



Scorecard Methodology

The 2021 Easter scorecard ranks and grades chocolate companies on key sustainability issues. Working together, Mighty Earth, Green America, INKOTA, National Wildlife Federation and Be Slavery Free (Australia and The Netherlands) developed a survey, sent it to all the companies chosen, created explanatory videos for Zoom conferences with companies to answer any possible questions, and graded the companies. Companies were appointed a liaison from the team, and many companies took the opportunity to meet with their liaisons virtually.

The companies selected ranged from the largest cocoa traders and chocolate manufacturers in the industry to smaller innovative companies. Those selected either can take a large toll or make a big positive impact for people and the planet.

The survey covered human rights due diligence, transparency and traceability, living income, child labor, deforestation and climate, and agroforestry. These are some of the most pressing, vital sustainability issues facing the chocolate industry today.

Storck, Unilever, Starbucks and Valrohna were approached to participate but did not do so. Non-participation was viewed as a lack of transparency; we believe that all companies selling chocolate products should be able to provide the information we are asking for, and consumers have a right to know about the conditions under which the chocolate is produced. (Please see the end of this methodology for additional details about the situation regarding retailers.)

Each company 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 company’s overall bunny score - more so than if a company scored red but did not absolutely fail on that issue. This explains how companies with similar eggs can still end up with divergent bunny scores.

To recognize that the industry is evolving and some companies are performing ever better on sustainability, thus proving how much can in fact be achieved, we raised the bar compared to last year in scoring. This is particularly pertinent regarding what it takes to earn a ‘green egg’ or ‘green bunny’. As top-performing companies improve, so too what it takes to be considered an industry leader is also evolving.

We awarded a “good egg” prize to corporate accountability and responsibility leaders, based on where those companies’ chocolate were available. Some very high-performing companies only sell in certain geographies, and we wanted consumers to always have the realistic option of going out and buying chocolate from a ‘good egg’ winner. Whittaker’s for instance is widely available in New Zealand and Australia but less so elsewhere; Alter Eco is easily purchased in the US and most of Europe but not in New Zealand and Australia.

We sadly gave a “rotten egg” award to a company that was not only unresponsive to our questionnaire but also had a demonstrated problematic track record of poor performance on cocoa sustainability.

An explanation of the categories

Human Rights Due Diligence

The UN Guiding Principles on Business and Human Rights, endorsed by the UN Human Rights Council in June 2011, establish a set of guidelines for companies to prevent, address and remedy human rights abuses committed in business operations. In the last few years, there has been growing momentum for mandatory human rights due diligence regulation in various forms, with the UK Modern Slavery Act (2015), the Duty of Vigilance Law in France (2017), the

Australian Modern Slavery Act (2018), the Child Labour Due Diligence law in the Netherlands (2019), and the announcement of the European Commission to introduce a mandatory due diligence regulation at EU level in 2021. Voluntary efforts to transform the chocolate industry have failed; robust mandatory due diligence regulation is needed.

A previous scorecard ranked and graded companies based on their public support for due diligence regulation. This year the scorecard goes deeper: The scores for each company in this category depend on the extent to which it implements the different elements of human rights due diligence. These elements are:

1. Human rights policy statement and internal due diligence processes;
2. Comprehensive risk assessment which is publicly available; and
3. Undertaking measures to prevent and mitigate all relevant human rights risks in their cocoa supply chain, and reviewing and reporting on impact of these measures.

Transparency & Traceability

If a company 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, civil society cannot hold companies 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. Certification and other methods (such as a company's own program) being used for traceability and transparency; and
4. Transparency of the company's reporting on its traceable supply chains, including publicly sharing 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);
2. Percentage of farms covered by the scheme; and
3. Presence of a plan to scale programs and processes to address child labor.

CLMRS systems are thought to be one of the most effective ways of addressing child labor.

It is early days for some companies in addressing child labor through specific interventions and premature to tell what the long term effectiveness will be. However, four companies (Tony Chocolonely's, Alter Eco, Whittaker's and Chocolats Halba) claim that there has been no child labor found in their sourcing communities.

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). On the contrary, Rainforest Alliance/UTZ, the biggest certifier in the cocoa sector, has not introduced a minimum

price for cocoa. . The Living Income Community of Practice has also undertaken living income calculations for both Ghana and Côte d'Ivoire.

These are just the beginning of ensuring real living income for cocoa farmers. We recognize that some farmers may already be earning a living income. These farmers are remarkably few, and the vast majority of farmers are not earning a living income. 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 a calculation and are committed to pay (or are paying) an additional premium to farmers they source from;
2. Company 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 companies 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 ha](#) 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 companies 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, 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. 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 Chemical Management

Once we began the grading process, we noticed myriad issues and confusion with chemical management questions we asked the companies - most of which lack appropriate understanding of and approaches to minimizing chemical inputs in publicly grading companies

on chemical management this year, we decided to engage intensively with them after the scorecard publication to raise awareness and understanding of how an average company should be addressing chemical inputs.

However, two companies' responses already stood out for being far ahead of the rest in addressing the risk of agrochemicals - Alter Eco and Chocolats Halba. Alter Eco's chocolate is all certified organic and this is paired with robust agroforestry practices. Similarly, Chocolats Halba is working to implement robust practices across the supply chain and over 50% of their chocolate is certified organic.

Given the mass extinction crisis we are in, much of which is driven by chemicals in agriculture, we need to see chocolate companies reforming their current approaches with 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 a primary priority. Companies must eliminate the most hazardous pesticides entirely, and move towards reducing the total amount of agrochemicals used, while supporting farmers in efforts to shift away from agricultural practices that rely on dangerous chemicals. Companies should emphasize yield for farmers through non-chemical interventions such as grafting, pruning, pollinization, 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 for addressing child labour and slavery in cocoa. More information on Be Slavery Free can be found at <https://beslaveryfree.com>. Contact:

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About Green America

Green America is America's leading green economy organization, whose mission is to harness US economic power—the strength of consumers, investors, businesses, and the marketplace—to create a socially just and environmentally sustainable society. Founded in 1982, Green America provides the economic strategies, organizing power and practical tools for businesses and individuals to solve today's social and environmental problems. More information on Green America can be found at <http://www.GreenAmerica.org>. Contact:

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About INKOTA

INKOTA has spent the last 50 years campaigning to end hunger and poverty and make globalization work for all. With targeted campaigns, INKOTA aims to raise public awareness in Germany for the darker sides of globalization and the importance of human rights. INKOTA coordinates the "Make Chocolate Fair!" campaign, which advocates for better living conditions for cocoa farmers in West Africa. Furthermore, INKOTA cooperates with civil society partner organizations in the global South, helping them to campaign for justice and equality in their home countries. More information on INKOTA can be found at <https://www.inkota.de/english/>. Contact:

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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/>. Contact:

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About the National Wildlife Federation

The National Wildlife Federation, America's largest conservation organization with over 6 million members, works to unite Americans 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/>. Contact:

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