to participate in meetings and other activities?
- 51.
- a. Does your program undertake or directly support child labour awareness raising and training?
  - b. Does your program undertake or directly support child protection awareness raising and training?
  - c. Does your program undertake or directly support access to schools and education for children?
  - d. Does your program undertake or directly support the strengthening identification, referral and remediation processes for child labour?
  - e. Does your program undertake or directly support the strengthening identification, referral and remediation processes for other types of child protection cases?
52. Does this training include adopting a rights-based approach on how to identify, report, and remediate cases of child labour, worst forms of child labour and human trafficking?
53. As part of offering assurance that the Code or Standard relevant to ILO Convention 138 (Minimum age of Employment) is being implemented, do you collect, or enable the collection of, information about the ages and number of children of each farm owner and worker family and each child's school attendance?
54. Does your programme or the certifier engage in efforts to ensure that children of farm owners and workers have birth certificates or legal substitutes of birth certificate?
55. Does your programme or the certifier encourage the observance of death certificates as a means of identifying at risk children?



- 56.
- Does your program measure and/or monitor children enrolled, attending or completing school in communities?
  - If Yes: What changes have you seen in school enrolment/attendance/completion rates?
  - Does your program cover exam fees for child otherwise unable to afford to sit their exams?
- 57.
- Does your program actively audit for child labour/exploitation cases?
  - If Yes: What indicators does your program use to identify at risk cases when visiting communities?
58. Does your program support any initiatives to empower women in communities?
- 59.
- Do you have a **child labour** monitoring and remediation process in your program?
  - Do you have a **worst forms of child labour** monitoring and remediation process in your program?
  - Do you have a **human trafficking** monitoring and remediation process in your program?
- 60.
- Is the process for monitoring, reporting, rectifying and remediating worst forms of **child labour** fully operational in Ghana and Cote d'Ivoire?
  - Is the process for monitoring, reporting, rectifying and remediating **worst forms of child labour** fully operational in Ghana and Cote d'Ivoire?
  - Is the process for monitoring, reporting, rectifying and remediating **human trafficking** operational in Ghana and Cote d'Ivoire?

The following table shows the threshold for each grade in Chapter 3:

20%	F
25%	D-
30%	D
35%	D+
40%	C-
45%	C
50%	C+
55%	B-
60%	B
65%	B+
70%	A-
75%	A
80%	A+

## 12.3 Definitions

**Human Trafficking**<sup>109</sup> “Article 3, paragraph (a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons<sup>110</sup> defines Trafficking in Persons as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.”

**Slavery** occurs when a person exercises the right of ownership over a person. This includes the buying or selling of a person, and circumstances where someone exercises the power to make a person an object of purchase, use a person or their labour without restriction, control or restrict a person's movements, or use a person's services without commensurate compensation.

**Modern Slavery or Slavery-like Practices** involve exploitation so serious they can be considered similar to slavery.

**Forced Labour** refers to situations in which “persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.”<sup>111</sup>

**Child Work** It is important to differentiate between the performance of work by children that does (and does not) affect a child's health and personal development or interfere with their schooling. Specifically, the participation of children or adolescents in work that does not adversely impact their health and personal development or interfere with their schooling is generally regarded as positive as it contributes to their development, the welfare of their families, provides them with skills and experience. It also prepares them to be productive members of society during their adult life. It is known as “Child Work.”

**Child Labour**<sup>112</sup> The International Labour Organisation (ILO) characterizes “Child Labour” as work that “deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development.” The ILO advances that child labour “is mentally, physically, socially or morally dangerous and harmful to children and interferes with their schooling” by: “depriving them of the opportunity to attend school”; “obliging them to leave school prematurely”; or “requiring them to attempt to combine school attendance with excessively long and heavy work.”

**The Worst Forms of Child Labour**<sup>113, 114</sup> The worst forms of child labour have been defined by the ILO. Broadly, these are defined as:

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<sup>109</sup> Article 3(a) of *United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children* (Adopted by General Assembly resolution 55/25, entered into force on 25 December 2003) accessed at <https://www.unodc.org/unodc/en/human-trafficking/what-is-human-trafficking.html>

<sup>110</sup> <https://www.unodc.org/unodc/en/treaties/CTOC/index.html>

<sup>111</sup> [http://www.ilo.org/global/topics/forced-labour/news/WCMS\\_237569/lang--en/index.htm](http://www.ilo.org/global/topics/forced-labour/news/WCMS_237569/lang--en/index.htm)

<sup>112</sup> <http://www.ilo.org/ipec/facts/lang--en/index.htm>

<sup>113</sup> Article 3, ILO Convention No 182, *Convention Concerning the Prohibition and Immediate Action for the Elimination of the worst forms of child labour* (17 June 1999, entry into force 19 November 2000).

<sup>114</sup> Ratifications of ILO Convention No 182, *Convention Concerning the Prohibition and Immediate Action for the Elimination of the worst forms of child labour* (17 June 1999, entry into force 19 November 2000).

- “(a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children;
- (b) The use, procuring or offering of a child for prostitution;
- (c) The use, procuring or offering of a child for illicit activities;
- (d) Work which, by its nature of the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.”

## 12.4 The UN Global Compact (2000)

Corporate sustainability starts with a company’s value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

B

### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Available at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>





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To access the full report, including the questions which formed the basis of this report, please go to [www.stopthetraffik.com.au/chocreport/](http://www.stopthetraffik.com.au/chocreport/)

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