

Chocolate Company Commitments to ending abuses in cocoa production in West Africa

September 2012

Chocolate companies are making a number of efforts to address the issues of forced labour, trafficked labour and exploited child labour in the production of cocoa in West Africa. Over 70% of the world's cocoa is grown in West Africa.

This sheet aims to provide a brief outline of what progress the chocolate companies have made in the following areas:

- Amount of cocoa purchased that has independent third party certification that the above abuses have not taken place in the production of the cocoa;
- The percentage of cocoa used by the company that has been independently certified as free of the above abuses;
- Future commitments the company has made to purchase cocoa that has been independently certified as free as the above abuses;
- Funds provided for anti-poverty projects in West Africa;
- Any additional payments the company has made as a community development premium on certified cocoa it has purchased (which applies to cocoa purchased under Fairtrade, UTZ Certified and Source Trust certification schemes).

These measures do not provide a complete picture of all the efforts being made by chocolate companies to address the problem, so should only be considered a very rough indicators of some of the efforts being made.

While some chocolate companies, such as Mars, argue that ending forced labour and exploited child labour in cocoa production is something companies should not be competing on, there has been a lack of information in the public arena on the above measures of the efforts chocolate companies are making. If this is truly something where companies agree they are not competing against each other, then their efforts should be transparent and public, so there is a clear picture of the efforts being made. Most of the companies approached in the development of this sheet provided additional information to what they had disclosed publicly in the past.

1 Purchase of Certified Cocoa

The total global cocoa harvest in the 2010 – 2011 financial year was 4.3 million tonnes of which 3.2 million tonnes were produced in Africa.¹

Table 1. Publicly available information about the amount of cocoa purchased by chocolate companies subject to an independent third party certification standard that excludes forced and exploited child labour.

	Total cocoa purchased in 2009 (tonnes) ²	Amount of independently certified cocoa purchased (tonnes)			
		2009	2010	2011	2012
Kraft/Cadbury	440,000	22,000	30,000		
Nestle	360,000	4,000		6,100	20,000
Mars	350,000	5,000	15,000	30,000	90,000
Hershey	170,000	10			
Ferrero	135,000	0			

Mars and Nestlé have been consistently transparent with regards to the quantity of certified cocoa they purchase each year.

1 International Cocoa Organisation, Quarterly Bulletin of Cocoa Statistics, No. 2 - Volume XXXVIII, May 2012 and <http://www.lindt.com/swf/eng/company/social-responsibility/sustainably-sourced/traceability-a-pre-requisite-for-trust/>

2 Tropical Commodity Coalition, 'TCC Cocoa Barometer 2010', 2010, p. 16.

Kraft / Cadbury

In their 2010 Corporate Social Responsibility report they state they purchased 19,000 tonnes of Fairtrade certified cocoa and 11,000 tonnes of Rainforest Alliance certified cocoa. They did not give any figures for the quantity of certified cocoa purchased in their 2011 Corporate Social Responsibility report. In a letter to Baptist World Aid Australia dated 30 April 2012 they say they are buying 20,000 tonnes of Fairtrade Certified cocoa a year, but do not disclose how much Rainforest Alliance certified cocoa will be purchased into the future.

Lindt

Lindt have disclosed they will purchase a total of 40,000 – 45,000 tonnes of cocoa beans in 2012. Approximately half of the Lindt volume is sourced from Ghana, rest is from South America and the Caribbean.

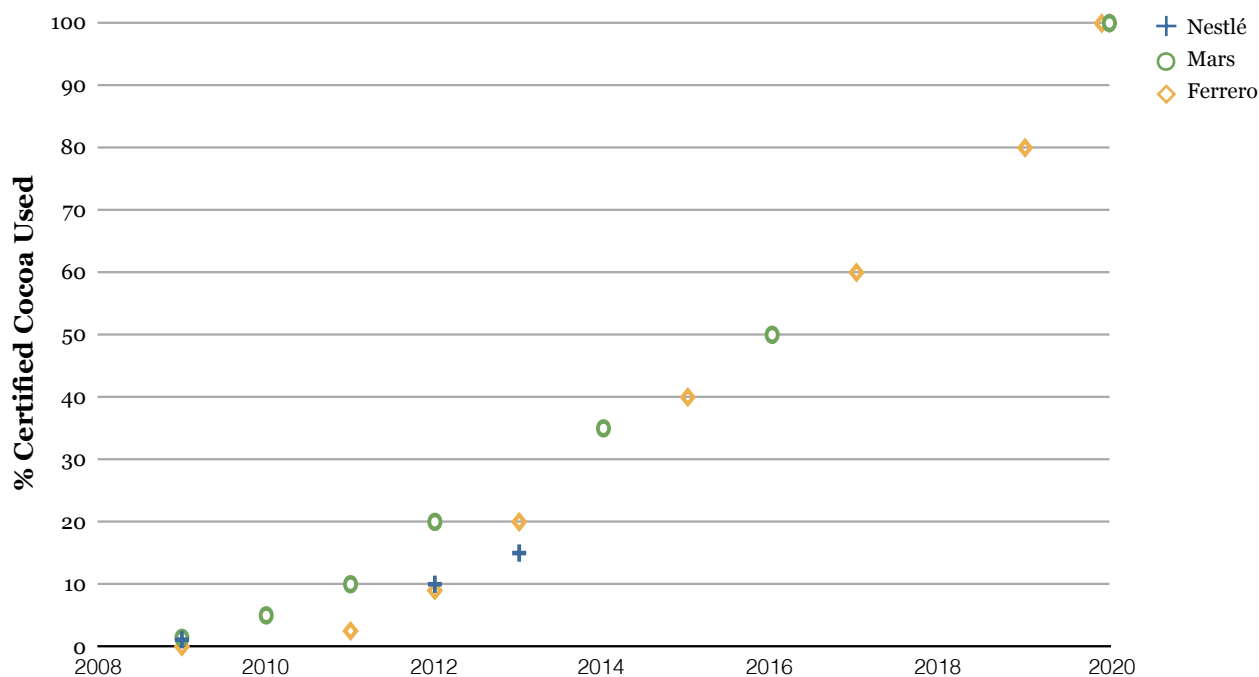


Figure 1. Public commitments of the percentage of cocoa to be purchased from independent third party certification schemes with standards banning forced labour and child labour.

Figure 1 shows the commitments from Mars, Ferrero and Nestlé on the proportion of their cocoa that will be purchased from independent third party certification schemes with standards that ban forced and child labour. These three companies are following a similar trajectory of growth in their use of certified cocoa. In addition Lindt has committed to having 100% of its cocoa audited as free of forced and child labour by 2020.

Kraft/ Cadbury and The Hershey Company have given no public commitments of future quantities or proportion of their total cocoa usage that will be purchased from independently certified sources with a standard forbidding forced and child labour.

2 Products using certified cocoa

The following products are currently using independent third party certification to ensure no forced labour or exploited child labour in the cocoa used in the product.

Nestlé	
Australia	Kit-Kats (UTZ Certified)
United Kingdom	Four-fingered Kit-Kats (Fairtrade)

Cocolo
All product is Fairtrade certified

Kraft / Cadbury	
Australia	Dairy Milk Chocolate (Fairtrade), Green and Blacks range (Fairtrade)
Belgium	Cote d'Or (Rainforest Alliance)
France	Cote d'Or (Rainforest Alliance)
Ireland	Dairy Milk chocolate and drinking chocolate (Fair Trade)
New Zealand	Dairy Milk Chocolate (Fairtrade)
United Kingdom	Dairy Milk Chocolate and drinking chocolate (Fairtrade) in the UK, Ireland, Australia and New Zealand uses Fairtrade certified cocoa and the plan is to extend this to Canada.

IKEA	
Chocolate bar (UTZ Certified)	

Mars	
Australia	Mars bars (Rainforest Alliance)
Austria	Balisto bar (UTZ Certified)
Belgium	Balisto bar (UTZ Certified)
France	Balisto bar (UTZ Certified)
Germany	Balisto bar (UTZ Certified)
Netherlands	Mars bar (UTZ Certified)
Switzerland	Balisto bar (UTZ Certified)
United Kingdom	Maltesers (Fairtrade), Galaxy Bar (Rainforest Alliance)

Chocolatier	
Australia	Gift boxes in dairy milk and dark chocolate (Fairtrade) and 100g Easter Eggs (Fairtrade)

3 Future Commitments on Brand Lines

Kraft / Cadbury - Rainforest Alliance certified cocoa planned to be rolled out in other European countries (in addition to Belgium and France), Canada and the US by the end of 2012.

Dairy Milk Chocolate using Fairtrade certified cocoa to be used in Canada.

Nestlé - All Kit-Kats in 34 European countries will use 100% UTZ Certified cocoa by 2014. Kit-Kats, Aero, Coffee Crisps and Smarties in Canada to use 100% UTZ Certified cocoa by 2014. 100% use of UTZ Certified cocoa in chocolate products made in Australia and New Zealand by the end of 2012.

The Hershey Company - Promised in January 2012 that the Bliss line would become Rainforest Alliance certified. The company also promised Dagoba Organic Chocolate would be produced with Rainforest Alliance certified cocoa.

4 Funding for Anti-Poverty Projects in West Africa

Many chocolate companies are increasingly talking about their contribution to anti-poverty projects in West Africa. Many of these projects are run in collaboration with other chocolate companies, UN bodies, non-government organisations and government donors. While such collaboration is very welcome, it makes it impossible to know how much each chocolate company is contributing to the joint projects unless they disclose it themselves.

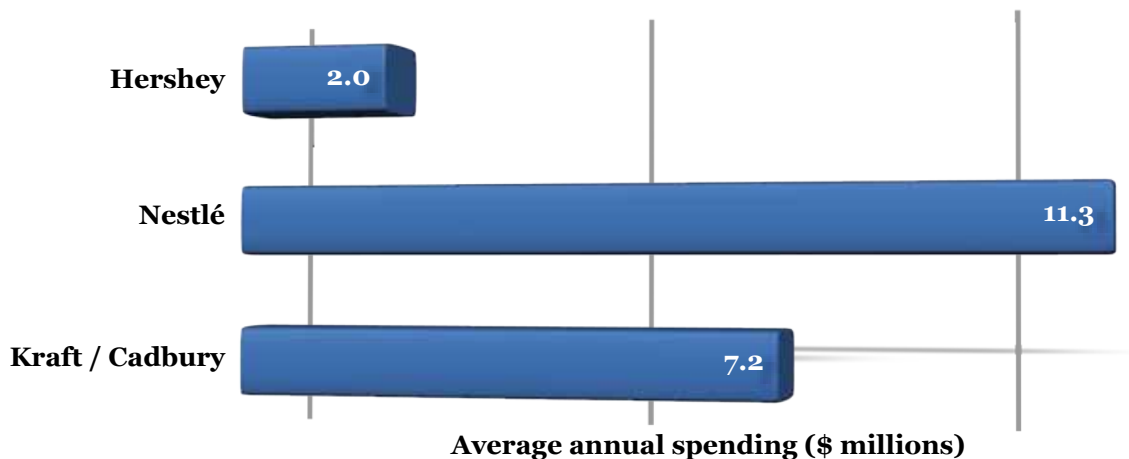


Figure 2. Publicly disclosed average annual spending of chocolate companies on projects aimed, at least in part, at addressing the causes of forced and child labour in cocoa production in West Africa

Figure 2 compares the publicly disclosed average annual spend on projects that, at least in part, are aimed at addressing the causes of forced and child labour in cocoa production from the three companies that have disclosed this information.

Kraft / Cadbury

Cadbury made a 10 year commitment to fund projects in cocoa communities in 2008 of 45 million pounds sterling (\$72 million), covering communities in Ghana, India, Southeast Asia and the Caribbean.

Nestlé

In 2010 Nestlé committed CHF110 million (\$113 million) to 'The Cocoa Plan' over a ten year period, which will be spent in Côte d'Ivoire and Ecuador. It will be spent predominantly in plant science and sustainable production.³

The Hershey Company

\$10 million over five years towards sustainable cocoa sourcing in West Africa and reduce child labour.

Mars

Has stated that it is "investing tens of millions of dollars annually on development programs",⁴ but it is working on calculating the exact amount for public release at the time of writing.

Barry Callebaut

Has offered €26 million (\$32 million) in interest free loans to cocoa co-operatives in Côte d'Ivoire.⁵ Annual sales in the 2009/2010 financial year were US\$4.9 billion.⁶

Lindt

Has spent US\$5 million "over the last few years" to address the issue of exploited child labour in cocoa production.⁷

5 Community Development premiums paid on Cocoa

Community development premiums are paid by chocolate companies when they purchase cocoa under the Fairtrade, UTZ Certified and Source Trust schemes. This is a charge per tonne of cocoa purchased that is used for the benefit of producers or their communities.

Kraft / Cadbury - With the purchase of 20,000 tonnes of Fairtrade certified cocoa, premium payments on cocoa purchases were an additional \$6 million for the benefit of producers and their communities.

Barry Callebaut - Reported that it paid €350,000 in premiums to 23 Quality Partner cooperatives in the 2007/2008 financial year and €352,000 in premiums to 29 partner cooperatives in the 2009/2010 financial year.⁸

Lindt - Pays a premium of \$60 per ton on cocoa sourced from Ghana through Source Trust that finances infrastructure, education and health projects in its farmer villages in Ghana.⁹ This currently amounts to US\$1.5 million a year being provided in premium payments.

Mars - has stated it pays "several million dollars annually on certification premiums."¹⁰

3 Nestlé, 'Nestlé and the United Nations Millennium Development Goals 2010', June 2010, p. 12.

4 E-mail from Mars 3 August 2012.

5 Barry Callebaut, 'Corporate social responsibility and sustainability. An overview of our activities 2008-2010', June 2011, p. 12.

6 Barry Callebaut, 'Corporate social responsibility and sustainability. An overview of our activities 2008-2010', June 2011, p. 2.

7 <http://www.lindt.com/swf/eng/company/social-responsibility/lindt-strongly-condemns-child-labor/>

8 Barry Callebaut, 'Corporate social responsibility and sustainability. An overview of our activities 2008-2010', June 2011, p. 16.

9 <http://www.lindt.com/swf/eng/company/social-responsibility/lindt-strongly-condemns-child-labor/>

10 E-mail from Mars 3 August 2012.