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Tony's Chocolonely contribution to end forced and child labour in cocoa farms.

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Abstract:

How does Tony's Chocolonely's unique business model contribute to ending forced and child labour in the chocolate industry?

This study examines the impact of Tony Chocolonely's business model on forced labour and child labour in the chocolate industry. By analysing the company's history, mission, and financial statements, the study finds that Tony Chocolonely's approach to sustainability has reduced instances of forced and child labour in cocoa farms. The study also explores the complex and fragmented supply chain in the chocolate industry, providing examples to illustrate the issue.

Keywords: Tony's Chocolonely, chocolate industry, forced labour, child labour, business ethics, leadership.

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1. Introduction

This section will outline what this project aims at questioning, discovering, and analysing, and how the work aims to be done. It will also be helpful in clarifying expectations and unravel misunderstandings.

Julie McBride, who works at Tony's Chocolonely as a community developer focusing on child rights, when interviewed during this project, told me about how this company was born: *“there was this journalist, who saw that there was a very major problem around illegal labour and modern slavery, and that is how the company started. The journalist, called Tony, felt he was a lonely voice in the cocoa sector, trying to stop exploitation like this, this is where the name came from, Tony's Chocolonely, and working on illegal labour like this is the core of our mission”*. Julie points out that *“we (at Tony's Chocolonely) really see ourselves as an impact company first, so we are an impact company that makes chocolate and not a chocolate company that tries to make impact. I think our business model is really impact first, and of course we want to be able to show that our business model is successful and profitable, while doing good and trying to change the sector, to put impact first I think is really key to our business model”*. This paradigm shift, being an impact company before being a business company, seems to be essential and relevant today. The overall purpose of the work project will be to go and investigate the business model of Tony's Chocolonely, emphasizing the innovations and impact it brings, and going over how it works.

This project does not try to describe the present social, political and labour contexts in Côte d'Ivoire and Ghana and other cocoa producing countries as a primary goal, nonetheless, it is necessary to have a general idea about these contexts, to better understand Tony Chocolonely's business model. The goal of chapter 2 is thus to give this brief account of what is going on in the two major exporters countries, Ghana and Côte d'Ivoire.

The chocolate industry is a multi-billion-dollar global industry, valued \$USD 46.6 billion in 2021, that produces a variety of chocolate-based products, comprising chocolate bars, chocolate confections, and chocolate-based ingredients (Fortune Business Insights 2023) (Voora, Bermúdez and Larrea 2019). Despite its popularity and profitability, the chocolate industry has faced significant challenges related to forced and child labour. Forced labour is encompassed, together with forced marriage, in the definition of modern slavery. Anti-Slavery International, defines modern slavery as the condition of an individual being exploited by others, either for personal or commercial gain; the individual forfeits her or his independence whether she or him is forced, tricked, or coerced. (Anti-Slavery International 2023). Forced labour can be understood as work done unwillingly and under threat of punishment. Forced labour describes circumstances in which people are forced to work using force or intimidation, as well as manipulation of debt, holding onto identification documents, or threats of reporting the employer to immigration officials (ILO 2023).

The International Labour Organization defines “child labour” as work that robs children of their childhood, their potential, and their dignity and is detrimental to their physical and mental growth. Child labour can be hazardous to children's mental, physical, social, or moral development; and/or interferes with their education by denying them the chance to attend class, forcing them to drop out early, or requiring them to try to balance school attendance with overly demanding work (International Labour Organization 2023).

According to estimates, there are 1.56 million child labourers working on cocoa farms in Côte d'Ivoire and Ghana, many of whom are forced to work in dangerous conditions (Fountain and Huetz-Adams 2022). These practices are a serious issue for the chocolate industry as they raise significant ethical and social justice concerns, and have also led to increased scrutiny from consumers, governments, and advocacy groups (European Commission 2022). As a

result, many companies in the industry have been working to address these challenges and to promote more sustainable and ethical practices in their supply chains (Weatherer 2021).

Tony's Chocolonely is a Dutch chocolate company founded in 2005 with the goal of producing chocolate that is free from forced and child labour. The company's unique business model is designed to promote more ethical and sustainable practices throughout the entire chocolate supply chain (Appiah 2017). When referring to Tony's from now on we will refer to the company and not the founder.

Tony's business model is based on five sourcing principles (Tony's Chocolonely 2023):

- traceable beans;
- fair price for the cocoa that Tony's buy;
- strong farmers;
- long term;
- productivity and quality.

By focusing on these principles, Tony's Chocolonely has become a leader in the chocolate industry, setting a high standard for ethical and sustainable practices. The company's business model can serve as a model for other companies looking to promote more responsible and ethical practices in their own supply chains. We will see later on how this is done through the open chain model.

2. Methodology

This section will describe what qualitative methodology has been chosen, the reasons for that choice and the advantages it brings.

A qualitative approach, consisting on the analysis of reports, academic papers, a documentary, 4 interviews to people who spent years in the field, and newspaper articles has been chosen to gather in-depth information about Tony Chokolonly's business practices, supply chain management, and impact on the broader chocolate industry, as well as the challenges faced by the industry and the company in promoting sustainable and ethical practices. It has been found inherent to the purpose of this project to try to listen to the words of those who had had direct contact with child and forced slavery reality. The interviews were structured as conversations, and the main goal was to get the interviewees to talk as much as possible, leading them to talk about the topics in which they are most knowledgeable, respectively. Interviews have been conducted in English and the transcripts can be found in the appendix. The following experts were interviewed:

- Julie McBride, who works at Tony's Chokolonly as a community developer focusing on child rights. She has more than 10 years of experience in human rights related jobs, having worked at United Nations and War Child Holland. Interview carried out in videocall.
- Antonie Fountain, who is a managing director at Voice of Organizations in Cocoa (VOICE) and has been actively working in the field of human rights and specifically in the cocoa industry for more than 15 years. Interview carried out in videocall.
- Sarah Dekkiche, who serves as director of policy and partnership at International Cocoa Initiative (ICI) and has been working for more than 15 years in human rights.
- Alice Faudot-Miguet, who is a senior programme officer at International Cocoa Initiative (ICI) and previously worked on occupational safety and health in agricultural global supply chains at the International Labor Organization (ILO), and on child-friendly business policies at UNICEF. Interview carried out through email.

Also very helpful was the business documentary by Paul Moreira and Endevr: “How the Chocolate Industry Still Profits from Child Labor.”

3. Forced and child labour in Côte d'Ivoire and Ghana

The task of this section is to show the extent of the problem in Côte d'Ivoire and Ghana.

To better understand how Tony Chocolonely's unique business model contributes to end forced and child labour in the chocolate industry, we need to have an idea about what is going on in the cocoa industry regarding forced and child labour.

By far the largest proportion of the world's cocoa is produced by Côte d'Ivoire and Ghana, and this is where the heart of the problem we are analysing is focused (Voora, Bermúdez and Larrea 2019). Together, Ghana and Côte d'Ivoire produce 60% of the annual cocoa supply for the globe (International Cocoa Organization 2017). For simplicity, convenience, and focus on the case of Tony's Chocolonely, we are only going to take these two countries into consideration. A second important introductory note is that, as we will mention later, another problem that is relevant in the industry is the illegal logging in the region, which has proven serious environmental damage (Kouadio and Singh 2021). This problem is severe, but for the purposes of this study and considering the focus that Tony's Chocolonely puts on human rights, it shall not be covered here, although it could certainly be a starting point for future research.

As we have seen before, 1.56 million children are involved in child labour in Côte d'Ivoire and Ghana. Results from the Walk Free Foundation indicate that an estimated 13,300 adult workers in those two nations were subject to forced labour (International Cocoa Initiative 2023).

In terms of numbers, there is a huge difference between child and forced labour, and often the two problems overlap. In fact, child labour is by far a much larger and more widespread problem. On our interview, Antonie Fountain described the difference between the two problems in the following terms: *“there really is some forced labour, and it's a problem, and it needs to be tackled, but it is not the biggest problem in numbers, at least not even by a little bit, but by a mile”*. And he adds, talking about forced labour: *“now, 15,000 to 30,000 still is a lot, right, and far too much, but it does not appeal into comparison with the 1.56 million children that are in the hazardous forms of child labour”*.

It is important to clarify that the afternoon help kids give when they come home from school is not child labour. Antonie explains: *“when it's helping out, age-appropriate work, not too many hours after school, not in the way of your education, etc. it isn't child labour by definition [...] it's called light work”*. There are different shades of work, but the numbers we talked about earlier exclude light work, in fact, Antonie was himself raised by helping out on the farm reveals to us that *“the 1.56 million children that are in child labour in Côte d'Ivoire and Ghana all are not doing: helping out on the farm with age appropriate labour after school. All the 1.56 million children are actually doing things that are either in the way of their education and or are age inappropriate, because it is too many hours, because it is dangerous”*.

Often the children we are talking about within the 1.56 million are performing the most hazardous forms of child labour, and for a variety of reasons; children are, according to Antonie Fountain, *“doing work that really is too dangerous, weights that are too heavy, hours that are far too long, using equipment that a child should not be using, being exposed to agrochemicals etc.”*

Turning now to forced labour, Paul Moreira's documentary and the featured interview with Haziz can be helpful to enrich reader's imaginary. The documentary from now on will be referred to as *Moreira's documentary*. In Moreira's documentary, aimed at gaining a better understanding of the state of workers in cocoa plantations, Paul Moreira goes into an abusive cocoa plantation in Côte d'Ivoire and, while talking to the workers discovers that "*clandestine workers keep coming from Burkina Faso, and all the youngsters who work in the Cocoa abusive plantation arrived when they were kids, they have been there for years and the forest is their prison*" (Moreira 2019). A 21-year-old worker, Haziz, is interviewed, and in that conversation, it emerges that his parents are still in Burkina Faso, and he has not seen them for 6 years, since the day he arrived in the plantation, at age 15; "*It's a lot of suffering*", he says. Since he arrived at the plantation, he never went back home "*because only this year - at 21 years old, after 6 years of work - I am starting to earn money*" (Moreira 2019). This worker slaved for six years to produce cocoa; cocoa that, as we shall see later, is labelled as clean cocoa, and is then used to produce the chocolate bars and sweets that consumers consume far away. There are millions of stories like this, and the level of consumer awareness seems to be impressively low. Haziz is one of the many examples of child slave workers, that, to run away from famine and difficulties, accept whatever conditions are available (Moreira 2019). The question arises as to how the two players involved in this trade, the state and the companies, allow this to happen. A photogram showing Haziz can be found in Image 1, in the appendix. The region where Haziz works is a protected region and according to the law, no cocoa plantation should exist there; the region is inefficiently monitored by the Ivorian "*Water and Forest Department*". Asking to a cocoa worker: "*You never see any agent from the Water and Forest Department?*" he responds, "*Yes, we do, but they leave us alone*" (Moreira 2019). Officially, the Ivorian government has a plan to fight deforestation, and move all the farmers to a special zone, dedicated to cocoa, sacrificing 40% of the forest to

regenerate the other 60%, but as we have seen, the worker says he has had no problems with this type of authority and has been left alone in the past (Kouadio and Singh 2021).

In recent years, there have been efforts by the chocolate industry to address these issues, but progress has been slow. Many companies have implemented initiatives such as certification schemes and social responsibility programs, but the effectiveness of these initiatives has been questioned by Paul Moreira in the documentary, and as we will see later, many times this certification system is circumvented (Moreira 2019). Initiatives are limited in their ability to address the root causes of exploitation, and they are often focused on improving the reputation of companies rather than improving the lives of workers. Again, in Moreira's documentary, Paul Moreira says that "*both clandestine and legal cocoa end up at shops at edge of the forest*", and the pictures show sacks being opened and mixed over a large cloth (Moreira 2019). Image 2 in the appendix is a photogram of the documentary illustrating how this process is done. The origin of cocoa is lost. The narrator of the documentary says: "*the bags are open, and all the cocoa beans are mixed together in front of the shop, no symbol on the bag, no label, impossible to track.*". Many of these shops "*show a fair-trade labour (certificate), which means no child labour, no deforestation*" however, the origin of cocoa has been previously lost, and it is impossible to know where the cocoa comes from (Moreira 2019). One is left to wonder to whom this cocoa is sold, and the shop manager does not want to answer; when asked the question "*Who buys this cocoa? Nestlé? Etc.*" the shop owner responds with a laugh. In Moreira's documentary, a famous company that acts as an intermediary between the cocoa bought by the small shops and the large multinationals that use cocoa is interviewed, and it emerges that a QR code system to ascertain the origins of cocoa is in place, and it is a system that theoretically works. But at the time of the interview, it is in place only in Ghana and not in the leading country exporter of cocoa, Côte d'Ivoire.

However, we do not know the real use that is being made of this technology in Ghana. The technology consists of “*barcodes on cocoa bags, and a scanner connected to a satellite that offers traceability of the cocoa bag*” (Moreira 2019).

4. Root causes of the problem

This part of the research will try to identify what factors that ensure child and forced labour are still stably anchored despite years of attempts of solving them.

Around 90% of the world's cocoa is grown on little, independent farms with an area of one to five hectares, which is typically the hallmark of cocoa agriculture (World Cocoa Foundation 2012). Cocoa farmers and their families’ livelihoods are highly dependent on farm yields and cocoa prices (International Labor Rights Forum 2014).

The Walk Free Foundation study identifies as root causes of child and forced labour chronic poverty of farmers, price instability of cocoa, feeble bargaining power of small-scale farmers, low levels and quality of education, and low prosecution rates resulting from lack of access to police and justice. (International Cocoa Initiative 2023).

In Côte d'Ivoire and Ghana, the typical cocoa farmer makes about 50 cents and 84 cents, respectively, per day, far below the \$USD1.25 per day threshold for extreme poverty (Fountain Antonie C. and Huetz-Adams Friedel. 2015).

Labour exploitation happens due to the increased demand for inexpensive labour, driven by low cocoa prices, as we will see later. Farmers are under continuous pressure to come up with methods to maintain their way of life, which might include lowering labour costs (International Labor Rights Forum 2014). In addition, West Africa has some of the lowest rates of literacy in the entire globe. Because cocoa farmers and adults in cocoa growing areas

lack access to high-quality education, poverty cycles are further exacerbated (Kapoor, A 2016) (International Labor Rights Forum 2014). Given that most of cocoa is grown on separate smallholder plots by independent smallholder farmers and that most farmers do not belong to bigger farmer organizations, there is a glaring absence of governance structures and oversight, which presents opportunities for employee exploitation with little fear of repercussion (Kapoor, A 2016). Finally, instances of exploitation are rarely reported to the authorities. This is because it can be challenging to get to police stations from remote areas where there are few or no convenient transportation options (Kapoor, A 2016).

Alice Faudot-Miguet identifies several factors that can increase the risk of forced labour or be its root cause:

- illiteracy, which means workers often struggle to understand their rights or employment contracts;
- migration, which often uproots workers from societies that protect them;
- poverty, combined with a lack of income diversity, often renders workers more vulnerable to predatory or abusive working relationships;
- lack of formal contracts for farmers and farm workers, as well as low awareness of labour laws and a weak capacity to enforce them in remote rural areas, further increase potentially abusive working relationships to go unchecked.

A further perspective is given by Fountain's interview where the three causes that keep this problem alive are identified as: poverty, legal entanglement, and history.

Antonie says: *"child labour happens within a context and that context is, generally speaking, poverty; so if you don't also tackle the poverty issues, then you're only going to be able to tackle part of the child labour issues."* In this way, it is possible to ask: how is it possible for a

multi-billion-dollar industry like the chocolate industry to let this segment of the population stay in poverty and profit from it?

Legal entanglement, introduced by Antonie in the interview, is a phenomenon that reinforces both forced and child labour, making it more difficult to eradicate.

Antonie says (in the appendix) that governments of Ghana and Côte d'Ivoire through misinformation manage to mask the problem locally. According to local and international laws, what these 1.56 million children are doing is illegal, but, whether out of ignorance or interest, the governments, manage to create a kind of mystification around this issue making the problem less obvious and more obfuscated (Fountain 2023). *“There is a lack of clarity when we speak about child labour driven by government misinformation, particularly in Ghana, where it's politically expedient for the government to point the finger at the other and say, they're the bad guys. The west is the bad guys because they impose their definitions of child labour on us. They also misuse the term. They switch them to each other the whole time, which does not make the conversation much simpler”*

West Africa was a pivotal point in the slave trade triangle. Again, Antonie points out that *“If you go from Accra, the capital of Ghana, towards the border of Côte d'Ivoire, halfway there, there's a big fort that stands on the beach. This fort is called Elmina, and the Elmina fort is the most notorious fort in the history of the transatlantic slave trade.”* The wound is recent, and the local people still feel the remnants. Antonie says *“Hundreds of thousands of west Africans were collected in this as a trading human livestock and traded as slaves from the slave coast, it was called at the time towards the Americas, by Europeans.”* Europeans, up to 200 years ago were showing up in those countries to make slaves and captives of their people, and now after just 200 years, Europeans are showing up there to say that they themselves are enslaving their children, when this work provides something to eat (Curtin 1972). The

problem lies in the reluctance of local people to trust European entities. The wound has a legacy on the local culture. So, when non-governmental entities, and companies show up talking specifically about slavery and child labour, locals have a hard time trusting, this, is as described by Antonie during the interview.

To summarize, the different sources point in the same direction, poverty and illiteracy are two pivotal problems in this situation, which, in conjunction with the need to produce a good at ever-decreasing prices creates a thriving ground where forced and child labour spread easily.

5. Company Overview

This part will overview Tony's Chocolonely business model, the innovations that Tony's has brought and what they mean.

Tony's Chocolonely is a Dutch chocolate company that was founded in 2005 with the mission to make chocolate 100% slavery-free. As mentioned before, the company was started by Teun van de Keuken (Tony), a journalist who was investigating the chocolate industry and discovered the widespread use of child and force labour in the production of cocoa (Appiah 2017).

To understand this company, it is necessary to have a look at their financial statements. Image 5 in the appendix shows the financial results that the company has achieved in the last years. Tony's aims to change the industry by showing that commercial success and positive impact on the world can go together. Last year, the company's net revenue surpassed €100 million, growing by 24% from the previous year, but the net profit was -4.3%, falling short of the goal. This year profits were narrowly missed. Past years, the situation was different, and profits were achieved. The Netherlands is the main source of income, but the growth was

mainly driven by other markets such as the UK, Ireland, US, and DACH. The gross margin increased from 42.4% to 46.2%. The company invested in the growth of their team, marketing, and campaigns. Logistical expenses also grew, driven by the increased revenue share in key markets (Tony's Chokolonely 2023). As you can see in the the pie chart in Image 6 in the appendix, the cost of fair cocoa only makes up a small fraction of the total cost of a bar, so a bar wouldn't have to be much more costly to contain fair cocoa. The pie chart shows how the cost of a Tony's Chokolonely bar are structured, the cost of cocoa represents a very small percentage. Tony's Chokolonely is a leader in the chocolate industry in terms of sustainability, ethics, and community investment. The company's unique approach to these issues sets it apart from other companies in the industry.

The company is not only successful from an economic and financial point of view, but also from a business model point of view.

Tony's Chokolonely's business model is based on creating a "chocolate revolution" by raising awareness of the problems of forced and child labour in the chocolate industry, and by demonstrating that it is possible to produce chocolate in a more ethical and sustainable way (Tony's Chokolonely 2023). Tony's Chokolonely's chocolate is sold in over 20 countries and the company has won numerous awards and recognition for its innovative and impactful business model.

The original and most well-known chocolate bar they produce has an alluring appearance and a screaming red wrapper to draw attention to the primary goal of producing 100% slave-free chocolate. Another unique feature of this chocolate is that the bar is not divided into rectangles as we are usually used to see. Since there is so much inequality in the chocolate sector, it doesn't make sense to the company to break chocolate bars into chunks of equal size. Instead, the 180g bars' irregularly shaped chunks serve as a tasty reminder to consumers that

earnings in the chocolate industry are distributed unequally. Their bars have the Equator at their bottom. The Gulf of Guinea may be seen in the sections above. Then you have the Ivory Coast, Ghana, Togo, Benin, Nigeria, and a portion of Cameroon, all from left to right.

Images 3 and 4 in the appendix show how a chocolate bar looks like.

It should be noted that the cost of a bar is slightly higher than a regular bar, but the premium paid over other bars is justifiable by what Tony's delivers. The current cost of a Classic Chocolate Bar, February 2023 is of \$USD5.95 (Tony's Chocolonely 2023).

Tony's Chocolonely's business model includes (Tony's Chocolonely 2023):

- fair prices for cocoa farmers: Tony's Chocolonely pay fair prices to cocoa farmers, which are well above the market price for cocoa. This helps to ensure that farmers can earn a living wage and to promote sustainable and ethical farming practices. A higher cocoa price means that farmers can move out of poverty. Tony's pays a premium on cocoa once it's harvested and sold. The price farmers receive for their cocoa, the farmgate price, it's set by the governments for the main and mid-crop seasons each year, and it's way too low. In Côte d'Ivoire in 2021/22 Tony's paid 54% on top of mid-crop farmgate price and 61% on top of main-crop farmgate price while in Ghana, they paid 22% on top of the Farmgate price;
- transparent supply chain: Tony's Chocolonely has a transparent supply chain, which includes regular visits to the farms and the communities where its cocoa is sourced. This helps to ensure that its cocoa is produced in a way that respects human rights and the environment. Visits are conducted by Child Labour Monitoring and Remediation Systems (CLMRS) community facilitators every year (Tony's Chocolonely 2022). CLMRS will be analyzed later. Community facilitators receive training from the

International Cocoa Initiative on awareness raising techniques, allowing them to carry out task effectively (International Cocoa Initiative 2023 B);

- sustainable farming practices: Tony's Chocolonely promotes more sustainable farming practices, including the use of shade trees and the conservation of biodiversity. More specifically, no farmers from Tony's cooperative partners cultivate territory that is protected. Farms in 2021 received 91,550 additional shade trees from women-owned tree nurseries. Trees that provide shade are crucial for reducing temperatures on cocoa plantations and enhancing biodiversity. These initiatives help farmers produce more, make farming more lucrative, and aid in the much-needed reforestation of the cocoa-growing region (International Cocoa Initiative 2023 B). According to experts, cocoa farming is responsible for 70% of the unlawful deforestation in the nation. (WWF 2017);
- education and advocacy: Tony's Chocolonely offers a range of educational and advocacy activities to help raise awareness of the issues of forced and child labour in the chocolate industry and to encourage other companies to follow their example. Tony strategy's first pillar is raising consciousness. Tony's believe that change won't take place until there is a widespread understanding of what child labour is and how to safeguard children's rights. The key for Tony has been to put an emphasis on prevention through continuous education and campaigns to increase awareness. By promoting children's rights, community leaders and Tony's Ambassadors try to change people's perspectives. The importance of every child's freedom to play and attend school is one aspect of this (International Cocoa Initiative 2023 B).

6. Findings: cocoa pricing, the concept of commodity, CLMRS, open chain and on-site presence

In this chapter we will look at fair prices for cocoa paid by Tony's Chocology, the CLMRS model and the open chain model.

Tony's system aims to provide cocoa farmers with a living income by paying a bonus on top of the world market and nationally fixed prices, we have seen this before. Antonie Fountain says that *“the premium paid through the Tony's system is much higher than fair trade premiums. However, the calculation does not consider the current reality of the farmer's earnings, but rather what the farmer could earn if they could double their productivity without doubling their production costs. While there are issues with the variables used in the calculation, the methodology is still valuable and unique compared to what other companies are doing.”*

Sarah Dekkiche describes the situation of cocoa prices and says that low prices *“definitely are a problem, I mean the fact that farmers don't earn enough to cover their basic needs, a living income [...] Everyone should earn a decent living [...] What the farmer gets is [...] defined by a market. There is the exchange market, then you have also a little bit of speculation, on that, on top, the authorities, the cocoa regulatory bodies, define, what the farmer gets, so, it is this economic system that is impacting or defining what in the end goes in the pocket of the farmer. It is not necessarily the company who pays directly, first, but of course, I mean in general we are in an era where it becomes more and more clearer that one should question the gap there is between what we consume and what is the person at the end of the supply chain gets for that product. And of course, we have been used to be able to consume a lot of products in a cheap manner, that is the same for textile, it is the same for other agricultural*

commodities, it is also the case for cocoa, and in western world, the cocoa consume is only on mass markets products”.

Fountain, in his interview, points out the concept of commodity; a commodity according to Investopedia is a basic good used in commerce that is interchangeable with other goods of the same type (Fernando 2022). One cocoa bean equals one cocoa bean produced with child labour according to this concept. This concept underlying our economic system may be one of the most critical points in this process. Are all cocoa beans really the same?

A product starts from the supply chain and ends in the hands of the consumer, and while cooperatives and government agencies are very careful to prevent cartels and companies from exploiting their power to the detriment of the end consumer, what is done in the supply chain? It seems that little is done in the chocolate industry.

At the same time, correlation between increased income of the farmer and a decrease in child labour is not automatic. Sarah Dekkiche points out that *“In some cases for example if the farmer earns more, he or she, could be encouraged to produce more, and producing more means having more children that help etc. Child labour depends also on child alternatives. Can the child go to school? What kind of infrastructures are in place? You need to play on other factors. You need also to make sure that these farmers diversify what they cultivate, so that they don’t only rely on cocoa, which indeed is a volatile commodity, and which is very seasonal”*. Relying only on cocoa means that *“half of the year there is nothing, so you need also a one way to also diversify, cultivating also rice or other things and acting on the cash they get with unconditional element attached to it, so that they are ultimately more resistant to shocks we have seen a reduction correlated to child labour”*. Furthermore, Sarah says that *“farmers are not resistant to shocks like weather shocks, it can be various during the year”*. Helping farmers to manage cash has been seen correlated with a reduction in child labour.

This points all in the direction of emphasizing how important what Tony's does is, by paying prices to farmers that far exceed those determined by the market.

Another cornerstone that Tony's uses to achieve its goals is the use of CLMRS. The Child Labour Monitoring and Remediation System (CLMRS) tries to identify and address child labour in their cocoa supply chain. The CLMRS was developed by the International Cocoa Initiative (ICI) and is funded by Nestlé, among others. These companies are not competitors of Tony's, in fact, according to the open chain principle that Tony's uses, and that we will see later on, Tony's invite other companies that use cocoa, to collaborate and buy cocoa with them, competing then on the chocolate. Sarah Dekkiche, who serves as director of policy and partnership at International Cocoa Initiative, stated in the interview that *“we have seen that CLMRS have led to an about 50% reduction in hazardous child labour among the child labour identified, and at an about 1/3 reduction of child labour”* and that so far *“today, no other systems, no other methodology, no other approach can testify the same impact”*.

At the same time, she points out that there is disparity in the way CLMRS is used, *“everyone is saying that they have a CLMRS, but there is a disparity in the nature and in the quality of the system”*. And she adds that *“the major challenge has been the one of scaling up this model [...] CLMRS is cost intense, it is a long process, it takes time; it is consuming from a lot of points of view”*. Cost comes from visit to the communities, at the farm level, in the cooperatives, and training people *“but we have a better methodology at this stage”*.

Furthermore, Alice Faudot-Miguet, who is a senior programme officer at International Cocoa Initiative, says that CLMRS help address child labour in cocoa by implementing four key functions:

- raising awareness on child labour and resulting harm amongst farmers, children, and members of the wider community;

- identifying children in child labour through an active monitoring process, using standardized data collection tools;
- providing both prevention and remediation support to children in child labour, and others at risk, and documenting the support provided;
- following-up with children identified in child labour to monitor their status on a regular basis until they have stopped engaging in child labour.

When the CLMRS is implemented properly, it can identify about 60% of the children in any community it operates in. Of those 60%, about 50% will be out of child labour within three or four years of the program's start. This is a 30% reduction in child labour over three to four years, or a 10% reduction per year, which is considered successful (Fountain 2023).

The CLMRS works by having a representative in every community, who is typically a villager from that community. In every village, there is a community relationship manager, whose job is to talk to all the families and collect information about the children, including when they last worked on a farm, when they last attended school, and what kind of activities they do. This information is used to create a database of all the children in the community, which is analysed to classify families as high, medium, or low risk for child labour (Fountain and Huetz-Adams 2022). Tony's Chocolonely uses the CLMRS to intervene with high-risk families immediately and provide them with the support they need to remove children from child labour. This might include providing birth certificates so children can graduate to the next grade, providing educational materials or income-generating activities for women, or setting up spraying gangs or pruning gangs to provide apprenticeships for young men (Fountain and Huetz-Adams 2022).

Julie McBride, who works at Tony's Chocolonely as a community developer focusing on child rights, describes the open chain model very well: *“another part of our business model*

which is quite unique is our open chain model, which is where we invite other companies that use cocoa, that is in ice cream or in drinks or to make bars themselves, to buy cocoa with us, from our partners so we can collectively buy cocoa, meeting those five sourcing principles and then we can compete on the chocolate, so we have different companies that are joining us in this mission, Ben&Jerry's, Albert Heijn, we also have a Dutch German super market who make their own label chocolate bars using beans sourced from our open chain model there is also a chocolate spread company in the Netherlands, a plant based chocolate drink in Germany, and a few others. What makes our business model unique is that we do not say this is how we do it, everybody else has to figure it out on their own, this is how we do it, join us, and we can work together, we have a very open collaborative approach to our business model". Companies which are currently committed to Tony's model are: Albert Heijn, ALDI, Jokolade, Vly Foods, The Flower Farm, PLUS, KoRo Source and Ben & Jerry's.

One thing in which the company is improving also is the on-site presence. Again, according to Julie McBride: *"a thing we are improving, we are doing better at is having a strong focus on west Africa, and have our teams there. We don't want to be sitting in Amsterdam, or London or New York and making big decisions about the future company and what we do, we need to have a lot of involved in Ghana and Cote d'Ivoire, where we source cocoa, so we are now building teams in both countries, in Accra and Abidjan, growing year by year, more and more staff in the countries, we want our partner cooperatives to have like a strong voice as well, and in the management of the organization we want to have more, presence and import from the origin countries, which I think would be better, we are making improvements on that, this is an area we are working on actively and taking good steps, to have a good balance in place."*

7. Conclusion

Tony's model is inspirational and original. It is one of the first companies to put impact before business. With the European Commission's new incoming regulation, it is likely to become increasingly useful. The fact that Tony's does not compete on impact but makes it available to everyone with its open chain model is more and more relevant. Will Tony, who was once a lone voice, be one of many voices in the chorus?

Alice Faudot-Miguet identifies that the following interventions done by Tony's to help reduce the risk of workers finding themselves in vulnerable situations which can lead to forced labour:

- awareness raising for producers and workers on labour rights and human rights;
- capacity building of all stakeholders in cocoa: to date, there is still a limited understanding of what constitutes forced labour amongst cocoa stakeholders;
- companies setting-up robust grievance mechanisms that are safe, easy to use and anonymous: a way of reporting abuses and seeking support should be guaranteed for workers. To this date, it can be very difficult for a worker to report a grievance to a cooperative where their employer is a member;
- facilitation of work contracts between employer and worker to improve working conditions and reduce the risk of forced labour.

If these strategies became more widespread in the industry, it is likely that forced and child labour would see a contraction.

Furthermore, Tony's model could become useful in the short to medium term because in September 2022, a communication from the European Commission said *“The European Commission has proposed to prohibit products made with forced labour on the EU market. The proposal covers all products, namely those made in the EU for domestic consumption*

and exports, and imported goods, without targeting specific companies or industries. This comprehensive approach is important because an estimated 27.6 million people are in forced labour, in many industries and in every continent. EU customs authorities will identify and stop products made with forced labour at EU borders”. (European Commission 2023)

Tony's model works and by the time these words become the norm, many companies would already have an example to take inspiration from, Tony's Chocolonely. Julie McBride says about this: *“there is more and more requirements on companies to have human rights, risk mitigation and due diligence process is in place, also environmental due diligence, and these EU wide laws will be coming into place, and the system that we implement now, our five sourcing principles meets and goes above those requirements that are going to come, which will require for example that you have a system in place to detect forced labour, all the farms are GPS mapped, full traceability, these are all things that are default for us, but are going to become requirements under the EU legislation in the coming years, so I think for companies seeing this laws coming into place, I think it can be interesting for them to see how we are already meeting those new standards, and inviting them to join us and meet the standards and raise them even more together, we don't want just to meet them, the standards are going to go higher, so I think we are going to inspire company to stay up, this is going to become the new normal, but we can also try to raise the bar and do better as well.”*

One challenge that Tony's facing is about their communication which needs to constantly evolve, as Julie McBride says: *“the big challenge we also had recently is regarding, the wording of our statement, we say, 100% slave free chocolate, and that wording when Tony's was started like 17 years ago in the Netherlands that had a different meaning or connotation perhaps to now, in 2023 like talk around slavery, we would look it through different lens now, we look at that wording differently, so I think we are trying to see how our mission statement can stay strong and provocative but also be sensitive to the cultures in West Africa, where we*

have a history of slavery to the Us market, where slavery has a lot of emotion attached to it, we want to stay provocative, but also sensitive, and we are figuring out how we can keep that balance. Our communication needs to evolve." Considering what has been found, a relevant recommendation to Tony's Chocolonely is that it could start marketing more about what is happening in Africa currently, to raise awareness. The company has chosen this mission, and this strategy could help them reach their goal, since it could expand the base of potential consumers. As the company and volume sold grow, the price of the product will be able to contract, making it more accessible to every consumer easily.

8. Limitations

There are several limitations and ethical considerations that should be taken into account regarding this work. In fact, the sample of people interviewed may not be representative of the population, which can limit the generalizability of the results, at the same time participants in the study may not provide accurate or complete responses, particularly when it comes to sensitive topics like forced and child labour, and the quality of the data collected through interviews may be influenced by factors such as the interviewer's biases, the participants' memory, and the wording of the questions. A further limitation is the fact that a triangulation of information was not always possible. Often, we have relied on what Tony's Chocolonely says about itself, and what entities for example the International Cocoa Initiative report, although it would have been useful to have alternative information. Unfortunately, it has not been found. The documentary and the interviews, however, added great value and a different point of view. In conclusion, it is important to be mindful of the limitations in this research project, even though each decision possible to minimize these risks and ensure that the research is conducted in an ethical and responsible manner was made. This can help to ensure that the results are valid and trustworthy, and that the rights and dignity of all participants are respected.

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10. Appendix



Image 1.

Haziz in a Cocoa plantation, image from the documentary “How the Chocolate Industry Still Profits from Child Labor” | Endevr Documentary



Image 2.

This is the process in which the origin of cocoa is lost, the bags that can be seen already opened contained cocoa, which is being mixed on the cloth and from there resold as a certified product, image from the documentary “How the Chocolate Industry Still Profits from Child Labor” | Endevr Documentary



Image 3.

This image depicts a classic chocolate bar still packaged



Image 4.

This image depicts an unwrapped chocolate bar

Key Financials (in €)

	2020/2021	2019/2020	2018/2019
Net Revenue	109.558.949	88.396.835	69.619.907
Cost of Sales	58.920.226	50.886.441	41.491.568
Cost of goods sold	56.725.216	49.363.683	40.006.418
Tony's Additional Premium	2.195.010	1.522.758	1.485.150
Gross Margin	50.638.723	37.510.394	28.128.339
Gross Margin Percentage	46,2%	42,4%	40,4%
Personnel expenses	17.470.862	12.325.199	9.293.503
Other operating expenses	34.262.902	23.247.099	17.442.744
Selling expenses	18.852.912	14.164.708	10.396.357
Marketing & PR expenses	6.484.985	3.174.207	2.029.276
Promotional contributions	10.208.966	8.942.538	6.454.402
Fairtrade License Fee	483.444	394.200	334.566
Chocolonely Foundation Contribution	1.091.226	879.748	700.420
Travel and representation expenses	147.346	336.539	546.100
Other selling expenses	436.945	437.476	331.593
Logistics expenses	6.357.360	4.561.490	3.470.324
General expenses	9.052.630	4.520.901	3.576.063
EBITDA	(1.095.041)	1.938.096	1.392.092
Depreciation	4.794.463	1.292.292	1.024.347
EBIT	(5.889.504)	645.804	367.745
Interest costs	370.606	269.806	248.863
Income Taxes	(1.586.661)	114.698	116.226
Net Profit	(4.673.449)	261.300	2.656
Net Profit Percentage	-4,3%	0,3%	0,0%

Image 5.

In the image we can see the income statement of the last years of Tony's Chocolonely (Tony's Chocolonely 2023)

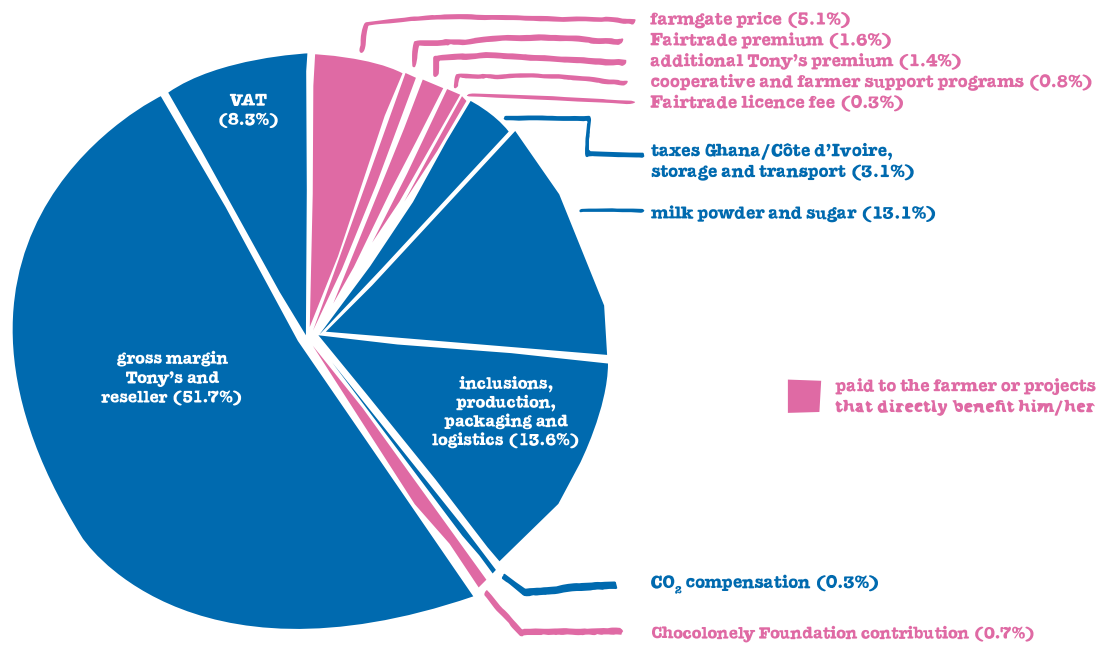


Image 6.

In the image we can see how the cost of a Tony's Chocolonely bar are structured, the cost of cocoa represents a very small percentage (Tony's Chocolonely 2023)

Integral Interview to Julie McBride

Question: What do you think is innovative about Tony's Choclonely business model compared to other existing business models?

Julie: Well, I think it is important to say that we really see ourselves as an impact company first, so we are an impact company that makes chocolate and not a chocolate company that tries to make impact. I think our business model is really impact first, and of course we want to be able to show that our business model is successful and profitable, while doing good and trying to change the sector, to put impact first I think is really key to our business model, and also to that, I think our five sourcing principles, are really our cornerstone and our way of sourcing cocoa is quite unique.

Question: What are your five sourcing principles?

Julie: Traceable beans, so traceability 100%, we pay a higher price of course as well, we pay a fair price for the cocoa that we buy, that make sure that farmers can reach a living income through the price that we pay, the third principle is strong farmers, so with that we want to make sure that the cooperatives, the farmer cooperatives that we buy cocoa from are independent, that their business is, that we can do like high level business with them, 1 to 1, and that they can represent the interest of their members, their democratically elected cooperatives, we also have the fourth principle which is long term, which is we don't want to have short contracts with partner cooperatives, but we have five year long contracts, which

also allows them to plan, to look ahead and to put an eye on the future, rather than every year, or every two years, having to renegotiate that, which is sort of the norm in the sector, and then the fifth one is about productivity and quality, so we also work with other members of the farming cooperatives to increase the quality and yields and the amount of cocoa they can grow each year, and of course the more cocoa they can grow, the more cocoa that we can buy, at a higher price, which helps them to exit a situation of poverty which is quite dominant in the cocoa sector, people are not paying enough money for cocoa, that is really the base three problem, our five sourcing principles together are trying to address that inequality in the supply chain. And then another part of our business model which is quite unique is our open chain model, which is where we invite other companies that use cocoa, that is in ice cream or in drinks or to make bars themselves, to buy cocoa with us, from our partners so we can collectively buy cocoa, meeting those five sourcing principles and then we can compete on the chocolate, so we have different companies that are joining us in this mission, Ben&Jerry's, Albert Heijn, we also have a Dutch German super market who make their own label chocolate bars using beans sourced from our open chain model there is also a chocolate spread company in the Netherlands, a plant based chocolate drink in Germany, and a few others. What makes our business model unique is that we do not say this is how we do it, everybody else has to figure it out on their own, this is how we do it, join us, and we can work together, we have a very open collaborative approach to our business model.

Question: So far, what have been the biggest challenges for Tony's?

Julie: I think the biggest challenges were at the very start, getting started as a small start-up in the Netherlands, and getting brand recognition and getting the issue recognition up there.

Because we are growing, we are changing from that start-up into a multinational, in multiple markets, so that is the transition we are going with. I think trying to convince others of our mission sometimes can be difficult, because we want to share our approach to ending exploitation in chocolate should be the responsibility of all actors in the supply chain, and all actors in the sector. The big challenge we also had recently is regarding, the wording of our statement, we say, 100% slave free chocolate, and that wording when Tony's was started like 17 years ago in the Netherlands that had a different meaning or connotation perhaps to now, in 2023 like talk around slavery, we would look it through different lens now, we look at that wording differently, so I think we are trying to see how our mission statement can stay strong and provocative but also be sensitive to the cultures in West Africa, where we have a history of slavery to the Us market, where slavery has a lot of emotion attached to it, we want to stay provocative, but also sensitive, and we are figuring out how we can keep that balance. Our communication needs to evolve.

Question: In what ways do you think Tony's company could be improved?

Julie: A thing we are improving, we are doing better at is having a strong focus on west Africa and have our teams there. We don't want to be sitting in Amsterdam, or London or New York and making big decisions about the future company and what we do, we need to have a lot of involved in Ghana and Côte d'Ivoire, where we source cocoa, so we are now building teams in both countries, in Accra and Abidjan, growing year by year, more and more staff in the countries, we want our partner cooperatives to have like a strong voice as well, and in the management of the organization we want to have more, presence and import from

the origin countries, which I think would be better, we are making improvements on that, this is an area we are working on actively and taking good steps, to have a good balance in place.

Question: How can other existing companies take inspiration from your business model?

Julie: Well I think the business model is open to them to join and I think that it would become increasingly attractive to companies, with the Eu due diligence legislation that is coming up, there is more and more requirements on companies to have human rights, risk mitigation and due diligence process is in place, also environmental due diligence, and these Eu wide laws will be coming into place, and the system that we implement now, our five sourcing principles meets and goes above those requirements that are going to come, which will require for example that you have a system in place to detect forced labour, all the farms are GPS mapped, full traceability, these are all things that are default for us, but are going to become requirements under the Eu legislation in the coming years, so I think for companies seeing this laws coming into place, I think it can be interesting for them to see how we are already meeting those new standards, and inviting them to join us and meet the standards and raise them even more together, we don't want just to meet them, the standards are going to go higher, so I think we are going to inspire company to stay up, this is going to become the new normal, but we can also try to raise the bar and do better as well.

Question: Are there so far companies which asked Tony's Chocolonely how to help them to improve their business model?

From the list: Mission Allies that have already committed to sourcing cocoa via Tony's Open Chain are Albert Heijn, ALDI, Jokolade, Vly Foods, The Flower Farm, PLUS, KoRo Source and Ben & Jerry's.

Julie: they are companies that are already working with us in our open chain model, to compete on chocolate but collaborate on cocoa, we are all in together trying to change the chocolate industry.

Question: Do you want to add something that you think would be relevant to say?

Julie: I can talk more about the child labour and the forced labour if you want. On child labour, we work with the International Cocoa Initiative (ICI), with whom I think you have already spoken with, Sarah already, so we work with them to implement our child labour monitoring system, the CLMRS, that is our child labour monitoring and remediation system, we make sure that all the farmers who we source cocoa from, are in that system, and they are visited every year, and all the members of the household are interviewed, children are asked what they are doing in terms of work, at the farm and at home, and every child that is identified as a child labourer is provided support and visited continuously until they are no longer working in child labour, and it's another system that is designed to catch out farmers, is not a police system, it is just a way of identifying families that needs some support to no longer have to rely on their children for labour, and the system uses the national legislation of Ghana and Côte d'Ivoire, so we are only giving effect to the laws of the country, it is not some vague European definition of child labour, it is what a 15, 16 and 17 years old can do in Ghana and can do in Côte d'Ivoire, and the kind of work that is allowed, and of course the

kind of work that is not allowed, that is hazardous and dangerous, involving pesticides, or chop machetes etc. lifting loads that are too heavy, there are the three most common types of child labour that we see, then providing support to that child or that family to stop engaging in child labour and that usually means giving that child back to school, back to education, and that's helping the family with extra income, so that they don't need to rely on that children for labour anymore. Child labour is a symptom of poverty and is also a result of poverty, so we look at child labour, really in the context of our sourcing approach, paying a higher price means the family is earning a decent income, and we don't have to rely on the children for work anymore, we also want to help cooperatives to bill and improve their communities, by making sure that there is water access, primary schools and health clinics in the communities so that there is a good environment around families and children that also reduce child labour prevalence rates. For child labour we regularly monitor households, and we walk them to exit child labour, with forced labour we take a more preventative approach, so we do a lot of awareness raising with partner cooperatives and with communities, about what is forced labour, what are the signs to look out for, in terms of forced labour, and also to have systems where if somebody is concerned of the situation that doesn't feel safe or feel like they are being exploited, or if they see somebody who is in that situation they know how to seek help, how to contact the cooperative and how to make sure that situation can be resolved in a way that is good for everybody, but that may also mean involving the authorities, because forcing someone to work in that way is a very serious crime, so we need to make sure that it is taken seriously and sensitively by the cooperatives, by the farmers, and involving the right parties, the things that we do at the moment about forced labour and child labour we combat illegal labour, and our supply chain is the real reason why Tony's around, and that is how we were started in the first place, because of illegal labour in the supply chain, I'm not sure if you know about the origin of Tony's but there was this journalist who saw that there was a very

major problem around illegal labour and modern slavery, and that is how the company started when the journalist called Tony felt he was a lonely voice in the cocoa sector, trying to stop exploitation like this, so Tony's Chocolonely is where the name came from, and so working on illegal labour like this is the core of our mission, is really there.

Integral interview to Antonie Fountain

Question: Taking the problem from afar, how would you describe child labour and modern slavery to date in the chocolate industry?

Antonie: So I would say that there are several big issues playing at the same time, I think one of the core things that is often overlooked in this conversation is the fact that child labour happens within a context and that context is, generally speaking, poverty.

So if you don't also tackle the poverty issues, then you're only going to be able to tackle part of the child labour issues. Now, poverty is a key driver, another major driver is a lack of awareness, and I think that by now, most farming communities in Côte d'Ivoire and Ghana will know that they shouldn't have child labour, but that doesn't mean that they know what child labour is, and so that brings up a whole conversation around what are we talking about when we talk about child labour, when we talk about modern slavery. And I think it's really important to kind of explain there's a spectrum of things, right? And so the head of the cocoa body in Ghana often says, oh, there's no child labour here in Ghana, It's just kids helping out on the farm after school. And I wish that that were the case, because then it wouldn't be child labour indeed, also not by the national definitions in Ghana or Côte d'Ivoire, right, when it's helping out age appropriate work, not too many hours after school, not in the way of your education, et cetera, it isn't child labour by definition because then it's called child or light work. And that's not child labour. And so the 1.56 million children that are in child labour in Côte d'Ivoire and Ghana all are not doing: helping out on the farm with age appropriate labour after school. All the 1.56 million children are actually doing things that are either in the way of their education and or are age inappropriate because it is too many hours, because it is

dangerous work, et cetera, et cetera. So the spectrum starts at the edge of not being a bad thing at all. I grew up in a farm. I remember helping out on the farm. That was never child labour, though. It was never child labour. That was light work. And so then the next step in the spectrum is child labour. Now, there's actually very few children in the cocoa sector involved in regular child labour, which is age inappropriate labour. And generally speaking, too many hours are in the way of being able to go to school. The vast majority of children are in the next phase, which is the worst forms of child labour, sometimes also called hazardous child labour. And that's where things become dangerous. When you're doing work that really is too dangerous, weights that are too heavy, hours that are far too long, using equipment that a child should not be using, being exposed to agrochemicals et. Cetera, which is not the same as using the agrochemicals because you can already be in the worst forms of child labour when you're exposed to them without using them yourself, which can be either on the farm or also in the household when it's not stored properly. No chemicals need to be stored in a place that is safe because otherwise they would be stolen. But often the safe space from being stolen is an unsafe space for children and their health. So there's a problem there. So there's a spectrum that goes from child light work through to child labour through to the worst forms of child labour, which is there's two big components in the worst forms of child labour:

on the one hand, you've got the hazardous child labour, which is the vast majority, the vast majority are in hazardous, worst forms of child labour, generally speaking, not just and then we're not talking about if they would just stop doing this one thing, they wouldn't be in hazardous child labour.

Actually, the NORC study, University of Chicago, and I'm sure you've come across this already, and if not, you have to go into that in depth. Okay, so about three or four years ago was the latest proper study on child labour, et cetera, in the cocoa sector done by NORC, university of Chicago, NORC.

And you really have to read that if this is what your thing is about, because that's the definitive study and the prevalence and the kinds of child labour and how often it happens and how that's developed over the last 20 years.

So that's a really important piece of work. That is part of a series of researches that were done in the context of the Harken Engel Protocol, which was the promise by the chocolate industry, together with the governments of Côte d'Ivoire, Ghana and the United States back in 2001.

So this Harken Angle Protocol said we're going to end child labour by 2006. Spoiler alert. They didn't. But as part of that process, over the last 20 years, there have been about four or five major studies done issued by the United States Department of labour to see what is the status of progress here.

And so the last one was done by the University of Chicago, the NORC. Report looking into prevalence of child labour across the board in Côte d'Ivoire and Ghana, looking at how many hours, how many times per year, what kind of labour are they doing, how does that relate to previous researches that were done?

So it's really a benchmark. Now, there's always issues around methodology in these things because the Ivorian and Ghanaian government challenged the outcome, because it's bad for them politically, et. Cetera

But generally speaking, it's a pretty decent outcome of where we're at. And so that report actually said, look, previously we thought it was about 2 million child laborers. New, better methodology says we're closer to 1.56.

So just to give you an idea, that report shows that it's all these 1.56 million. Almost all of them are involved in the hazardous forms of child labour, and almost all of them are involved in at least two, if not more different kinds of hazardous child labour.

So it's not if they would just stop doing one thing, it would no longer be hazardous. No, they need to stop doing two, three, four, five or six different things, many things, and this is where the awareness comes in, where communities need to understand what is age appropriate labour and what isn't age appropriate labour.

So on the one hand, you've got poverty, and on the other hand, you've got a lack of understanding of what we're talking about when we talk about child labour. This is driven by government misinformation, particularly in Ghana, where it's politically expedient for the government to point the finger at the other and say, they're the bad guys.

The west is the bad guys because they impose their definitions of child labour on us. They also misuse the term. They switch them to each other the whole time, which does not make the conversation much more simple, however, these, and it's important to understand who decides what is dangerous child labour, what is hazardous child labour, and who does not. Those decisions are not made in Geneva or New York or Washington or Brussels or London.

Those decisions are made at a national level. So this worst forms of child labour is also sometimes called the conditional worst forms of child labour, and the conditions are decided on, per country. So the country of Ghana has a list of activities that is age appropriate and a list of activities that is not age appropriate.

This is called the Hazard Activities Framework, or HAF. That list is decided on and negotiated on and determined and regularly reviewed by the Ghanaian parliament. And the same thing goes in Côte d'Ivoire.

So those governments have their own definitions of what is appropriate for a certain age and what isn't appropriate for a certain age. Now, all of this falls within compliance of ILO core convention 182, which is the core convention on the worst forms of child labour.

And that convention states that there is a list of hazardous activities that every country needs to design and set up so that you know what is and what is not age appropriate within your local context and is not age appropriate in the Netherlands, the country I work in, will differ vastly from what is and what is not age appropriate in Ghana. Right? It's not as if we've got the same set of rules here and there. Now, there are key requirements that you put in there, but generally speaking, that really is up to national sovereignty to decide, now, it is true that Ghana and Côte d'Ivoire for trade purposes, have tried to align their definitions, but that's each other, not with Europe and definitely not with the United States, who actually don't like these conventions very much because it means that their kids aren't allowed to go into the military, that their kids aren't allowed to work on their own farms, and so that's a completely different conversation. Now, if you got the conditional worst forms of child labour, then you've also got the unconditional worst forms of child labour. Now those are decided in Geneva because they are cited by the ILO. And when we talk about unconditional worst forms of child labour, we talk about child trafficking and forced labour, and so that's when we're talking about prostitution, forced labour, or organ donations, stuff like that. Right now that's a very small percentage of the kids working on the farms are actually involved in forced or traffic labour. We don't really know exactly how many there are because the data on this is a lot harder to get. But the last research that was there indicated that over a period of five years between 2013 and 2018, approximately 30,000 people were engaged in forced labour in the cocoa sector in Côte d'Ivoire and Ghana together over those five years, half of which were adults, half of which were underage.

That's a report by Walkfree Foundation in 2018, if I'm not mistaken, so that's the last data we have on the forced labour, modern slavery part. So definitions matter, and understanding what we're talking about when we're talking about this matters, because then you actually start realizing that often when the government of Ghana particularly speaks about these issues, it

makes their definitions up the whole time. So it's very hard to figure out what they're talking about. And there are people that say that that's because of ignorance, and there are people that say that that's because it's politically convenient to be unclear about these things. So those are some key issues that are happening.

And then a third key challenge that is there is that by now we're starting to see a few interventions that actually seem to have significant impact, and I'm particularly talking about the child labour monitoring and remediation systems that were developed by the International Cocoa Initiative in Geneva together with Nestlé about ten years ago. They made that open source, so other companies could use those as well. For a while, we saw a massive increase of programs using these specific CLMRS system is what the acronym is for Child Labor Monitoring and Remediation System.

This CLMRS when done properly, will probably identify about 60% of the children in any community that they operate in. And of those 60% of the children that are in the community that are actually found, about 50% of those 60% will be out of child labour within three or four years of that program start.

So 50% is 30% child labour reduction over three to four years, which is actually not a bad success at all. That's actually 10% reduction per year is more than most of these kind of programs would get into. Now, this system funded by Nestle, developed by ICI, is also the child labour monitoring and remediation system that Tony's Chocolonely now uses, and several other companies as well. So the Tony's child labour intervention was not designed or developed by Tony's. It was actually designed and developed by Nestle.

And several companies started to use that. Now it's becoming harder to tell who is using that and who is not because companies started realizing that using the word CLMRS was already good. Not every CLMRS system is the same.

The Cocoa Barometer, is released every two years: another document that I think you really need to read because it gives a state of sustainability overview of the whole sector. It's a big piece of paper. The cocoa barometer has a list of criteria that we believe a proper CLMRS should comply to, in order for it to be credible, it needs to communicate how many children they've identified per year, it needs to identify how many children are out of child labour after a certain amount of interventions, it needs to identify how much money have you spent in these interventions and what kind of interventions have you done, so it needs to have actual clear impact and transparency monitoring for it to be credible.

That is happening less and less over the last three or four years, one of the main drivers for that is the fact that in the United States, there have been several lawsuits by activist legal NGOs in the US suing the companies that have started communicating how many children they're finding and not suing the companies that are quiet about it, which is really not the thing that we need to see because we need more transparency, not less transparency. I'm speaking to those NGOs about it, but I'm not being very successful.

It's not helping very much, so we're trying to find other ways:

How do you incentivize companies to still be open and honest about that?

So that's one big problem and the other big problem is the fact that other companies are saying they have a CLMRS, but then what they actually have largely are community development programs, which are not bad in and of themselves, but are not a substitute for the direct supply chain responsibility you have as a company for the problems that you find in your supply chain and that you need to communicate on.

Now, that last point is important because we're starting to see the implementation and the development of due diligence regulations, particularly here in Europe, and due diligence means that you've done a risk analysis and that you've published your risk analysis and that

you have a system in place that actually tackles the problems that you have seen as your biggest risks and then communicate how well that approach is working and if it's not working well, you need to change your approach.

Now, if you're not communicating how well it's working, like you're not communicating the amount of children you are taking out of child labour, then how can you actually communicate that your approach is working, yes or no? So there's a variety of interventions there, there's a poverty driver, there's a lack of understanding of what is and what is not age appropriate labour for these children, then there is the corporate developments around a good program CLMRS developed that's becoming more opaque at the moment because of lawsuits, but also because of a discussion within the Cocoa sector around these community development approaches, versus supply chain approaches, and I would argue you need both and not an either or approach. That, in a nutshell, would be the big challenges.

Question: How is the CLMRS program structured?

Antonie: The CLMRS system, has a representative in every community, and this is not someone that comes from outside, but it's someone that is inside that community, a villager, someone from that village.

In every village, then there is a community relationship manager.

Community relationship managers are hired by this program, generally speaking, for about a day to a week, and their job is to actually talk to all the families, to put all the children in the database and to have regular updates with them, both the kids and the parents, to speak to them.

They ask every child questions such as: When is the last time you helped out on the farm? How long was that? What kind of activities did you do? When's the last time do you go to school? Do you go to school often? Did you actually graduate from your last grade, last year? Are you in the next grade? The outcome is a database that basically has all the children photographs, date of birth, siblings, size of the family, when is the last time they worked on the farm, et cetera, et cetera; there's also conversations with farms around kind of household composition, income status, et cetera, et cetera

Then the CLMRS system provides the tools to analyse these families and classify them as high, medium and low risk families.

With the high-risk families you can then intervene in immediately to see what's the kind of thing they need. For example, do they have birth certificates for the children? If they don't have birth certificates, that kids can't graduate to the next class and so what you do, is you put a birth certificate, your program provides that. Do they not have the money to get the materials for the kids to be able to go to school because they need writing and reading material? Or you could provide educational packs or a whole bunch of other stuff. It also is coupled with community development programs like additional income generating activities for the women, it helps with community awareness programs around what is and what's not age appropriate labour for children, it helps in setting up programs for spraying gangs, these particularly are apprenticeships for young men. When it's age appropriate for them to kind of become more specialized, so that they can then go from farm to farm and do the agrochemical use, which means that the children are alone, no longer exposed to agrochemicals, either on the farm, or at home, because you don't have to store it at home anymore, but there's a centralized thing, same thing goes for things like pruning gangs, et cetera et cetera.

So what you do is you actually have a targeted system in place that

a) looks at the household composition and the challenges and actually has a database of all the children, et. Cetera

b) looks at what is the broader enabling environment that's necessary in order for the children to stop of doing the age appropriate labour,

So kind of bringing in place pruning and spraying gangs, maybe, if it's necessary, helping the local community get a clean water supply so that the kids don't have to walk for 10 back to get water a day, which is too heavy and too many working hours, or if there's not a school to help access an educational system in that neighbourhood, so kind of build a school or kind of lobby towards the government to make sure that there's actually a teacher there, because the teachers need to be paid their salaries from the government.

All of those things are part of that, and you can actually find out how that structure works better if you look at I'm pretty sure that there's explanations around this on the websites of Nestlè and the ICI. The international Cocoa initiative is what you want to look at, and I'm sure they've got documentation on that.

Question: We talked earlier about legislation, is what these children are doing legal under local legislations?

Antonie: All of this worst forms of child labour, and the stuff that these kids are doing is clearly not allowed according to their national legislation. It's not an Italian or Swiss or a European or an American definition of child labour. It's a Ghanaian definition of child labour.

Now, what does not help is the fact that in the west, definitely in the United States, but also to some extent in marketing of the NGOs and sometimes of the more ethical chocolate

companies, uses the terminology slavery a lot, because it actually creates an image that a lot of these kids are enslaved.

Now, 15,000 to 30,000 still is a lot, right, and far too much, but it appeals into comparison with the 1.56 million children that are in the hazardous forms of child labour.

You also must understand the historical context. If you go from Accra, the capital of Ghana, towards the border of Côte d'Ivoire, halfway there, there's a big fort that stands on the beach. This fort is called Elmina, and the Elmina fort is the most notorious fort in the history of the transatlantic slave trade.

Hundreds of thousands of west Africans were collected in this as a trading human livestock and traded as slaves from the slave coast, it was called at the time towards the Americas, by Europeans.

And so this is something that every child at school in Ghana and in Côte d'Ivoire are taught because this is part of their history. They know this, they feel this and then now, after hundreds of years of European slave trade, we go to them and we say, you're using your kids as slaves, and they're looking at us and they are saying, really? Are you pulling this card on us? Now, there is some slavery there. There really is some forced labour, and it's a problem, and it needs to be tackled. But the biggest problem is not in numbers, at least not even by a little bit, but by a mile, these other worst forms of child labour that are not slavery, but that are driven deeply by poverty, and they're poor because western companies don't want to pay the money.

Question: We are seeing that this is an issue involving companies, and the fact that the companies are not willing to pay a fair price, can we explore this further?

Antonie: So, the reason why they don't want to pay more for their cocoa, is because it's exactly the opposite of how the system was designed, right? The global commodity trading system, even the concept of a commodity, the commodification of something, means that this piece of the same kind of product is completely interchangeable with that same product, so that you can then choose just purely based on the cost.

The whole idea of how a global commodity trade is set up is it is always to find the very lowest minimal possible price that you have to pay for the commodity.

So, some people argue, and I used to say as well, the system is broken. No, the system isn't broken. The system is perfectly working the way it was designed. It was just designed to do the wrong thing. Even our whole competition law system is set up to protect consumers from companies making agreements to drive the price up.

We understand the idea of market power being abused, but only operate on it when the market power is being abused to get consumers to pay a little bit more, now, the thing is that every supply chain has two ends, right?

You've got the end, which is us as consumers, but there's a similar thing at the beginning, and there can also be abusive market power at the beginning, but our whole competition law system doesn't even look at that. We don't care if the farmer gets squeezed. Now, this is where I think the Tony's system becomes really interesting, because Tony's has seen that and they've said, well, that's silly, that shouldn't be that way, and so Tony's has said, okay, so the world market price, the whole commodity exchange market, puts this value on cocoa, and that changes per day, right? But they say, we've done our calculations, and we know that a household needs to earn this much money in order to have a living income, households are growing about this much cocoa, and so we know that that means that they need this much

money per ton of cocoa in order to get that income, and so they've decided that on top of the world market price and the nationally fixed prices that are derived from the world market price, they pay a bonus on top of that to top it off, so that an average household can earn a living income.

This is something that very few other companies are doing, and in fact, this Tony system is so valuable they've made it open for others to use as well. It's called the open chain principle.

And so quite a few other retailers, primarily in northwest Europe, are starting to use this. So Lidl, Ben and Jerry's and several others, are using this in order to be able to pay the farmers a higher price, and it goes far above the fair trade general speaking premium, right, because we've had premiums in cocoa for a while, but those premiums are even the fair trade premium, which is a lot higher than the rainforest premium, is only \$USD240 a ton, whereas the gap is many times higher. Now, my problem with the Tony's calculation is that they don't aren't looking at the current reality of the average of what the farmer is earning, but they're looking at what would the farmer be able to earn if he could double his productivity without doubling his production costs, which is I have a problem with that calculation, but still, nobody else is doing anything like this, right.

So there's a problem with their variables, but the methodology is valuable.

Integral interview to Sarah Dekkiche

Question: What do you do precisely?

Sarah: So me, so I am the director of policy and partnerships, so that has different things.

One thing is pure policy, maybe to explain you where that comes from, so, as part of our strategy, so, our 2021-2026 strategy, I don't know if you had a look at it, I am also happy to send it, says, that, in order to achieve our common ambition of reducing child labour and forced labour, we focus on three main objectives.

One is really the supporter, working with companies, to have them implementing effective systems to identify and prevent, address child labour and forced labour, and these systems have to be brought up at scale, so the more companies are using these kind of systems and are covering cocoa supply chains, the more we can reduce the risks and the actual cases of child labour and forced labour. So one is really sustainable supply chain, but then we also say that in order for companies to really have impact with these measures on the ground they also need to operate in an environment where the right policies are in place, where the right social protection systems are in place, where the right legislation is in place, also to push companies, first of all, legislations or policies in consuming countries, that push companies to do human rights due diligences, and be responsible and so on. But also, in the producing countries to have the right social protection policies and measures in place. So we call these the enabling environments, and in order to influence their enabling environments, we have a section or an objective, which we call technical advocacy, so it is really engaging with policy makers, authorities, even cocoa consuming countries, but also in producing countries, so basically we do work a lot with the European Union for example, which is now looking into legislation

that put an obligation on a company to do human rights due diligence, so we want this legislation to be as accrued and as ambitious as possible, but we also work with authorities of Ghana and Côte d'Ivoire mainly to have the right strategies in place, to have the right measures in place. Which also require to bring in donor money, where there is a need for certain measures to be in place, so all that is linked to what I do.

And then the other aspect of what I do, which is what I put in the category partnership, it is basically managing the first relation with our members, so it's everything related to also potential members joining, and increasing our network, but also collaborating with other initiatives, so our strategy also says that in order to have impact that scales, we want to work with other organizations in a way that is aligned, that is coherent, where actions are coordinated, instead of having everyone doing small things, just to give you a bit of an high level overview of my scope of work.

Question: Do you believe the situation is improving day by day or is it kind of stagnant?

Sarah: Either nor. I am not sure we can say it is a day by day improvement, of course improvement is slow, but we have seen some improvements. So, I don't know if you heard about the Arkle Angle protocol, so 20 years ago a congress man, a US congress man, a senator, put up the protocol that was accompanied by a framework of faction that defines a number of objectives, basically reducing child labour by 70% by 2020, of course now, everyone said now that if this objective has not been met, there is no progress in the sector, but without or with the forgetting that, this target was defined without any scientific base, so it was just like, oh let's say a reduction by 70%, so if you look at the numbers, and if what we have seen from measures that has been implemented with the private sector over the past

years, we have seen a one third reduction in child labour. And that also corresponds to recent findings from an American study, from N.O.R.C., and they also find that over a period of research industry letting intervention, community based or supply chain based, have reduced child labour prevalence by about one third. We have since 2012 implemented a methodology which is called the child labour monitoring and remediation system, CLMRS, which is based by a concept originally developed by the ILO, we have adapted it to the cocoa sector, of course today, everyone is saying that they have a CLMRS, but there is a disparity in the nature and in the quality of the system. Not all CLMRS are the same, from our experience and from what impact we have seen, because we have seen that CLMRS have lead an about 50% reduction in hazardous child labour among the child labour identified, and again, if you mix it also with other complementary measures, we also arrive at an about 1/3 reduction of child labour. Which is already something, and today, no other systems, no other methodology, no other approach can testify the same impact, and also, I think no other approach is systematic enough to be able to show progress all the time, learn from what is working and what is not working well. So today, basically we base ourselves on that, we have been able to learn, what in this methodology works well and what works less well, what needs to be adapted and adjusted to be more effective and also cost effective, because it has a cost but at least today we can say, we know this methodology, it is not perfect, it is cost intense, but we know that it leads to a 1% reduction and we do not have a better methodology at this stage. So, therefore, to come back to your question, there has been some progress, so, in those cocoa growing communities, in which this methodology has been implemented over time, there are results, but of course you could also say, it is only 1%, it is only 30%, it is only 1/3, the big challenge now for the sector is how you bring that at scale, and how do you move, toward I don't know if 100% is possible, but how do you scale up. So that I think is really the major challenge, and why is it difficult to scale this up? Is that yes, it cost a lot of money, because it is about going

in the communities, at the farm level, in the cooperatives, training peoples, about what is child labour, what is not child labour, how to identify risks or cases, so there is a lot of awareness training, then you need to identify the risks or the actual cases, report that back, be able to implement the rights measures to remedy, to address it, follow up etcetera. So it is a long process, it takes time, it is expensive, it is consuming from a lot of points of view. That is why some companies are more resistant and will say, “Ah, but we prefer another approach”, today, it can be complemented by also others, but we also know that especially with this new legislation coming up at the EU level, companies will have anyway to undertake what is called ongoing due diligence, meaning identify the risks, address the risks and follow up on the measures undertaken, so there is no way around it.

Question: Can you explain further this new legislation?

Sarah: So, it is in discussion, so last year, in February last year the European commission published its propose legislative text, it's called the EU directive on corporate sustainable due diligence, so today, different member states already have a similar legislation, France has the duty of vigilance plan or the duty of vigilance legislation, Germany has now since a year the sustainable supply chain act which is quite similar, Switzerland has some sort of legislation, so different especially European countries were starting to take steps to have a legislation that obliges companies to address their human right risks in the supply chain and then it became clear that there is a need for a clearance at a European level. So, a lot of NGOs push for that, and even companies, so now there is a proposal, now there are negotiations, and it is expected, and it is expected that this text would be final by the end of the year already next year, but I can also send you a link. And that is basically based on international standards, I

don't know if you came across UN guiding principles, so basically the idea is that everything companies are asked to do on the voluntary bases should become now a legal obligation.

Question: What do you think of cocoa pricing? Do you think that is a problem?

Sarah: It is definitely a problem, I mean the fact that farmers don't earn enough to cover their basic needs, so a living income, so first of all it is a human right and it is of course a problem. I am not a price specialist, so I won't be able to go in all the details but I think that there is no single answer to that. So yes, of course, it is a problem, everyone should earn a decent living, that is a human right, of course, and as for any other product we especially in the western world consume, there is a discrepancy between the income that producers, it can be the same for textiles, get for the product, unfortunately our entire economic system is based on that, in the case of cocoa, the difficulty is that from what I understand, the company doesn't pay directly to the farmer, so, what the farmer gets is based on the cocoa price, or the price of the cocoa bean, which itself is defined by a market. So there is an exchange market, that defines the price, then you have also a little bit of speculation, on that, on top, and the authorities, the cocoa regulatory bodies, at least in Côte d'Ivoire and Ghana, that they also define, what the farmer gets, so, it is this economic system that is impacting or defining what in the end goes in the pocket of the farmer. It is not necessarily the company who pays directly, first of all, but of course, I mean in general we are in an era where it becomes more and more clearer that one should question the gap there is between what we consume and what is the person at the end of the supply chain gets for that product. And of course, we have been used to be able to consume a lot of products in a cheap manner, that is the same for textile, it is the same for other agricultural commodities, it is also the case for cocoa, and in western world, the cocoa consume is only on mass mass markets products.

We have done a study that analyses between an increased income of the farmer and the decrease of child labour, and we see that this correlation is not automatic, those two things are correlated but if a number of other factors are also reunited, because in some cases, if the farmers earn more, he or she, usually is a he, could be encouraged to produce more, and producing more means having more children that help etcetera.

Or, there are a number of things like that, or it also depend in general on whether a child has alternatives. Can the child go to school? What kind of infrastructures are in place? You need also to help the farmer manage these money, so if he gets more income, what does he do? It has to have a trust in an adult workforce, sometimes a trust is not there, because there are places of thefts or whatever, so you need to play on other factors, and if you produce more, you also end up with the problem of the demand.

Because producing more means making sure that consumers eat more chocolate, and there was a time where somebodies were thinking that Asia, Chinese and other Asian countries would consume more cocoa, today we see that yes, there has been a big increase, some Chinese eat more chocolate, but it is still a trend that is not sufficiently high to absorb a higher production. So if you play with income, you need to make sure that it doesn't leads to a discrepancy between offer and demand. You need to make sure that still the right infrastructure is in place, etcetera. So it is not that easy, that is why on our end, because we at ICI are not equipped to interfere in the economic system of chocolate industry in a globalized world, so what we have been doing, is analysing the impact of cash transfers. And we have run a pilot project where the farmer gets more cash also on the continuous bases, so not only during the cocoa season, which is also another problem, seasonality, so that they are also more resistant to shocks, it can be weather shocks, it can be various during the year. Because that is another problem as well, you need also to make sure that these farmers diversify what they cultivate, so that they no only rely on cocoa, which indeed is a volatile commodity and

which is very seasonal, so half of the year there is nothing, so you need also a one way to also diversify, cultivating also rice or other things and acting on the cash they get with unconditional element attached to it, so that they are ultimately more resistant to shocks we have seen a reduction correlated to child labour.

Integral interview to Alice Faudot-Miguet

Question: Could you tell us a bit about your background and what led you to become an operational and forced labour expert at the International Cocoa Initiative?

Alice: I have a background in Sociology and International Development. Previous to ICI, I worked on occupational safety and health in agricultural global supply chains at the ILO, and on child-friendly business policies at UNICEF.

Question: What is the current state of modern slavery and child labour in cocoa farms in Côte d'Ivoire and Ghana, and what are the root causes of these issues from your understanding and point of view?

Alice: Modern slavery as defined by the ILO comprises both forced labour and forced marriage. Within the category of forced labour, there is forced labour imposed by the state and forced labour found in the private economy. My answers will only cover forced labour in

the private economy. It would therefore be incorrect to use the term “modern slavery” when referring to my answers.

There are no official statistics on the prevalence of forced labour in Côte d’Ivoire and Ghana. The best available estimates come from a study conducted by The Walk Free Foundation, Tulane University and Tony’s Chcolonely Foundation published in 2018, which suggests that between 2013 and 2017, there were approximately 13’300 adults 16’000 children in or at risk of forced labour in Ghana and Côte d’Ivoire collectively:

- Child forced labour:

An estimated 1.7 children per 1,000 children working in cocoa agriculture in medium and high cocoa producing areas of Côte d’Ivoire were forced to work by persons other than a parent between 2013 and 2017. This equates to an estimated 2,000 victims of forced child labour. An estimated 20 children per 1,000 children working in cocoa agriculture in medium and high cocoa producing areas of Ghana were forced to work by someone other than a parent between 2013 and 2017. This equates to an estimated 14,000 victims of forced child labour in Ghana. (≈0.975% both countries, 0.17% Côte d’Ivoire, 1.98% Ghana)

- Adult forced labour:

In Côte d’Ivoire, 4.2 adult workers per 1,000 workers in cocoa agriculture were estimated to have experienced forced labour in cocoa agriculture between 2013 and 2017. This equates to an estimated 9,600 victims of adult forced labour. In Ghana, there were an estimated 3.3 victims per 1,000 cocoa workers in medium and high cocoa-growing areas. This equates to an estimated 3,700 victims. (≈0.39% both countries, 0.42% Côte d’Ivoire, 0.33% Ghana).

You can read the full report for more information:

https://cdn.walkfree.org/content/uploads/2020/10/06164346/Cocoa-Report_181016_V15-FNL_digital.pdf

Through our work, we identified several factors that can increase the risk of forced labour:

- Illiteracy, linked to a lack of access to quality education, means workers often struggle to understand their rights or employment contracts.
- Traditional patterns of migration often uproot workers from the societies that protect them.
- Poverty, combined with a lack of income diversity, often render workers more vulnerable to predatory or abusive working relationships.
- In the cocoa sector a lack of formal contracts for farmers and farm workers, as well as low awareness of labour laws and a weak capacity to enforce them in remote rural areas, further increase the risk of forced labour and allow potentially abusive working relationships to go unchecked.

Question: How does Tony's Chocolonely approach these issues differently from other companies in the chocolate industry, and what is unique about their business model from your understanding?

Alice: It is better to speak directly to Tony's, I will put you in touch.

Question: In your opinion, what are the key elements of a successful solution to address modern slavery forced labour and child labour in the cocoa industry?

Alice:

Forced labour:

The question of how to successfully address forced labour in the cocoa industry is complex, research and interventions are relatively recent, there is still a lot to learn on how to best approach the problem. It also requires a lot of work and dialogue with the government and supply chain actors.

So far, the learnings from our pilot work on preventing and addressing forced labour risks show that the following interventions help reduce the risk of workers finding themselves in vulnerable situations which can lead to forced labour:

- Awareness raising for producers and workers on labour rights and human rights is an important first step. Often, workers are not aware of their rights and employers are not aware that they are legally obliged to respect certain employment conditions.
- Capacity building of all stakeholders in cocoa: to date, there is still a limited understanding of what constitutes forced labour amongst cocoa stakeholders. ICI, with partners, conducts training of different actors from the supply chain and government to increase knowledge and understanding of the problem.
- For companies, setting-up robust grievance mechanisms that are safe, easy to use and anonymous: workers victims of labour abuses and in its worst form, of forced labour, should be guaranteed a way of reporting abuses and seeking support. A lot of grievance mechanisms in place today are set-up at cooperative level and require written reports or phone calls. This poses difficulties for victims, especially if they are illiterate or do not have network or funds to pay for a phone call. It can also be very difficult for a worker to report a grievance to a cooperative where their employer is a member. Grievance mechanisms therefore work better when they are implemented at community level and are linked to a government structure, where workers can talk

directly to someone they can trust who will report the grievance. We tested this approach in Ghana. Community-based grievance committees solved more than 90% of complaints directly. The rest was referred to government level committees, composed of labour inspectors, welfare officers, commission of human rights officers, etc. It is of course challenging to scale up this approach as it requires a lot of capacity building and collaborative efforts, but this is something we are exploring and working on with industry stakeholders and government.

- An important tool, in combination with robust grievance mechanisms, is the facilitation of work contracts between employer and worker to improve working conditions and reduce the risk of forced labour

Child Labour:

Please see response to question 6. In addition to CLMRS, strengthening all government services is of course essential in addressing the issue of child labour holistically: access for all to quality education, social services, health services and access to land and finance (especially for women).

Question: How does the cocoa pricing system impact the prevalence of ~~modern~~-slavery forced and child labour in cocoa farms, and what are some potential solutions to this issue?

Alice: Very large question, difficult to answer. What do you mean by “pricing system”? It is also not our area of expertise. There is a lot of academic research on the impact of policies and on the living income that you can look into to get more information, for example the work of Yuca Waarts, among others. There is also an article from the Economist that summarises

well the complexity of the issue: <https://www.economist.com/middle-east-and-africa/2022/11/21/why-the-african-cocoa-cartel-is-a-bad-idea>

Question: How does the CLMRS (Child Labour Monitoring and Remediation System) help to address child labour in the cocoa industry?

Alice: CLMRS help address child labour in cocoa by implementing four key functions:

- Raising awareness on child labour and resulting harm amongst farmers, children, and members of the wider community.
- Identifying children in child labour through an active monitoring process, using standardized data collection tools.
- Providing both prevention and remediation support to children in child labour, and others at risk, and documenting the support provided.
- Following-up with children identified in child labour to monitor their status on a regular basis until they have stopped engaging in child labour.

Data collected via a CLMRS therefore allows a company to increase their visibility on their supply chain, understand the size of the problem and take more informed decisions on how to prevent, address and remediate child labour.

Please see our annual report which mentions the reduction rate of child labour by up to a third.

Question: How important is transparency and accountability in addressing ~~modern slavery~~ forced and child labour in the cocoa industry, and how can companies ensure they are meeting ethical standards?

Alice: Transparency and accountability are of course very important and are the foundation of human rights due diligence. When there is no visibility on a section of a supply chain, it is not possible to know what salient risks are present nor how to address them. Companies can follow international guidelines on how to conduct human rights due diligence, the main references being: the UNGPs, the OECD Guidelines for Multinational Enterprises and associated, sector-specific guidelines.

Question: What are some of the most promising current solutions to addressing ~~modern slavery~~ forced and child labour in the cocoa industry, and how can stakeholders work together to make progress on this issue?

Alice: See all previous responses.