VISION, GUIDING PRINCIPLES AND ASKS FOR COCOA PROCESSORS, TRADERS, GRINDERS AND MANUFACTURERS 2023
INTRODUCTION

Cocoa production is beset by complex economic, social, and environmental problems, including poverty, child labor, unsustainable farming practices and deforestation. Governments, non-profits, manufacturers, and others have endeavored to tackle these issues—and none has wholly succeeded.

Swift and far-reaching action is urgently needed. All companies that use cocoa products must ensure that their own supply chain is sustainable, free from deforestation and conversion of natural ecosystems, moving away from human rights abuse and linked to producers with a fair and decent income. They also have a responsibility and a role to play in supporting a sustainable industry. A broader supplier engagement and more ambitious collaborations are needed to achieve concrete change.

This paper developed by WWF clarifies asks to companies to achieve tangible results at the pace and scale required to curb the current destruction of ecosystems and human right abuse taking place in the cocoa sector.
GUIDING PRINCIPLES
WHAT CAN COMPANIES DO?

SCOPE

→ **Ensure commitments and actions** cover the entire corporate group, apply to all countries where the group operates and cover all the types of cocoa products that they use (beans, nibs, liquor, butter, powder, couverture and chocolate).

→ **Commitments should be quantified** and verifiable using SMARTER KPIs\(^1\) and regularly reviewed and adapted for impact, as part of a Due Diligence approach that is using a Plan-Do-Check-Act cycle.

→ **Deforestation and Conversion Free (DCF) policies** should be in line with the Accountability Framework (AFi) and should be global.

→ **Ensure these commitments** apply to direct and indirect suppliers.

→ **Take ambitious action** within and beyond the supply chains to end deforestation, conversion and human rights abuse in the cocoa sector.

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\(^1\) Key Performance Indicators that are Specific, Measurable, Attainable, Relevant, Time-bound, Evaluated and Re-evaluated.

\(^2\) Due Diligence policies must be completely in line with OECD Guidance on Due Diligence.
TRANSPARENCY

➔ Make an ambitious public time-bound commitment to buy only traceable to farm/plot level and responsible cocoa.

➔ Understand the social and environmental risks within the supply chain and implement holistic environmental and human rights Due Diligence policies. ²

➔ Focus on reducing and eventually eliminating illegal and unreported sales with pisteurs³.

➔ Develop and implement grievance and remediation mechanisms that include consequences and thresholds for noncompliance as well as an actionable and time-bound remediation process. In case of non-compliance of a supplier, the company will either engage with its supplier to help resolve the non-compliance, suspend or exclude the supplier. The response depends on the severity of the non-compliance as well as the supplier’s degree of culpability and the supplier’s commitment and capacity to move towards compliance.

➔ Agree on regular reporting frameworks with suppliers and use guidance such as the Accountability Framework to help establish or strengthen these processes.

➔ Ensure transparency by reporting on cocoa sources publicly, as well as progress and actions at least annually.

➔ Publicly communicate the number of cases of child labor found and remediated, as well as the investments made in the Child Labor Monitoring & Remediation System (CLMRS).

➔ Provide full supply chain transparency on sustainability payments, including Living Income Differentials, country differentials and certification premiums.

➔ Conduct third-party verification of all sustainability claims as it provides a higher level of confidence and credibility that a given level of compliance or progress has been achieved.

² Due Diligence policies must be completely in line with OECD Guidance on Due Diligence.

³ A “pisteur” is a small trader of cocoa beans. In some cases, he is an independent entity and works for himself, but most of the time he works with the capital of the “traitant” and receives a fee, based on the quantity of cocoa they deliver (Ruf et al., 2019). The “traitant” packages the cocoa beans received from “pisteurs” and sells these directly to exporters.
DEFORESTATION

➡️ **Source** only from suppliers that adopt, demonstrate concrete action and provide guarantees of a deforestation and conversion free policy implementation.

➡️ **Commit to no further conversion** of any forest land (as defined under national regulations and using High Carbon Stock (HCS)⁴ and High Conservation Value (HCV) approaches for cocoa production as of 1 January 2018 at the latest⁵.

➡️ **Commit to no production** and sourcing of cocoa from Protected Areas from IUCN I to IV categories and provide verifiable guarantees in that respect.

➡️ **Conduct the mapping of farms** (using polygon maps) and of remaining forest areas⁶ in the landscape in order to monitor and manage potential environmental risks and ensure the implementation of these commitments.

➡️ **Support small producers** to transition to DCF production through technical and financial support and incentives.

AGROFORESTRY

➡️ **Publish an agroforestry policy** with clear definitions. The Voice network provides recommendations for developing local landscape diverse agroforestry approaches (minimum requirements for agroforestry).

➡️ **Commit to switching** all existing cocoa farms from full-sun monoculture to diverse agroforestry systems, worldwide, for the benefit of Nature and to improve farmers’ livelihood.

➡️ **Establish or support incentives** that recognize the value of complex forms of agroforestry associated with a good level of biodiversity and that prevent transformation into monoculture or downgrading to over-simplified agroforestry.

➡️ **Provide sufficient investment** to support farmers within the supply chain to transition to diverse agroforestry systems and train them in the latest best agro-ecological practices (see Cocoa Agroforestry Library).

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⁴ The High Carbon Stock Approach (HCSA) is a methodology that distinguishes forest areas for protection (together with HCV/High Conservation Value) from degraded lands with low carbon and biodiversity values that may be developed (see also → HCSA).

⁵ As defined by the Cocoa Forest Initiative and following AFI guidance mentioning that if a sector-wide cutoff date exists, companies should reference and use it in their own commitments and supply chain management.

⁶ The term Forest is defined in the Accountability Framework Core Principles and Operational Guidance.
LIVING INCOME (see Living Income Compendium, Voice 2022)

- Develop and publish a time-bound living income action plan, including a commitment to paying a farm gate price that is sufficient to cover a decent living income for an average farmer.

- Set up a guaranteed living income minimum price.

- Engage in long-term contracts with suppliers, specifically defining the long-term purchasing responsibilities of the company and selling rights of the farmer/cooperative, so that sellers are less at risk from season to season.

- Support sustainable cocoa production in the framework of the Living Income Differential (LID) initiative, launched by the two largest producer countries (Ghana and Côte d’Ivoire) to ensure decent revenue to local farmers.

- Promote financial inclusion to deepen farmers’ access to working capital and investment funds (e.g. development of Village Savings and Loan Associations (VSLA)). Financial inclusion mechanisms need to be developed specifically for smallholders, and for female-headed households.

- Support efforts to bring farmers financial benefit, via mobile money banking, with the added benefit of major traceability improvement by tracing the money as well as the cocoa.

- Develop systems that make it possible to distribute the income of producers over the year, thereby reducing the vulnerability in leaner months.

CHILD LABOR

- Source only from suppliers that have adopted publicly transparent human rights Due Diligence policies.

- Design and implement a Child Labor Monitoring & Remediation System (CLMRS) to cover the entire supply chain. A CLMRS is only credible if a company publicly reports annually on:
  - Number of households covered by the CLMRS (absolute numbers, as well as % of total sourcing, both direct and indirect);
  - Number of children in the CLMRS (absolute numbers, as well as % of total sourcing, both direct and indirect);
  - Number of cases identified in (worst forms of) child labor;
  - Number of children no longer in (worst forms of) child labor after one and two follow up visits;
  - Type of support provided.
LANDSCAPE APPROACH

➤ Support on-the-ground action in cocoa producing landscapes, such as conservation of protected areas, forest restoration, community development and smallholder farmer sustainability.

➤ Contribute to scaling-up landscape and jurisdictional approaches by collaborating with all relevant stakeholders within a defined geography, whether a natural ecosystem or an official territory.

FREE, PRIOR AND INFORMED CONSENT (FPIC)

➤ Ensure the free, prior and informed consent of local and indigenous communities is respected, as well as legal and customary user rights in sourcing regions.

CHEMICAL MANAGEMENT

➤ Eliminate the most hazardous pesticides and move towards i) reducing the total amount of agrochemicals used in order to minimize the carbon footprint of agrochemicals; ii) and promoting organic cocoa.

➤ Support farmers to implement a functioning Integrated Pest Management (IPM), to increase yield through non-chemical interventions such as grafting, pruning, pollination, the addition of manure and of household compost, provide training on appropriate storage, and on the use of protective equipment.

CARBON AND CLIMATE

➤ Collaborate with the Science Based Targets initiative (SBTI) and commit to reducing emissions in line with the Paris Agreement goals.

7 Including World Health Organization Class 1A or 1B chemicals, and those listed under the Stockholm or Rotterdam Conventions, FSC Highly Hazardous list, SAN prohibited pesticide list and PAN Highly Hazardous Pesticide list.
POLICY

➔ **Join public-private partnership platforms** and become an active, positively engaged member within these platforms.

➔ **Advocate for policies in producer and consumer countries** to tackle deforestation, conversion and human right abuse to create and enforce legislation requiring sustainable cocoa production.

➔ **Call on policy makers** for ambitious regulatory measures to increase supply chain transparency and traceability.

AWARENESS RAISING

➔ **Undertake public communication** and outreach on sustainable cocoa.

➔ **Raise awareness among buyers and internal teams.**
FURTHER READING

• WWF Vision, Guiding Principles & Asks (WWF, 2021). This paper clearly defines what companies, financial institutions, and governments must do to create Deforestation- and Conversion-Free (DCF) supply chains at the necessary pace and scale.

• Cocoa Barometer (EN, ES, FR, Voice in partnership with WWF, 2022). A biennial publication, with the aim of creating an up-to-date, fair, and clear overview of the state of sustainability of the cocoa sector. The Barometer looks at the sector as a whole, but also couples aggregated and disaggregated company and country data with clear visualizations and fair contextualization of challenges, commitments, and accomplishments.

• Living income compendium (Voice in partnership with WWF, 2022). The first part of this report tries to answer the “myths” regarding living income in a concise but clear manner. The second part suggests a way forward, outlining actions for all actors involved.

• Latin America Baseline Cocoa Barometer (EN/ES, Voice in partnership with WWF, 2022). A broad overview of the sustainability of the cocoa sector in Latin America.

• Deep dive consultation paper on Transparency and Accountability in the cocoa sector (Voice in partnership with WWF, 2022).

• The Chocolate Scorecard assesses and ranks retailers, manufacturers and traders on key sustainability issues (The Chocolate Collective coordinated by Be Slavery Free and supported by universities, consultants and civil society including WWF).

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Companies need to transition from simply de-risking their own supply chain, towards a pro-environment and pro-people approach.