

# Human Rights Due Diligence in the cocoa sector: CLMRS and Community Development Approaches in comparison

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As of 2028, large European and non-European companies will have a legal obligation to undertake risk-based Human Rights Due Diligence (HRDD) under the European Union (EU) Corporate Sustainability Due Diligence Directive (CS3D). See [ICI's summary](#) for details on the Directive.

This means that they will need to:

- Integrate due diligence into the company's policies and risk management systems
- Identify and assess actual or potential adverse impacts and, where necessary, prioritise
- Prevent and mitigate adverse impacts
- Establish and maintain a notification system and a complaints procedure
- Monitor the effectiveness of the due diligence mechanism
- Publicly communicate on the due diligence measures annually

This builds on expectations for HRDD as defined in the UN Guiding Principles for Business and Human Rights (UNGP) and the OECD Due Diligence Guidance for Responsible Business Conduct (OECD Guidance). In practice, however, implementation challenges persist.

In the cocoa sector, where child labour and forced labour are recognized as the most salient human rights issues, companies often use two approaches to identify, prevent and address these issues: Child Labour Monitoring and Remediation Systems (CLMRS) and Community Development Approaches. These approaches are implemented either independently or combined.

While no methodology or tool should be considered "HRDD compliant", this document analyses how well these approaches align with the HRDD steps outlined in the UNGPs, the OECD Guidance, the CS3D and as reflected in the [Business Handbook on Due Diligence in the Cocoa Sector](#) developed by the OECD in collaboration with ICI.

## Key takeaways

- **HRDD.** Both approaches are ways for a company to undertake HRDD. While CLMRS have been explicitly designed to align with the UNGPs and the OECD Guidance, Community Development Programs can fully meet the HRDD requirements when implemented in a certain way. The two approaches differ primarily in their scope, entry points, and the duration of their programs. When adequately resourced and well implemented, both approaches can be effective.
- **Scope.** Community Development Programmes can be particularly efficient for companies sourcing from a small number of communities, since overheads are lower. They can also be beneficial in cases where several companies source from the same communities, since they allow for resource pooling and coordinating efforts. In contrast, in cases where small numbers of producers are spread across large numbers of communities, CLMRS may be more suitable.
- **Entry point.** CLMRS focus on individuals as a starting point, specifically targeting farming households and their children in specific cooperatives or producer groups. In contrast, Community Development

Programmes use the community as an entry point, and support the entire population of that community, regardless of whether all households are linked to the company's direct supply chain. While CLMRS provide companies with granular information about the needs, situations, and outcomes for households within their direct supply chain, Community Development Approaches do so at the community level.

- **Financing.** In CLMRS, prevention and remediation programs are financed directly by the company sourcing from a given cooperative, prioritizing producer households. In a Community Development Approach, companies sourcing from the community are expected to finance activities defined by the community, regardless of whether these activities target producer households.
- **Duration.** CLMRS are risk-based management systems designed to facilitate continuous improvement over an indefinite period. Community Development Approaches are usually time-bound, expecting communities to “graduate” after three years, after which support stops.
- **Ongoing improvement.** CLMRS systematically gather data as part of implementation, allowing ongoing monitoring of changing situations, needs and outcomes of households covered. While community-level data is systematically gathered at the programme outset, additional monitoring and evaluation are needed to understand outcomes.
- **Impact on child labour.** When adequately resourced and well implemented, both CLMRS and Community Development Approaches can significantly reduce child labour. An independent impact study of industry-led interventions, which included both approaches, indicated that these interventions led to a reduction of approximately one-third in the community prevalence of child labour.<sup>1</sup> Since CLMRS continue to operate for as long as a sourcing relationship exists, activities and theoretically their impact are expected to continue. In contrast, concerns have been raised about the sustainability of the impacts of Community Development Approaches after the three-year implementation period.<sup>2</sup>
- **Duplication risks.** Both approaches risk duplication. With CLMRS, a cooperative could be covered by systems from several companies. Meanwhile, the Community Development Approach can require a company to engage many communities to ensure that all households in their supply chain are covered, potentially overlapping with other companies sourcing from the same areas. The risk of duplication may be easier to identify for communities covered by Community Development Approaches than for households covered by CLMRS.

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<sup>1</sup> NORC (2020) [Assessment of effectiveness of cocoa industry interventions in reducing child labor in cocoa growing areas](#)

<sup>2</sup> See for example: [External evaluation of ICI's Community Development Programme 2015-2018](#), where community groups expressed doubts about the programme's sustainability and requested further support to be able to continue the activities started.

## Alignment of CLMRS and Community Development Approaches with HRDD steps

The table below provides an overview of the characteristics of a CLMRS and a Community Development Approach against each of the HRDD steps:

HRDD steps (UNGP, OECD, EU CS3D)	Child Labour Monitoring and Remediation Systems (CLMRS)	Community Development Programmes (CDP)
<b>Integrate due diligence into company policies and risk management systems</b>	<ul style="list-style-type: none"> <li>The company develops a policy and action plan which includes the implementation of CLMRS as a risk management system.</li> </ul>	<ul style="list-style-type: none"> <li>The company develops a policy and action plan which includes the implementation of Community Development Approaches as a means of managing risks.</li> </ul>
<b>Identify actual or potential human rights impacts</b>	<ul style="list-style-type: none"> <li>CLMRS Personnel identify cases of children in or at risk of child labour in cocoa cooperatives and households.</li> </ul>	<ul style="list-style-type: none"> <li>Community Child Protection Committees (CCPC) and participatory needs assessments help identify risks, needs and priorities linked to child labour in the community.</li> </ul>
<b>Prevent and minimise potential adverse impacts, and bring actual adverse impacts to an end and mitigate their extent</b>	<ul style="list-style-type: none"> <li>CLMRS Personnel raise awareness to help prevent child labour.</li> <li>Support is provided to individuals and households based on data collected through ongoing monitoring visits (by CLMRS Personnel).</li> <li>Support is provided to the whole community on a continuous basis, based on community assessments and data from monitoring visits.</li> </ul>	<ul style="list-style-type: none"> <li>CCPCs raise awareness to help prevent child labour.</li> <li>Support is provided to the whole community, including targeted support for vulnerable individuals and groups, based on community needs assessment and prioritization exercises.</li> <li>Support to the community should continue for the duration of the company's sourcing relationship.</li> </ul>
<b>Establish and maintain a complaints procedure</b>	<ul style="list-style-type: none"> <li>Children, farmers and workers can raise concerns with CLMRS Personnel.</li> <li>Companies can also set up a separate grievance mechanism to enable workers, farmers and others to provide feedback, complaints or grievances.</li> </ul>	<ul style="list-style-type: none"> <li>Children, farmers and workers raise concerns with CCPCs who are trained to pass them on to cooperatives and/or link up with a company grievance mechanism.</li> <li>Companies can also set up a separate grievance mechanism to enable workers, farmers and others to provide feedback, complaints or grievances.</li> </ul>
<b>Monitor the effectiveness of the due diligence policy and measures</b>	<ul style="list-style-type: none"> <li>Data collected by the CLMRS is used to monitor the system's effectiveness in identifying and supporting children out of child labour, and inform improvements to the system over time.</li> </ul>	<ul style="list-style-type: none"> <li>The company monitors and evaluates the programme to identify changes to the situation and needs in communities, update community action plans, and use this information to inform support from the company to solve priority issues.</li> </ul>
<b>Publicly communicate on the due diligence measures</b>	<ul style="list-style-type: none"> <li>The company regularly report on measures implemented and their effectiveness over time by using the CLMRS database.</li> </ul>	<ul style="list-style-type: none"> <li>The company regularly reports on measures implemented and their effectiveness over time (during the duration of the project), based on monitoring and evaluation data.</li> </ul>