

9 tips on how to become more socially responsible in the cocoa sector

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The demand for cocoa that meets high sustainability standards in Europe is increasing and will continue to do so. Being a socially responsible producer and exporter is therefore not only an ethical decision but also one that makes business sense. Farmer poverty, child labour and gender-based discrimination are among the key issues that must be addressed. A wide range of interventions needs to be considered when addressing these challenges.

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In this report, we focus on social responsibility. Social responsibility entails taking care of social sustainability issues that benefit the community. Read our report on Tips to go green in the cocoa sector to learn about environmental responsibility.

Many different stakeholders need to take responsibility to make the sector more sustainable. This includes governments, consumers and importers. In the cocoa sector, sustainability efforts are often implemented at the level of cooperatives. If you are sourcing from a cooperative, you can work directly with your cooperative to address the tips mentioned in this report.

As the list of focus areas is extensive, it is key to consider which elements are most essential to your organisation and market position. Discussing this internally is the first step towards identifying and addressing social requirements in your business. You do not always have to do this alone. We recommend you identify partners that share responsibilities and your values, in origin and globally.

1. Take advantage of business opportunities for socially responsible suppliers

Europe's buyers and end consumers are increasingly interested in how companies contribute to society. They want to know whether the products they buy come from companies and producers that follow good practices. Taking responsibility for social issues gives your company several advantages. These advantages are discussed below.

Social responsibility keeps you in the market

Social responsibility is becoming a must. Sustainability regulations are becoming ever stricter. Failure to adhere to these regulations will put you out of business.

Social responsibility leads to more clients

More companies will be willing to buy your products if you are more socially responsible. Some buyers are only interested in specific measures, while others will need certification. Understanding their requirements and integrating these into your operations can provide access to a wide range of buyers. Having access to more buyers reduces your dependency on current buyers. Also, it allows you to do business with the buyers that best fit your organisation's prices and terms.

Social responsibility can lead to higher profits

Sustainably produced products can fetch a sustainability differential. This, combined with other advantages, can **lead to higher profits**. However, this only works if your sustainability measures are managed well. To seize the benefits, it is vital to prove that you are socially responsible. Getting certified is often one of the first steps towards adhering to key social responsibility criteria.

Hired workers become more loyal

If you pay your hired workers fairly and ensure good working conditions, chances are higher that they will be satisfied. Satisfied workers perform better. It also makes it easier to attract new workers and retain existing staff. This will lower recruitment and training costs.

Social responsibility increases your efficiency

Many measures that lead to higher social responsibility will also improve your organisation. For example, to address social issues like child labour, effective traceability is needed. High traceability will also increase the efficiency of your organisation. Providing farmers with training on good agricultural practices will increase sustainable production as well as farm productivity. Having a successful business and social sustainability go hand-in-hand.

Social responsibility prepares you for the future

The **demand for sustainable cocoa** is expected to rise. Also, European sustainability regulation is becoming stricter. Taking measures to increase sustainability will prepare you for growing markets in the future.

Use storytelling to convince stakeholders

Storytelling is a technique to communicate vividly about your product and grasp your audience's interest. These stories should be accurate, authentic and appealing. Their means is not to contribute to direct sales but to build your reputation by packaging your values in a story. Storytelling makes stakeholders feel more connected to your cooperative or business. So stories always need to be personal.

You can use storytelling to promote sustainable behaviour in several ways.

- Use storytelling to educate consumers about the benefits of sustainable cocoa farming. You can create stories highlighting the social benefits of more sustainable cocoa farming, for example improved working conditions for farmers. Share these stories through marketing campaigns, product packaging and social media.
- Use storytelling to attract buyers. Buyers can use your stories to sell your product to their consumers. In that way, you provide your buyers with means to engage consumers in their sustainability journey. This will increase your buyer's willingness to source from you.

Tony's Chocolonely offers an example of great storytelling about sustainable cocoa production. It addresses some of the critical sustainability issues and educates consumers. It also gives a face to those who are

struggling and tells how the operations of Tony's Chocolonely are socially responsible.

Tips:

Know the ins and outs of your product and practices, and be willing to share this information with buyers openly. Provide your buyers with stories, pictures or videos to show the social aspects.

Learn about the sustainability issues in the sector, for instance by reading other parts of this report. Educate your consumers about these sustainability issues and how to combat them.

To get started, [learn more about sustainability in storytelling](#).

2. Focus on the long-term success of your business

Farmer poverty is the root cause of many sustainability issues in the sector. Many children are forced to work on farms due to poverty, and labour rights are violated to reduce costs. Farmers will not make sustainable choices as long as they struggle to survive. A successful and sustainable business is the only way to overcome poverty.

Farmer poverty

Farmer poverty is the most critical social sustainability issue in the cocoa sector. This is intensified by the recent global inflation, which has dramatically increased the cost of living. The farm gate price of cocoa has not increased enough to compensate for these rising costs. The global market price of cocoa remains low.

Most farmers in the cocoa sector are very poor and have low living standards. Nearly 75% of smallholder cocoa farmers in Ghana and Côte d'Ivoire [do not earn a living income](#). Their average incomes are €1.42 and €1.23, respectively. Income is decreasing due to inflation and lower production, and 90% of farmers say they are [worse off than just three years ago](#). In the past few years, cocoa production declined by 28%. At the same time, the costs of farming increased. Farmers are therefore not able to properly invest in their businesses. This keeps their production low and decreases their income further.

Besides poverty among farmers, income levels are also very low in other professions early in the supply chain,

such as administrators, staff involved in processing, drivers and port employees.

Tip:

Read the [Cocoa Barometer](#) and the [Cocoa Living Income Compendium](#). These reports offer more information on farmer poverty and possible solutions.

Work on long-term sustainable success

Working on the long-term success of your business is the only way to reduce farmer poverty. Many stakeholders in the sector are responsible for working towards a fairer distribution of profits. In this section, we focus on a few measures that you can take to improve long-term success.

Consider alternative business models

Cocoa production alone will not lift farmers out of poverty. As such, it is key to consider other income opportunities in parallel to cocoa production. Examples of alternative business models are joining a landscape project, selling by-products of the cocoa fruit, and diversification. You can read more on this in Tip 9: Consider alternative business models for cocoa.

Aid low-productivity farms

In farms with low production (less than 500 kg/ha), a higher production can lead to a higher income. Of course, this also depends on the size of the farm and the number of labourers on the farm. Very high cocoa yields hardly reduce farmer poverty. If the production is high, [more labour needs to be hired](#). As means to improve the production of cocoa, we refer to [Good Agricultural Practices for cocoa production](#).

Tips:

Motivate and support farmers (also financially) to renew their farms. Farmers can be very reluctant to cut old trees and plant new ones. Replacing old trees with new ones reduces a farmer's income for years to come. And yet it is a necessity because it increases production in the long term. Do note that you are not allowed to provide cocoa trees and seedlings to farmers in Côte d'Ivoire!

Invest in qualitative hybrid seedlings. Hybrid seedlings are developed for your specific region and climate, so they are less susceptible to diseases and more productive in the long term.

Find the right buyers

To succeed, finding buyers that fit well with your company is important. Being socially responsible increases the chances of finding the right buyers. In general, good buyers:

- Are willing to bear part of the risk. Buyers should be able to secure a specific revenue over the years.
- Are willing to pay a fair price. This gives you the opportunity to pay the farmers a fair price as well.
- Only buy traceable cocoa, [so sustainability can be monitored](#).

Bean-to-bar producers can be exciting partners for a specific profile of producer or cooperative. Bean-to-bar means that one party controls every step of the production process. This includes all stages, from buying the cocoa beans to creating the chocolate bar. In general, these companies are willing to offer better conditions.

Bean-to-bar producers typically buy limited amounts of cocoa. Also, they are less interested in certified products. This offers opportunities if you cannot get certified but put much effort into sustainable production. Another opportunity is organic certification. This is common among bean-to-bar producers (see our Tips on Going Green in Cocoa for more details). Notice that many are only interested in sustainably produced fine flavour beans. It is therefore important to find out whether you can meet the specific requirements of these

buyers.

Most bean-to-bar producers do not have the requirements on their websites, so it is important to contact them directly to find out. When contacting buyers directly, you can follow these steps:

- Determine your unique selling points. Find out what makes your cocoa special. This can be a unique flavour or a way of producing cocoa that is more socially responsible.
- Find out which bean-to-bar producers fit your unique selling points and organisation: for Belgian [Patisserie Zuut](#) the focus lies on honest and good treatment of farmers, for the UK's [Åkesson's](#) fine flavours are key. You can [find a list of producers](#) on the Bean To Bar website.
- Contact potential buyers directly to find out more about options for selling your products. When you contact potential buyers, you need to have a clear argument about why your cocoa is a valuable addition to their business.

Tips:

Read our [tips on finding buyers on the European cocoa market](#) to learn more about how to find the right buyers.

Try to make a personal connection when reaching out to bean-to-bar producers. After all, knowing the cocoa producers is part of the bean-to-bar process. For more information, read our [tips for doing business with European cocoa buyers](#).

3. Get certified to ensure your social responsibility gets recognised

Certification is the most common proof that you are complying with key social responsibility criteria. The certification process also provides you with direction on how to become more sustainable. When choosing a certification scheme in the cocoa sector, it is essential to take specific steps. These steps are illustrated in Figure 1.

Figure 1: Steps for selecting a certification scheme



Source: Various

Step 1: Research the different certification schemes available

There are several certification schemes in the cocoa sector, such as Fairtrade, Rainforest Alliance and Organic. Research the different methods to understand their requirements, standards and benefits. Consult [our social certification matrix](#), which offers an overview of available social certifications as demanded in Europe. You can also look at the [International Trade Centre \(ITC\) Standards Map](#) for an overview of certification schemes, and read our report on the [European market potential for certified cocoa](#).

Step 2: Determine your sustainability goals

Consider your sustainability goals and determine which certification scheme aligns with your goals. For example, if your goal is to promote fair trade and social justice, Fairtrade certification may be the best choice.

Step 3: Understand the market interest

Before deciding whether to certify, consider which market and buyers you are producing for. Demand for certified cocoa varies per country and buyer. Understanding the demand for and current supply of certified cocoa in your country is a fundamental step in this process.

You can learn about the demand for certified cocoa via several sources. Engaging with the staff of the certification programmes in your country can be a good starting point to learn more about market potential. At the same time, they can explain the support they may be able to provide in getting certified. You can also check via current and potential buyers.

Find more information on the supply of certified cocoa from your country on the [ITC Sustainability Trademap](#).

Step 4: Consider the reputation of the certification programme

Consider the credibility and reputation of the certification programme that offers the certification scheme. Look for accreditation by an independent third-party accreditation body. Examples are the [International Accreditation Forum](#) (IAF) and the [United Kingdom Accreditation Service](#) (UKAS). Some certification schemes that European buyers most request are:

- [Rainforest Alliance](#). Rainforest Alliance aims to preserve biodiversity and improve working conditions. Consumers in 100 countries can buy products from the Rainforest Alliance. Germany offers the largest European markets for Rainforest Alliance-certified products. The United Kingdom and the Netherlands follow.
- [Fairtrade](#). Fairtrade International (FLO) has set standards to improve the living conditions of producers.
- [Fair for Life](#). France is the largest Fair for Life-certified cocoa market, followed by Germany.
- [Fairtrade Original](#) is a standard that is mainly important for the Dutch market.

Step 5: Assess the certification costs and benefits

Certification costs vary between schemes and certification programmes. Consider the certification cost (implementation and compliance costs) and the associated benefits when deciding. One such benefit is access to premium markets.

What if you decide not to get certified?

If you decide not to certify your product, find other ways of showing your buyer that your product is produced more sustainably. Verify the sustainability level of your product. Compare it to your buyer's sustainability codes or questionnaires. Buyers want proof, so document your findings and explain how you will solve key sustainability risks and issues.

If your buyer doesn't work with sustainability codes or questionnaires, you can also work with self-assessment templates. Self-assessment templates are useful tools to verify and improve the sustainability level of your cocoa. You can use the templates to improve your internal business and to communicate your efforts to existing and potential buyers. It also makes the step towards certification smaller if you decide to get certified in the future.

Tip:

Check the [self-assessment templates of Amfori](#) or the [self-assessment questionnaires of the Sustainable Agriculture Initiative \(SAI\) Platform](#). They offer more information on the possibilities for self-assessment.

Examples of successfully certified cocoa cooperatives

If you aim to become more socially responsible, you can find inspiration by looking at other companies. Successful cooperatives include:

- [Cocoa Abrabopa Association](#). Their aim is to provide a better life for their members. The organisation trains farmers, engages with companies and governments, provides business advice, and more. Cocoa Abrabopa Association [is Rainforest Alliance-certified](#).
- [Kuapa Kokoo](#) is Rainforest Alliance- and [Fairtrade](#)-certified. Their objectives are to empower small-scale cocoa producers and to enhance female and farmer participation in decision-making.
- [Fanteakwa Cocoa cooperative Union](#) ensures sustainable cocoa production. The cooperative is Fairtrade-

certified. It works together with international organisations to combat farmer poverty.

Tips:

Find out which standards or certifications are preferred. Do so by contacting buyers or visiting their websites. Many buyers have preferences for a specific sustainability label, depending on the markets they serve.

Discuss with your buyer (and actual certification schemes) if there are any possibilities to receive assistance in obtaining your certifications.

Promote your certification. Also, promote other sustainable and ethical aspects of your production process.

Read our [study on certified cocoa](#) to learn more about the opportunities for certification.

4. Combat child labour

In Ghana and Cote d'Ivoire alone, 1.56 million children are involved in child labour. Many cocoa farmers do not have the money or cannot find sufficient labour during the harvest season. Especially at these peak times, many cocoa farmers are forced to put their children to work. Children are often forced to work in hazardous conditions. Their rights are repeatedly violated. For signals to identify child labour, you can refer to the [International Labour Organization](#).

According to the International Labour Organization, child labour is “work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development”.

Child labour refers to work that:

- is mentally, physically, socially or morally dangerous and harmful to children, and/or
- interferes with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and heavy work.

Whether or not particular forms of work can be called child labour depends on the child's age, the type and hours of work performed, the conditions under which it is performed and the objectives pursued by individual countries. The answer varies from country to country, as well as among sectors within countries.

Source: [International Labour Organization](#)

Main consequences of child labour

The main problems with children involved in cocoa production are hazardous working conditions and the lack of access to education. Poverty is [the root cause of child labour](#).

Children engaged in cocoa production often need to work long hours. They are also exposed to hazardous working conditions, like working with sharp tools and pesticides. Pesticides can cause severe injuries and health problems. Many children who work in cocoa production cannot attend school regularly, which reduces their opportunities to get the necessary skills and knowledge for their future development. This applies especially to girls.

Figure 2: Child labour is common practice in many cocoa farms



Source: [Shutterstock](#)

Reduce child labour

When trying to reduce child labour, you need to listen to the issues of farmers. Children are put to work because they offer cheap labour. Farmers do not earn enough to hire skilled workers. If you expect parents to send their children to school, it is important to deal with income and labour issues too.

Still, there are several things you can do to reduce child labour directly.

Raise awareness among children and parents

The first step is raising awareness. Children and parents must be mindful of the hazards of farming. Children are allowed to help on the farm, but it must not interfere with school or be dangerous to their health.

Children doing hazardous activities such as using a machete, carrying heavy loads or spraying pesticides is forbidden by law. Most cocoa-producing countries, such as [Ghana](#) and [Côte d'Ivoire](#), have put legislation in place to protect children from child labour. Addressing the children directly is essential.

When raising awareness, it is important to provide [information on children's rights](#). This includes the right to schooling, the right to nutritious food and prevention of hazardous conditions. To start with, you can share the video below with parents and their children. The video is created for children, so they can watch it together with their parents.

Figure 3: UNICEF Video on Children's Rights

[The Convention on the Rights of the Child: The children's version | UNICEF](#)

Send children to school

It is not always possible to send children to school. For some farmers, this will be very hard. Table 1 offers insight into some of the most common issues and possible solution directions.

Table 1: Issues that keep children from school and possible solution directions.

| Issue | Solution direction |
|---|--|
| Farmers cannot afford school | Set up a community-based savings and credit programme, such as a Village Savings and Loans Association (VSLA). Members contribute a regular amount of money to the group's savings. The savings are lent out to members in need of capital for various purposes such as education. VSLAs are mostly enrolled via NGOs. You can find more information, videos and tools via the VSL Association website . For more information on the funding of sustainable initiatives, we refer to our report on Tips to go green in the cocoa sector. |
| No schools nearby | The unavailability of nearby schools is a problem of the whole community. Therefore, try to find a solution at the community level. Contact your district education office or a local school to discuss possible solutions. For example, a teacher can visit your community. |
| Children don't have a birth certificate | Contact the birth registration centre to make an arrangement. In some cases, the cost can be subsidised. |

Set up a Child Labour Monitoring and Remediation System

A Child Labour Monitoring and Remediation System (CLMRS) can be implemented in your supply chain to combat child labour. The system works as a cycle, consisting of four steps:

- Step 1: raising awareness of child labour and its harmful effects.
- Step 2: identifying children in child labour through active monitoring.
- Step 3: prevention and remediation support.
- Step 4: follow up children engaged in child labour by monitoring their status.

For more information on CLMRS, we recommend watching the video below.

Figure 4: The International Cocoa Initiative on CLMRS

Implementing a CLMRS is not easy, but it is a system that [has proven to be effective](#). Based on research in Côte d'Ivoire, 29% of children identified by a CLMRS stopped doing hazardous labour completely. A larger share stopped temporarily or reduced the amount of hazardous work.

A CLMRS includes many other activities, such as monitoring child labour and training children and parents. If you want to implement a CLMRS, you can [contact the International Cocoa Initiative](#) for assistance.

Tips:

Start open discussions with families about child labour. Explore the long-term advantages of education. Address key challenges that hinder children from going to school.

Increase access to education. Promote education. Work together with the community to realise this.

Work together with suppliers, international organisations and the community to set up child labour monitoring systems.

Become a member of the [International Cocoa Initiative](#). The organisation can offer you tools and help reduce child labour.

5. Improve farmers' health and safety

Most cocoa farmers face poor working conditions. This includes exposure to harmful chemicals and lack of protective gear. Relatively few cocoa farmers [have access to protective clothing](#). A study in Ghana showed that only half of cocoa farmers have safety boots, and an even smaller share have hand gloves or ventilation masks.

Source: [Abayomi Samuel Oyekale, 2019](#)

Taking care of farmers' health and safety is integral to social responsibility.

All safety measures need to be addressed. Providing training without equipment is a waste. If you know how to

use safe tools but don't have access to these tools, your training is useless. Providing tools without training may lead to a situation where tools remain unused. Again, providing training and protective equipment are part of good agricultural practices.

Provide protective equipment

Provide farmers with personal protective equipment. The necessary protective gear can help reduce the risk of injury and illness.

Protective equipment should include the following:

- Gloves. Gloves are important. They protect hands from cuts and chemical exposure when handling pesticides.
- Boots. Boots with good grip and ankle support are necessary. Boots protect feet from cuts, slips and falls, as well as from exposure to pesticides and other chemicals.
- Hats. Hats provide protection from the sun and heat. Heat can cause heat stress and other health issues.
- Protective clothing. Protective clothing includes long-sleeved shirts and pants made of durable fabric. This can protect the skin from cuts and chemical exposure.
- Respirators. Respirators protect workers from inhaling pesticides and other harmful chemicals.
- Eye protection. Goggles and face shields protect the eyes from chemical exposure. This is important when handling pesticides and other chemicals.

Promote good agricultural practices

Good agricultural practices can help reduce exposure to hazardous chemicals and improve soil health. This benefits the health and safety of farmers. Measures of good agricultural practice include:

- Manage pests by using Integrated Pest Management (IPM) techniques. Examples are crop rotation, biological control, and the use of pesticides as a last resort. IPM can help reduce the risk of pesticide exposure for farmers and their families.
- Use pesticides according to label instructions. Store pesticides safely. This can help reduce the risk of pesticide exposure for farmers and their families.
- Provide clean water and adequate sanitation facilities. This can help prevent the spread of water-borne diseases and promote good hygiene practices.
- Manage shade in cocoa farms to reduce workers' risk of heat stress.
- Use proper soil management practices. This can help prevent soil erosion and reduce the risk of slips and falls. Examples are cover cropping and mulching.
- Provide training on how to work safely and provide protective equipment.

Note that this list is not exhaustive. We recommend you work with [the Farmer's toolbox for Integrated Pest Management](#). There are some organisations that you can contact for help with implementing good agricultural practices. You can find some of these organisations in Table 2.

Table 2: Organisations that can aid in implementing good agricultural practices

| Organisation | Description |
|---------------------|--|
| Rainforest Alliance | Rainforest Alliance offers training and technical assistance to cocoa farmers to help them implement sustainable agriculture practices. This is part of their certification programme. |

| | |
|-------------------------------|--|
| World Cocoa Foundation | The World Cocoa Foundation works with cocoa farmers, governments and other stakeholders to improve cocoa farming practices and promote sustainable cocoa production. |
| Solidaridad | Solidaridad works with cocoa farmers to help them adopt sustainable and responsible agricultural practices that improve their livelihoods and protect the environment. |
| Cocoa Horizons Foundation | The Cocoa Horizons Foundation provides training and technical assistance to cocoa farmers to help them adopt sustainable agricultural practices and improve their productivity. |
| Buyers | Some buyers may be willing to help implement good agricultural practices, as this is a common interest. |

Provide training on how to work safely

Farmers **need to be educated about safety risks and measures** they can take to protect themselves.

Proper training should include the following:

- Machete Safety. This includes proper sharpening techniques, and carrying and storing a machete safely. It also includes how to use a machete to minimise the risk of injury.
- Pesticide Safety. This includes proper mixing and dilution techniques. It also includes the use of protective equipment and following label instructions.
- Hazard Identification and Risk Assessment. Farmers need to be trained to identify hazards in the workplace and assess the risks associated with these hazards. This helps to identify measures to control or eliminate hazards and prevent accidents and injuries.
- First Aid and Emergency Response. This includes providing training in responding to medical emergencies, such as heat stress and pesticide exposure.
- Record-keeping. Farmers must be trained to maintain pesticide use records and other safety-related activities. This helps to check and evaluate safety practices and identify areas of improvement.

Tips:

Make sure your measures align. For example: when providing tools, also take care of training on how to use the provided tools.

Inform yourself about implementing **good agricultural practices in the cocoa sector**.

Share the costs of expensive protective equipment within the cooperative. Buy a few sets as a cooperative and let the farmers use them.

6. Empower female farmers

Female farmers often **face significant challenges** in the cocoa sector. About one-quarter of all cocoa farms in Ghana are managed by female entrepreneurs. However, the actual contribution of female farmers is much higher. Female farmers have less access to all kinds of resources – like land, credit and training opportunities – than men. Also, they take less part in decision-making and are underrepresented in farmer-based organisations.

Furthermore, many women are the victim of sexual harassment and gender-based violence.

Figure 6: Female farmers run a large share of the cocoa farms in West Africa



Source: [Shutterstock](#)

It is crucial to empower female farmers. This is not only ethical but also a smart way to improve your business. There are multiple ways to do so.

Advantages of empowering women

Empowering women has many advantages. The participation of women increases the size of your workforce. Women do a large share of on-farm activities. Empowered women are more motivated and loyal to the farm and the cooperative. Women spend a higher share of their money on the family. This includes education for children and nutritious food, enhancing the community's health. But most of all, it leads to a higher quality of life for female farmers.

Promote women's participation

You can actively promote women's participation in their activities and decision-making processes. This can include establishing gender quotas for leadership positions, and creating safe spaces for women to voice their concerns. One example of policy to empower women [is Mondelez International](#).

Provide access to resources

Female farmers in the cocoa sector often have limited access to land, credit and other resources. You can work to provide women with access to these resources. This can be done by setting up your own programmes or by partnering with other organisations. For example, cooperatives can provide loans or grants to female farmers, and facilitate access to land. This can be done through land-sharing or land-pooling schemes.

Address gender-based violence

Gender-based violence is a significant barrier to women's participation. It causes great suffering. You can take steps to address this issue, for example by establishing policies and procedures to prevent and respond to gender-based violence. Policy to combat gender-based violence should at the minimum include raising awareness, providing training, offering support to victims, and monitoring and evaluation. More information on how to reduce gender-based violence can be found on [the website of the Council of Europe](#). You can also provide training to members on gender-based violence prevention and response.

Tips:

Read the [Oxfam discussion paper on good practices of female empowerment in the cocoa sector](#) for inspiration on what you can do to empower women.

Include both men and women when discussing how to empower women. It is vital that policy to empower women be supported by men as well.

Pay the cocoa price or premiums to the female in the household. Nestlé is one company that does this, as [part of their income accelerator](#).

7. Increase traceability

Traceability is key if you want to become more socially responsible. With good traceability, it is easier to implement and monitor social responsibility measures. There are several strategies to enhance traceability.

Advantages of increased chain traceability

Enhancing traceability is essential for promoting social responsibility and sustainable practices in general. It helps you monitor production, child labour, farming techniques and other matters. It can also help you comply with laws and regulations (see tip 8 or Going Green in Cocoa for more details).

Implement a traceability system

Your first step should be to implement a traceability system. These systems track cocoa beans from farm to buyer or through the entire chain. Implementing a traceability system works in four steps.

When starting to register farms, you can easily take off with Microsoft Excel, using an existing template. Rainforest Alliance provides [a free downloadable template](#). You can also create your own template.

Figure 7: Example of an Excel file for membership registration



Source: provided by [Olam Food Ingredients](#)

A step beyond Excel is using specialised software. You can work with an independent software supplier, [such as FarmTrace](#). A second option is to work with software provided by your buyers. You can also look for software provided by your national government. An example is the [Cocoa Management System provided by the Ghana Cocoa Board](#). Côte d'Ivoire is working on its own traceability system. However, [most cocoa from Côte d'Ivoire is still untraceable](#). This means that providing traceable cocoa brings you a competitive advantage. Fairtrade and Rainforest Alliance likewise have a traceability system.

After registering your farms, you need to register your products. All produced cocoa should be weighed and put in bags. Bags should be labelled so that the product can be traced to the producing farm. [Other required information](#) that should be added to the bag is:

- product name.
- grade or specification.
- lot or batch code.
- country of origin.
- net weight in kilograms.
- Supplier's name and business address.
- *in case of organic, fair trade or other certification*: name/code of the inspection body and the certification number.

Register produced and sold bags. To start with, you can again use Excel. One step further is to work with barcodes or [RFID tags](#). Collecting data on origin, quality and production methods of each batch of beans is also necessary. A more advanced option is [joining a blockchain initiative](#). Blockchain technology is a method used to increase accountability, transparency and traceability along the supply chain. It can help record transactions in a verifiable and permanent way.

Establish clear and transparent sourcing policies

Establish a clear and transparent sourcing policy. This policy outlines your commitment to sustainability and social responsibility. It includes:

- Clear standards for traceability and responsible sourcing.
- Guidelines for monitoring.
- Guidelines for reporting on compliance.

Conduct regular audits and assessments

Conduct regular audits and assessments to ensure all your employees and suppliers are adhering to your policy. This can include on-site inspections, document reviews and third-party audits.

Work with farmers to improve record-keeping

Work with farmers to improve their record-keeping practices. This can include:

- providing training and resources on record-keeping.
- establishing incentives for farmers to maintain accurate and complete records.

Establish long-term relationships with cooperatives and set up a direct supply chain

Establish a long-lasting relationship with a dedicated cooperative. This gives you more certainty about where you are buying from. It also facilitates setting up a traceability system, and will help you implement many of the other tips in this research paper.

Tip:

Read our [Tips to go digital in the cocoa sector](#) for more information, including how to join blockchain initiatives. Also, read the [Technical Brief on Cocoa Traceability in West and Central Africa](#). This gets you better informed on the topic of traceability.

8. Learn about due diligence requirements

The due diligence legislation of the European Union (EU) aims to reduce the negative effects in the sector. This includes human rights abuses. According to the Organization for Economic Co-operation and Development (OECD), due diligence is the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts.

The EU plans to [install a new regulation on human rights and environmental due diligence](#). Adherence to due diligence regulations applies to all large EU companies. If you supply one of these companies, you must also follow the due diligence requirements. Next to studying these requirements, to understand its implications for your business it is critical that you talk to your buyer about these regulations.

What does due diligence mean in terms of human rights?

Human rights due diligence (HRDD) is a continuous process that helps companies to identify adverse situations involving human rights, labour rights and the environment. It aims at ending, preventing or mitigating the associated risks. A [guide developed by the OECD](#) supports companies going through the HRDD process. Many governments have used these guidelines as the basis for their responsible sourcing standards. The OECD guidance outlines six steps of the HRDD process (see Figure 8).

Figure 8: The six steps of the human rights due diligence process (OECD (2018))



Source: [OECD Due Diligence Guidance for Responsible Business Conduct](#)

Below we briefly outline the key steps of the risk-based due diligence procedure as visualised in Figure 8.

Embed responsible business conduct

The first step is to embed responsible business conduct into the company's overall strategy and culture. This involves developing policies and procedures that promote respect for human rights throughout the company's operations and supply chain. The conduct can cover areas such as fair labour practices, environmental sustainability, health, women's rights, child labour and community engagement.

For an example of a policy report on human rights, see [Ahold Delhaize's Human Rights report](#). Ahold Delhaize is one of the world's largest food retailers and is committed to supporting and respecting human rights in its own operations and supply chains. Their due diligence focuses on health and safety, remuneration, freedom of association, women's rights, forced labour, discrimination and harassment, and child labour.

For another example, look at [Barry Callebaut's Global HR Policy](#). Barry Callebaut is a large chocolate manufacturer based in Switzerland. The company has over 13 thousand employees and processes about 1 million tons of cocoa beans.

Note that human rights due diligence is a developing field. Most human rights policies you will find are unfit for adherence to European human rights due diligence.

Identify and assess adverse impacts

The second step is to identify and assess the potential adverse impacts on human rights that may arise from the company's operations and supply chain. This involves conducting a thorough risk assessment and engaging stakeholders to understand their concerns. Stakeholders include farmers, workers and community members.

For more tips and information on identifying risks, check the [handbook on human rights due diligence in the cocoa sector](#).

Stop, prevent or mitigate adverse impacts

The third step is to take action to stop, prevent or mitigate any adverse impacts on human rights that are identified. This involves implementing measures to address the root causes of the adverse impacts and prevent them from recurring in the future. For example, you can implement measures to address labour violations in your supply chain, such as providing training in fair labour practices and establishing systems for reporting and reducing violations.

Track performance

The fourth step is to track the company's performance in implementing its human rights policies and procedures. This involves monitoring and reporting on progress and identifying areas for improvement. You can track your performance by conducting regular audits of their supply chain, measuring the social and economic impact of their operations, and reporting on their progress in implementing their human rights policies and procedures.

Communicate

The fifth step is communicating the company's commitment to human rights and responsible business conduct to all stakeholders. This involves being transparent about the company's operations and engaging in stakeholder dialogue.

For example, cocoa producers can communicate their commitment to human rights and responsible business conduct through their website, annual reports and product labelling. See how Mars [reports are communicating efforts on human rights](#).

Cooperate to rectify wrongs

The final step is to repair damages done by adverse impacts. This involves supporting affected individuals and

communities, as well as cooperating with stakeholders to address the root causes of the adverse impacts.

For example, if you identify labour violations in your supply chain, you should support the affected workers –one way is by offering access to healthcare.

Tips:

Inform yourself about risk-based due diligence as well. You can find more information on how to manage risks in the [OECD-FAO Guidance](#).

Educate yourself on social issues and how to meet industry requirements. The [International Labour Organisation](#), [Udemy \(ISO 26000\)](#) and [Macquarie University](#) provide online courses.

Work with human rights organisations or NGOs to improve your company policies. NGOs offering consulting services tailored to small and medium-sized companies are [Anti-Slavery International](#), [Unseen](#) and [Be Slavery Free](#). Note that their services require a fee.

Human rights organisations include [Amnesty International](#), [Human Rights Watch](#), [Human Rights Without Frontiers](#), [UN Watch](#) and [Anti-Slavery International](#).

Involve farmers and employees in identifying current issues and risks by conducting interviews. Also, invite communities and stakeholders to provide input during the human rights due diligence process.

9. Consider alternative business models for cocoa

There are also ways to help farmers make more income from cocoa production. Farmers can use the by-products of the cocoa beans for other products, which they can then sell (or maybe use for other purposes). They can also get extra income or spread their risk by growing other crops next to cocoa.

By-product of cocoa beans

Sell cocoa fruit on the EU market

To harvest the beans, the cocoa pod is opened and the beans are removed. The beans are stored in a white fresh pulp inside the cocoa pod. This pulp is usually removed and thrown away. However, the pulp contains many minerals and vitamins and is a good source of magnesium and potassium. The taste is comparable to lychee.

In recent years, more farmers have been saving this pulp and pressing it into a cocoa fruit juice. More companies, like [Kumasi](#), are exporting this juice to the EU. They have made a [video](#) (in Dutch) that explains how this is done. Other companies are [KOA Impact](#) and [Pacha de Cacao](#), both with a clear message: they sell a good product while adding to a more sustainable supply chain.

Figure 9: The cocoa fruit consists of more than just cocoa beans



Source: [Shutterstock](#)

Sell other products

Other products can also be made from the by-products of cocoa beans, such as:

- Paper from cocoa husks, like those made by James Cropper.
- Speciality paper and packaging products, like the eco-friendly ones made by [SWM LeafLAB cocoa paper](#).

These contain up to 45% cocoa shell fibres, thereby giving a second life to discarded cocoa shells.

- Alcoholic beverages made from fermented cocoa bean juice, like [Solbeso](#).

Diversification

Growing only cocoa makes you dependent on cocoa market prices, weather conditions and diseases. Having a more diversified offering reduces these risks. In addition, it has several environmental benefits. Read more on the environmental benefits in our study on [Tips to go Green in the cocoa sector](#) [Td1](#).

Next to diversifying with other commodities, farmers can also choose to grow cocoa species with higher margins. One example is focusing on fine flavour cocoa. Fine flavour cocoa is mainly produced from Criollo or Trinitario trees. The demand for fine flavour cocoa is rising. In some European countries, including Switzerland, Belgium, France, Germany and the United Kingdom, it is a very big market. Offering fine flavour cocoa provides increased opportunities for small and medium-sized companies. This is because economies of scale are less influential in this market, and [margins are higher](#).

Check with your government which cocoa species you are allowed to grow.

Join a landscape project

Landscape projects are collaborations that cover geographical areas instead of just the cocoa farms or cocoa communities. The main goal of a landscape project is to help cocoa farmers increase their income while also protecting the environment. To achieve this, some farmers may need to intensify their farming practices. Others benefit from receiving payments for their positive impact on the environment. The landscape is divided into areas that prioritise intensification and conservation based on ecosystem services so the project can better align strategies to restore environmental functioning and ensure long-term sustainability. Both farming systems will promote good agricultural practices, for example by using climate-smart techniques and providing optimal shading.

The figure below illustrates how the landscape can be divided into conservation and cocoa-production areas.

Figure 10: Cocoa forest landscape



Source: [Partnerships for forests](#)

These projects need to involve many stakeholders, including local communities, industry, civil society and governments. They also need companies to work together pre-competitively. By setting up a landscape project, you can collaborate with others to fight poverty and increase nature-inclusive farming. You can also profit from expertise and funding brought in by other stakeholders.

Examples of landscape projects

- [ASASE in Ghana](#). ASASE works on three levels: farmers, communities and forests. It includes reforestation of degraded areas and protection of existing forests.
- [Rainforest Alliance in Ghana and Côte d'Ivoire](#). This landscape project includes tree-planting, setting up landscape management, creating incentives for farmers and diversification.
- The [Kakum Sustainable Landscape Project in Ghana](#). This is a landscape project in the region that is home to Kakum National Park. One of the goals of this project is the protection of the National Park.
- [Swisscontact in Colombia](#). Swisscontact aims to create a sustainable sourcing landscape.

Organisations that exporters can work with

- The [SWISSO 2030 roadmap](#) has landscape projects like a specific target area.
- Partnerships for forests [offer a landscape toolkit](#). The toolkit offers a lot of information for designing and

implementing landscape projects.

Tip:

Visit [Learning About Cocoa Landscape Approaches: Ghana Guidance Document & Toolbox](#) for more information on landscape.

Support farmers

Landscape projects need intensive monitoring. In the end this comes at a price. If companies are asking for more, they cannot offer the same price.

This study was carried out on behalf of CBI by [Molgo Research](#), [Long Run Sustainability](#), [Amonarmah Consults](#) and [Ethos Agriculture](#).

Please review our [market information disclaimer](#).