

Retailer Scorecard Methodology

The 2021 Easter Retailer Scorecard ranks and grades supermarkets on their cocoa sustainability.

Working together, Mighty Earth, National Wildlife Federation, and Be Slavery Free (Australia and The Netherlands) developed a survey, sent it to all the retailers chosen, created explanatory videos for Zoom conferences with companies to answer any possible questions, and graded the retailers.

We also reached out to retailers for information even when they were unable or unwilling to fill out our questionnaire, to ensure we were giving them credit for all the work they might have been doing. And we researched online all their cocoa sustainability work, and their general environmental and human rights policies and programs. A number of retailers were approached to participate but did not do so. Non-participation was viewed as a lack of transparency; we believe that all retailers selling chocolate products should be able to provide the information we are asking for on the sources of their products, and consumers have a right to know about the conditions under which the chocolate is produced.

The retailers selected are some of the largest and most influential in Europe, the US, UK, Brazil, Australia/New Zealand, and beyond. Those retailers selected for this ranking have a large role in the industry, and they can either can take a large toll or make a big positive impact for people and the planet.

The survey covered the following: contributing to retailer transparency and traceability, providing a living income, preventing child labor, stopping deforestation and climate change, and encouraging agroforestry – as well as best practice on cocoa/group action on cocoa sustainability. We also scored them on whether they are promoting best practices for industry action on cocoa sustainability, such as joining an '[ISCO](#)' (the public-private partnership platforms established in 6 cocoa-consuming countries like [GISCO](#) in Germany or [SWISSCO](#) in Switzerland) or the [Retailer Cocoa Collaboration](#) (RCC) and becoming an active, positively engaged member within these platforms. These are some of the most pressing, vital sustainability issues facing the retail sector today, when it comes to chocolate.

Each retailer received an “egg score” for each individual category; those egg scores were compiled to determine a final ‘bunny score’. Especially low scores on one category could result not only in a red egg for that issue, but could also drag down a retailer’s overall bunny score. This is because a very low score is viewed as absolutely failing on that issue, which is more serious than merely a low grade. This explains how retailers with similar eggs can still end up with divergent bunny scores.

We recognize that the industry is evolving and some retailers are performing ever better on cocoa sustainability, thus proving how much can in fact be achieved. Therefore, we raised the bar for a passing score compared to previous years in scoring. This is particularly pertinent regarding what it takes to earn a ‘green egg’ or ‘green bunny’. As top-performing retailers improve, so too what it takes to be considered an industry leader is also evolving. [A previous ranking of retailers on their cocoa sustainability](#) revolved principally around whether or not the retailers had joined the then-newly created cocoa sustainability platforms (like the “[Cocoa & Forests Initiative](#)” or ISCOs). However, recognizing that such platforms are not yet delivering adequately in the past years on concrete advances for sustainable cocoa, particularly when it comes to retailers’ performance, we are now scoring mere participation in a platform as only one consideration among many.

Unfortunately, almost all retailers are far behind the leading cocoa traders and chocolate manufacturers ([ranked and graded separately](#)). Retailers generally are lagging behind in taking responsibility for the chocolate products in their supply chain, despite the fact that the retail industry makes around 40% of profits on any given chocolate bar.

In particular, we sadly noted that many US retailers were far behind their EU and UK counterparts on the issue of cocoa sustainability, and were overall much less responsive during the survey process of asking questions, grading, and scoring.

In many cases retailers struggle with (and in some cases are even resistant to) to undertaking the work to discover what is happening in their cocoa supply chains. They prefer to be ranked on their overall corporate policies than drilling down to the actions needed on particular commodities. However, knowing the sources of cocoa in their supply chains is all the more important when more and more retailers are producing their own brand of chocolate products. *In excess of 30% of chocolate sold by some retailers is their ‘own-*

brand' or 'store-brand'. As such, retailers have become chocolate brands themselves, making it essential that they undertake the same responsibilities and accountabilities as for manufacturers.

It is our belief that all companies are responsible for the conditions under which all products that they sell, are made. In the case of retailers this means they are responsible not only for their own branded products but also for other products on their shelves. This is key, as the retail sector provides consumers with access to most of the world's chocolate, including products made by manufacturers such as Mars, Hershey's, Lindt, Nestle, Mondelez (Cadbury), Ferrero and others.

The scorecard team will continue engagement with retailers over the next year and revisit the progress of retailers during the next scorecard process.

An explanation of the categories

Contribution to best practice on cocoa sustainability & group action on cocoa sustainability

Given the on complex, multifaceted nature of sustainability problems in cocoa value chains, it would take the collective and concerted action of all actors to address these, including retailers' action and synergistic engagement. Individual companies alone can rarely end systemic challenges, and group action is often needed for solutions to take root. In light of that, several aforementioned platforms have come into being including CFI, RCC, and ISCOs. However, membership of any of these sustainability platforms is not an end in itself. Hence, besides playing active and progressive roles there, retailers need to support a collective push towards sustainability. We examined the extent to which retailers used their position to push the industry or support industry efforts towards cocoa sustainability. We examined responses on the following issues.

1. How the retailer collaborated with industry initiatives such as the RCC, CFI, ISCOs and/or worked in a different forum with civil society to address cocoa supply chain issues.
2. Incentives retailers provided to their cocoa suppliers to tackle the sector's problems.

3. The processes that retailers used to engage with and address suppliers who were found in breach of their code of conduct.
4. Retailers' membership in ethical business association or platforms.

Transparency & Traceability

If a retailer does not know where their cocoa comes from, they cannot ensure it is not tainted by child labor, deforestation, or other abuses. Without transparency on the traceability of these products, civil society cannot hold retailers accountable. Transparent traceability is crucial as a bedrock for all other reforms. We analyzed responses in following areas for this category:

1. Traceability methodology;
2. Traceability of cocoa to the cooperative and farm level for both direct and indirect sourcing, and how much cocoa is untraceable;
3. Third party certification and other methods (such as a retailer's own program) being used to document conditions of production, as well as for traceability and transparency; and
4. Reporting by the retailer on its traceable supply chains, including publicly sharing the producer cooperatives/supply chains, and reporting on instances of any child labor found.

Child Labor

A study conducted before the pandemic estimated that around 1.6 million children work in the cocoa sector, most of whom carry out hazardous forms of child labor. Despite voluntary corporate efforts promising to end it, the prevalence of child labor has increased by 14% over the past decade. The same report revealed a significant increase in the number of child laborers being exposed to harmful pesticides (from 5% to 24%) along with an increase in injuries, impacts on health and level of care needed (including hospitalization). These children are being robbed of their future, and abused. It is all the more shameful given that chocolate is often meant to be a treat for children, especially around Easter or Halloween.

We analyzed:

1. Any child labor monitoring and remediation system or equivalent (CLMRS) being used;
2. Percentage of farms covered by the scheme; and

3. Presence of a plan to scale up programs and processes to address child labor. CLMRS systems are thought to be one of the most effective ways of addressing child labor. Given that it is still early days for some retailers in addressing child labor through specific interventions, such as CLMRS, it is and premature to tell what the long-term effectiveness will be.

Living Income

Most cocoa farmers make less than \$1.00 a day with average female cocoa farmers paid as little as \$0.32 per day, well below the extreme global poverty line of \$1.90 a day. Living in terrible poverty, cocoa farmers are more vulnerable to hunger, malnutrition, health crises, and a host of other social challenges including child labor. The VOICE network has [presented a model for calculating a living income reference price](#), arguing that the current cocoa world market price is too low to lift farmers out of poverty. Recently, the governments of Ghana and Côte d'Ivoire came together to address the problem of scandalous poverty among cocoa farmers, by setting the “living income differential” price, or “LID” price. Fairtrade has also raised its floor price and calculated a living income reference price (lower than the VOICE calculation). The Living Income Community of Practice has also undertaken living income calculations for both Ghana and Côte d'Ivoire. On the contrary, Rainforest Alliance/UTZ, the biggest certifier in the cocoa sector, has not introduced a minimum price for cocoa.

These are just the beginning of the development of methods to ensure real living income for cocoa farmers. We recognize that while some farmers may already be earning a living income, these farmers are remarkably few. Given the tremendous suffering embedded in the low price of cocoa, and also the important reforms afoot, we set aside an entire egg for the issue of living income.

We analyzed responses in three areas for this category:

1. Policy of paying a living income reference price (either set by Fairtrade, the VOICE network or any equivalent or higher price) for cocoa in West Africa and globally; and/or have made a calculation and are committed to pay (or are paying) an additional premium to farmers they source from;
2. Retailer programs, determined in consultation with sourcing communities, that work to achieve a living income for farmers, and/or address poverty; and

3. Measuring the impact of such programs and sharing the results. Highest scores were achieved by retailers that: -are using an actual living income calculation to benchmark their programs,-and/or are making payments to farmers on top of LID and certification premiums and/or are investing in development projects determined in consultation with the communities they are sourcing from.

Deforestation & Climate

Cocoa is a major global driver of forest destruction. West Africa produces 75% of the world's cocoa, with Côte d'Ivoire and Ghana being the largest producers. These two countries have lost most of their forests in the past sixty years – around 94% and 80% respectively. Approximately one third of that forest-loss was for cocoa growing. These two nations won the 'World Cup' of increased rates of deforestation in 2018. In 2020, 47,000 hectares (116,140 acres) of forest was lost in cocoa growing areas of Côte d'Ivoire. Almost everywhere cocoa grows, studies show it is tied to deforestation, which in turn contributes to climate change. Most retailer and four producer governments (Côte d'Ivoire, Ghana, Colombia and Cameroon) have committed to end cocoa-driven deforestation through the Cocoa and Forest Initiative (CFI), but there is more to do to end deforestation.

We analyzed the responses in the following areas for this category:

1. Application of no-deforestation policy to global sourcing, and percentage of cocoa purchased through a deforestation-free monitoring system;
2. Percentage of cocoa sourced from deforested areas since 2010;
3. Percentage of cocoa sourced from actors who have been deforesting since the launch of the CFI in 2017; and
4. Policy to achieve net zero carbon emissions company-wide ; or using science-based targets.

Agroforestry

Though cocoa has been a major driver of deforestation worldwide, it can become the reverse -an agent of re-greening around the planet. Agroforestry, as opposed to pesticide-soaked monoculture, is a more ecologically sound way of growing cocoa and restoring farming landscapes. Scientific research demonstrates that robust agroforestry cocoa systems are

better for the planet, for carbon sequestration, soil and air moisture retention, and biodiversity; and studies show it is also better for farmers' food security and income diversification. It is a win-win for people and the planet, farmers and forests.

We analyzed the responses in four areas for this category:

1. Company having any agroforestry policy and its definition; and
2. Application of the agroforestry policy, globally or to West Africa only;
3. Assessment and monitoring of the agroforestry policy; and
4. Support and investment in farmers within the supply chain to transition to agroforestry growing methods.

Comments on Chemicals Management

Once we began the grading process, we noticed myriad issues and confusion with chemicals management questions we asked the retailers. Most of them lack appropriate understanding of and approaches to minimizing chemical inputs; so instead of publicly grading the retailers on chemicals management this year, we decided to engage intensively with them after the scorecard publication to raise awareness and understanding of how an average retailer should be addressing chemical inputs. However, one retailer's responses stood out for being far ahead of the rest in addressing the risk of agrochemicals – Whole Foods. Given the mass extinction crisis in the world is facing, including from the impacts of chemicals in agriculture, chocolate companies and supermarkets should be reforming their current approaches toward practices that do not rely on agrochemical usage. Increased productivity via chemical inputs cannot be a primary goal for multinationals sourcing cocoa beans. The longevity of the industry, the health of the farming communities who often depend on neighboring rivers for drinking and bathing, soil health, and the health of the planet must become primary priorities. Retailers must eliminate the most hazardous pesticides entirely, and move towards reducing the total amount of agrochemicals used, while supporting farmers in their efforts to shift away from agricultural practices that rely on dangerous chemicals. Retailers should emphasize yield for farmers through non-chemical interventions such as grafting, pruning, pollination, and education around best agroecological practices.

About Be Slavery Free

Be Slavery Free is a coalition of civil society, community and other organisations working together to prevent, abolish and disrupt modern slavery in Australia, the Netherlands and

around the world. Be Slavery Free has on the ground experience in preventing, disrupting and remediating modern slavery, with a particular focus on shining a light on slavery in supply chains. Be Slavery Free helped build momentum to pass Australia's Modern Slavery Act. Since 2007 they have been working with the chocolate industry, advocating to end child labour and slavery in cocoa. More information on Be Slavery Free can be found at <https://beslaveryfree.com>.

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About Mighty Earth

Mighty Earth is a global environmental campaign organization that works to protect forests, conserve oceans, and address climate change. Mighty Earth works to drive large-scale action towards environmentally responsible agriculture that protects native ecosystems, wildlife, and water, and respects local community rights -including in the cocoa sector. Mighty Earth's team has played a decisive role in persuading some of the world's largest food and agriculture companies to dramatically improve their environmental and social policies and practices. More information on Mighty Earth can be found at <https://www.mightyearth.org/chocolate/>.

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About the National Wildlife Federation

The National Wildlife Federation, the largest conservation organization in the US with over 6 million members, works to unite people from all walks of life in giving wildlife a voice. NWF has been on the front lines for wildlife since 1936, fighting for the conservation values that are woven into the fabric of America's collective heritage. NWF's international program combines expertise in natural resource economics, remote sensing and GIS, international law, and tropical ecology to advance market-based solutions and public policy to eliminate tropical forest loss. NWF promotes "zero deforestation" agriculture, focusing on commodities with the greatest impacts on forests and wildlife. More information on NWF can be found at <https://international.nwf.org/about/>.

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