



Forum Nachhaltiger Kakao
German Initiative on Sustainable Cocoa

ANNUAL GENERAL MEETING 2020 of the German Initiative on Sustainable Cocoa

„The protection of human rights along international supply chains - the example of cocoa“



DOCUMENTATION

8th Annual General Meeting
of the German Initiative on Sustainable Cocoa
08 September 2020 | Virtual Event

8th Annual General Meeting

Moderation: Prof. Dr. Christian Thorun (ConPolicy)

WELCOME



Wolf Kropp-Büttner, Chairman of the German Initiative on Sustainable Cocoa (GISCO), welcomed the Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development Dr. Maria Flachsbarth, the Parliamentary State Secretary at the Federal Ministry of Food and Agriculture, Hans-Joachim Fuchtel, the Director of the German Institute for Human Rights, Michael Windfuhr, as well as the members of GISCO. He thanked for their numerous participations in GISCO's first general meeting in virtual

format. Kropp-Büttner began by explaining that the compliance with human rights is explicitly laid down in the objectives of GISCO and emphasized that the members of GISCO are committed to their joint efforts to ensure compliance with human rights Due Diligence obligations in the cocoa supply chain. "We support our members to actively move forward here so that they can meet their Due Diligence obligations by 2025 at the latest," said Kropp-Büttner. To this end, he said, there should be specific support for small and medium-sized member companies. Even though the positions of the member groups on regulation reflect the different concerns, Kropp-Büttner said, the GISCO members agreed that a European framework for strengthening corporate responsibility on Due Diligence for sustainable global supply chains must be complemented by partnership agreements with cocoa producing countries. "Effective solutions can only be achieved through a holistic approach. This also means approaching them together with local governments," said Kropp-Büttner.

Moreover, Kropp-Büttner presented the highlights of GISCO's work over the past year. The development of the new monitoring system based on the 12 individual goals was one of the most important results. Kropp-Büttner particularly emphasized the intensive cooperation of GISCO with other initiatives for sustainable cocoa within Europe. In June, GISCO signed a Memorandum of Understanding with the initiatives of Switzerland and Belgium. An important element of the declaration is the monitoring of the results and impacts of the common goals. The basis for this are mutually agreed indicators. They make it possible to make effects transparent and comparable. As a second highlight Kropp-Büttner mentioned the successful completion of the 1st project phase of PRO-PLANTEURS and the start of the 2nd phase in June this year. He especially thanked the Ivorian Conseil du Café-Cacao for the continued assurance of a significant financial contribution. As a third highlight Mr. Kropp-Büttner mentioned the increase of the share of cocoa certified or independently verified according to sustainability standards in the confectionery products sold in Germany from 65% in 2018 to 74% in 2019. Lastly, Mr. Kropp-Büttner thanked all members for the very good cooperation and handed over to Professor Dr. Christian Thorun, Director of the ConPolicy Institute for Consumer Policy, who moderated the event.

The speech of Mr. Kropp-Büttner can be found [here](#) on the website of GISCO. The complete recording of the general meeting is only available to members of GISCO. (Speech Kropp-Büttner: Minute 06:13)

INTRODUCTORY LECTURE ON THE TOPIC "INSTRUMENT MIX/SMART MIX"

How can human rights of small scale farmers and other actors along the cocoa supply chain be protected?



The human rights expert **Michael Windfuhr**, Director of the German Institute for Human Rights, addressed in his guest lecture the need for stronger protection of the human rights of small-scale farmers. According to Windfuhr, the implementation of human rights must succeed on the ground, which is why the commitment of governments in the countries involved is needed. He also pointed out the responsibilities of all the actors along the supply chain. First and foremost, he said, they are expected to comply with a process standard

that is laid down in the National Action Plan for Business and Human Rights (NAP) in Germany. Their task is to identify and address human rights violations and risks and to implement appropriate countermeasures. Moreover, he stressed the need to introduce complaints mechanisms for those affected. He also referred to the current status of the German and European draft law on human rights Due Diligence. There are according to Windfuhr still some open points, particularly with regard to the question of liability and the role of industry initiatives such as GISCO. Looking ahead, Michael Windfuhr said that a mix of instruments is important to advance the practical implementation of human rights on the ground. He said that the growing legal obligation offers decisive advantages for companies. It allows companies to better cooperate with partners in the producing countries and along the supply chain, as they all commit to the same international standard. In addition, support could and should be actively sought from other actors in development cooperation, civil society, and international organizations such as the EU and the UN. It is also important to recognize where one's own responsibility begins and ends. On the corporate side, it is decisive to carry out risk analyses, to identify and deal with serious risks and to install complaint mechanisms. However, the scope of action of companies is limited when it comes to the legal and political framework conditions on the ground. It is therefore decisive "to apply the necessary due care in the given context", stressed Mr. Windfuhr at the end of his presentation.

The presentation of Mr. Windfuhr can be found [here](#) on the website of GISCO. The complete recording of the general meeting is only available to members of GISCO. (Presentation Windfuhr: Minute 15:08)

OPENING



In his video message, **Hans-Joachim Fuchtel**, Parliamentary State Secretary in the Federal Ministry of Food and Agriculture (BMEL), pointed out the preparations of the Federal Government towards a German Due Diligence law. At the beginning of his message, Fuchtel emphasized that joint action is essential for positive change in such multifaceted challenges. Fuchtel addressed the serious responsibility that exists especially now in times of the Corona crisis. Together with its partners in the cocoa-growing countries, the German

Initiative on Sustainable Cocoa has been working for many years to combat poverty, hunger and child labor in the cocoa sector. Fuchtel highlighted the positive developments of the PRO-PLANTEURS project and emphasized that more than 20,000 family farms have been trained in the cultivation of sustainable cocoa. According to Fuchtel, the project is a milestone: The income of the families are significantly improving while at the same time preserving and conserving natural resources. Fuchtel also highlighted as a major GISCO success, that the share of sustainably certified chocolate products of the GISCO members increased by 35%. However, there is still much to be done: Only about every seventh German company monitors compliance with human rights along the supply chain. With a Due Diligence law, companies based in Germany will have to check "whether their activities have a sustainable impact on human rights along the supply chain and [whether] measures for prevention and remedy" need to be taken. The German government wants to take a conscious lead in this process and also promote a European regulation. Fuchtel emphasized that this should also make companies, that are now less committed than the members of GISCO, more aware of their responsibilities. He highlighted that this was an ambitious goal and that there were still many open questions that needed to be discussed. It should therefore be an absolute goal to "involve all actors in the cocoa supply chain and ultimately achieve regulation at EU level. For only common rules of the game at EU level will lead to an improvement in human rights along the international supply chain in the long term".

The video message of Mr. PSt Fuchtel can be found [here](#).



To begin with, **Dr. Maria Flachsbarth**, Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development (BMZ), outlined some of the successes of the past year. Flachsbarth emphasized that GISCO has an enormous leverage effect on the German market and that this must continue to be used. GISCO's cooperation with the other European initiatives for sustainable cocoa was also positively highlighted. With the current development of the monitoring system, the effects in the cocoa sector are also to be made

more visible in the future. Moreover, Flachsbarth pointed out the difficult situation in the cocoa-producing countries: Four out of five cocoa-growing families in Côte d'Ivoire earn only one-third of the Living Income, child labor continues to be widespread, and COVID-19 further worsens the situation. The BMZ welcomed the fact that in 2020, GISCO placed the focus on the protection of human rights in the cocoa supply chain. The next step should then be to support small and medium-sized enterprises in particular in implementing the National Action Plan for Business and Human Rights, e.g. with a risk analysis for the cocoa sector: "A well-founded risk analysis is at the heart of a transparent supply chain and thus a prerequisite for fulfilling the human rights Due Diligence obligations," explained Flachsbarth. With a Due Diligence Law, the state fulfills its obligation to protect human rights. Flachsbarth referred to the objectives and commitment of BMZ: "The BMZ advocates for legal measures at national and European level. Because we say quite clearly: We do not want cocoa for which human rights violations have been committed or for which forests have been destroyed. Many companies, including members of GISCO, therefore support such legal measures. However, regulation must not lead to producer countries losing important markets. We focus on strengthening, not on withdrawal. And of course we discuss this issue regularly in the political dialogue with the governments of the producer countries," said Flachsbarth.

The speech of PSts. Flachsbarth in written form can be found [here](#). The full recording of the General Meeting is only available to members of GISCO. (Lecture Flachsbarth: Minute 44:41)

IMPULSE LECTURES

HUMAN RIGHTS COMPLIANCE IN THE COCOA SUPPLY CHAIN: SOLUTIONS, CHALLENGES AND LESSONS LEARNED

After a short virtual coffee break, the four working groups were introduced:

Topic: Opportunities and challenges of a Supply Supply Supply Law

Evelyn Bahn, Economy & Human Rights Officer INKOTA-netzwerk e.V. and Schokofair



The "Schokofair-Kids", an initiative that campaigns against child labor in the cocoa sector, emphasized in its introductory statement that since the initiative was founded in the 2009/2010 school year, too little had been done in the cocoa sector to combat abusive child labor. The number of children in child labor had even increased to 2 million. Voluntary self-commitment is not enough and legal regulation is more than overdue. For them, the abolition of child labor is directly linked to the achievement of a living income for small farmers. The members of GISCO

received a clear plea to actively address the problems and support the planned Due Diligence law.

The full recording of the General Meeting is only available to members of GISCO. Presentation of the "Schokofair-Kids" starting from minute 59:10.



Evelyn Bahn began her presentation by thanking the Chocolate Fair Kids at GISCO for their persistence and critical questions. She pointed out that in addition to the student initiative and committed NGOs, companies are also in favor of legal regulation. She stressed that multi-stakeholder initiatives such as GISCO cannot replace legal regulation. Binding rules of the game were therefore needed to ensure that all companies really do initiate the necessary reforms and comply with their duty of care. She also pointed out that GISCO could usefully complement legal regulation by helping GISCO members to implement their Due Diligence obligations.

The full recording of the General Meeting is only available to members of GISCO. Presentation of Evelyn Bahn starting from minute 1:04:42.

Results from Working Group 1:

Opportunities and Challenges of a Supply Chain Law

Working group 1 first discussed the question of what advantages a German Due Diligence law offers and on which factors its success depends. The binding establishment of processes for compliance with human rights Due Diligence obligations, which apply to all companies, was named as a major advantage of the a Due Diligence law. This would ensure that there is no competitive disadvantage. In this context, a clear formulation of the legal regulations, sanctions and transparency regarding possible civil liabilities was demanded. The question of appropriateness (according to the size and position in the supply chain of the respective actor) must be more clearly defined as a legal term in this context. Furthermore, transitional periods should be defined. Overall, the working group came to the conclusion that many actors prefer a European solution over a national one.

When asked about the implementation to date of human rights Due Diligence obligations by actors in the cocoa sector and the need for support, the issue of traceability was mentioned. Many companies would not know their supply chain sufficiently well so far and therefore traceability and transparency in the supply chain was not guaranteed. This issue had to be tackled jointly by all companies. In addition, child labor, one of the main human rights violations in the cocoa sector, was still widespread and appropriate measures had to be found now to counteract this.

Together with PRO PLANTEURS and local partners, GISCO could help to develop a suitable complaints mechanism. Furthermore, GISCO should support SMEs in particular in implementing the NAP, e.g. in preparing risk analyses in the cocoa sector. However, the working group does not see GISCO as a "safe harbor" for the implementation of human rights Due Diligence obligations, nor does it see it as a testing institution for a "chocolate "TÜV"".

Topic: Voluntary self-commitment for a Living Income of the retail sector – Piloting of approaches for action

Sarah Bollermann, Director Corporate Responsibility International, ALDI SOUTH Group



Sarah Bollermann began by explaining that insufficient wages and income are core problems in the cocoa sector, which are also the cause of other human rights violations. The ALDI SOUTH Group is therefore working together with other German retailers to develop an approach that promotes living wages and incomes. Together, key activities on topics such as traceability and the establishment of responsible purchasing practices are being promoted in a working group. The approach will be piloted in the form of projects and supported by GIZ and BMZ. The voluntary self-commitment for a Living Income by the retail sector, which was signed at the beginning of the year together with the BMZ and other companies, includes other relevant global agricultural supply chains, so that successfully tested projects and instruments can be scaled up

to other supply chains. During the working group, the approach of the ALDI SOUTH Group and the role of retail was examined in detail.

The full recording of the General Meeting is only available to members of GISCO. Presentation by Sarah Bollermann starting from minute 1:08:10.

Results Working Group 2:

Voluntary self-commitment for a Living Income of the retail sector – Piloting of approaches for action

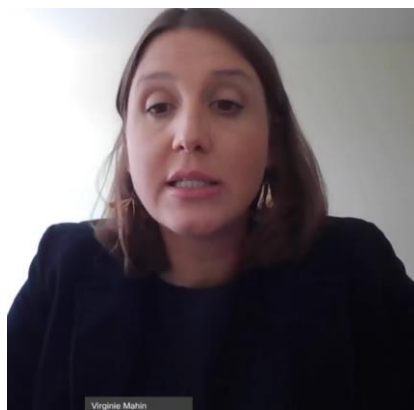
In working group 2, the role of retail actors in achieving a living income was the focus of attention. Through the direct interface between retail and its consumers, retail contributes to raising consumers' awareness of the necessity of a living income for producers. Priorities for sustainable purchasing are set through the implementation of responsible buying practices. It is important that this takes place in cooperation with other retail companies in order to create a "level playing field". It is also the task of retailers to transfer functioning instruments from one sector to other sectors. Furthermore, traceability and transparency in the value chain should be demanded from suppliers and it should be checked whether partner agree with the agreements made.

In response to the question of how the realization of living incomes in the cocoa sector can be anchored in the long term in a sustainable corporate policy of the retail companies, two important aspects were highlighted: There is a need for holistic cross-sectoral approaches in the companies that go beyond pilot initiatives in the cocoa sector and ensure goal-oriented cooperation between the company's own units across sectors. Changes in the production countries that lead to a diversification of the producers' sources of income must be initiated and supported across sectors.

In response to the question of what cooperation with other actors along the value chain might look like and what role GISCO and its members could play in this, the role of GISCO for exchange among members, for the dissemination of best practices and for networking among members was highlighted. In addition, the international orientation of GISCO and networking at European level is seen as beneficial, so that approaches and efforts are not duplicated but complement each other in a meaningful way.

Topic: Human Rights Due Diligence and the call for a European Regulation

Virginie Mahin, Global Social Sustainability & Human Rights at Mondelez International



In her keynote speech, Virginie Mahin stressed that a regulation on Human Rights Due Diligence provides the necessary framework to ensure that all companies meet their responsibilities for their own business and within their supply chains. The current challenges can only be met if all companies participate. Mondelez International is therefore in favour of a regulation at the European level, which, from a business perspective, has three key advantages: Firstly, the establishment of a level playing field to create the same rules and conditions for all. Secondly, the creation of legal certainty, and thirdly, the scaling up of "good practices" through a more intensive exchange between the various actors in the supply chain. Virginie Mahin emphasised that policymakers also have to meet expectations and should help to create favourable framework conditions to further promote sustainability processes. According to

her, the establishment of a dialogue initiative by the European Commission was a step in the right direction. She concluded her presentation by stating that the growing relevance and recognition of Human Rights Due Diligence obligations will have positive effects on the achievement of GISCO's objectives and thus on the livelihoods of cocoa farmers and increased sustainability in the cocoa supply chain.

The full recording of the General Meeting is only available to members of GISCO. Presentation by Virginie Mahin starting from minute 1:14:44

Results of the discussion of working group 3

Human Rights Due Diligence and the call for a European regulation

The discussion of working group 3 focused on a European regulation on Human Rights Due Diligence obligations. First, the question 'What advantages does a European regulation offer and on which factors does its success depend?' was discussed among the group. The establishment of a level playing field in which all companies follow the same rules is seen as a major advantage of a European regulation, which

all participants of the working group support. It was also considered essential that producer countries support such a European regulation and receive assistance in implementing the necessary measures on the ground, as provided for in voluntary partnership agreements. There was a controversial discussion on whether European regulation should be complemented by national regulation. In particular, the question was discussed whether national initiatives should precede a European regulation or whether a national legislation should be derived from a European regulation.

Furthermore, the question 'What role can companies play to support the implementation of a European Human Rights Due Diligence regulation?' was discussed. The group pointed out that companies can participate publicly in the dialogue with the European legislator in order to help shape regulation constructively. Furthermore, the best practices of companies in the cocoa sector should be shared and serve as examples for other sectors, according to the working group. It was also deemed essential to create an environment of trust in which companies share information with other stakeholders across sectors, so that relevant information will be available to policy makers.

In response to the question of how GISCO could support its members in complying with Human Rights Due Diligence obligations, the participants mentioned the provision of support services for SMEs, the design of a risk analysis for the cocoa sector and the sharing of information and knowledge. According to the group, GISCO could also serve as a forum for discussion and could make joint efforts in the field of human rights Due Diligence visible by telling success stories and using innovative (digital) formats. In the long term, this dialogue could in the best case lead to a common position of the sector, involving different actor groups, vis-à-vis a legal regulation on Human Rights Due Diligence.

TOPIC: Implementation of Human Rights Due Diligence in SME

Julia Möller, Sustainability Manager at Weinrich und **Andreas Reichert**, Sustainability Manager at Riegelein/Rübezahl.



In the presentation by Julia Möller and Andreas Reichert, the importance of human rights Due Diligence for small and medium-sized companies was highlighted. They emphasized that SMEs still face major challenges in implementing the National Action Plan for Business and Human Rights (NAP). For the concrete implementation, they said, existing challenges had to be discussed openly in order to find common solutions in the sector and thus offer SMEs support in implementing human rights Due Diligence. In this respect, SMEs would particularly like to see commitment on the part of the respective suppliers.

Possibilities for cooperation should be discussed accordingly in the working group. Andreas Reichert and Julia Möller emphasized that the implementation of a legal regulation for human rights Due Diligence, if possible at EU level, was also an urgent wish for them.

The full recording of the General Meeting is only available to members of GISCO. Presentation by J. Möller and A. Reichert starting from minute 1:20:02

Results working group 4:

Implementation of Human Rights Due Diligence in SME

In working group 4, the challenges of SMEs in implementing human rights Due Diligence were discussed. The lack of transparency in the supply chain was identified as a major obstacle. Often there would only be contact with the direct upstream suppliers (level 1) and thus SMEs would face an unclear/untransparent supply chain with a multitude of intermediaries. In addition, there would be a need for information about what additional work needs to be done to meet the requirements of a Due Diligence law and which definitions underlie certain requirements. There is also a need for clarity on how to deal with the fact that companies have to rely on local partners in the producing countries and find it difficult to give a full guarantee that human rights are respected throughout the supply chain. It is important for SMEs to ensure a fair distribution of costs between the various actors in the supply chain. In order to make implementation resource-effective, it is necessary to bundle existing resources - for example, by cooperating with other actors.

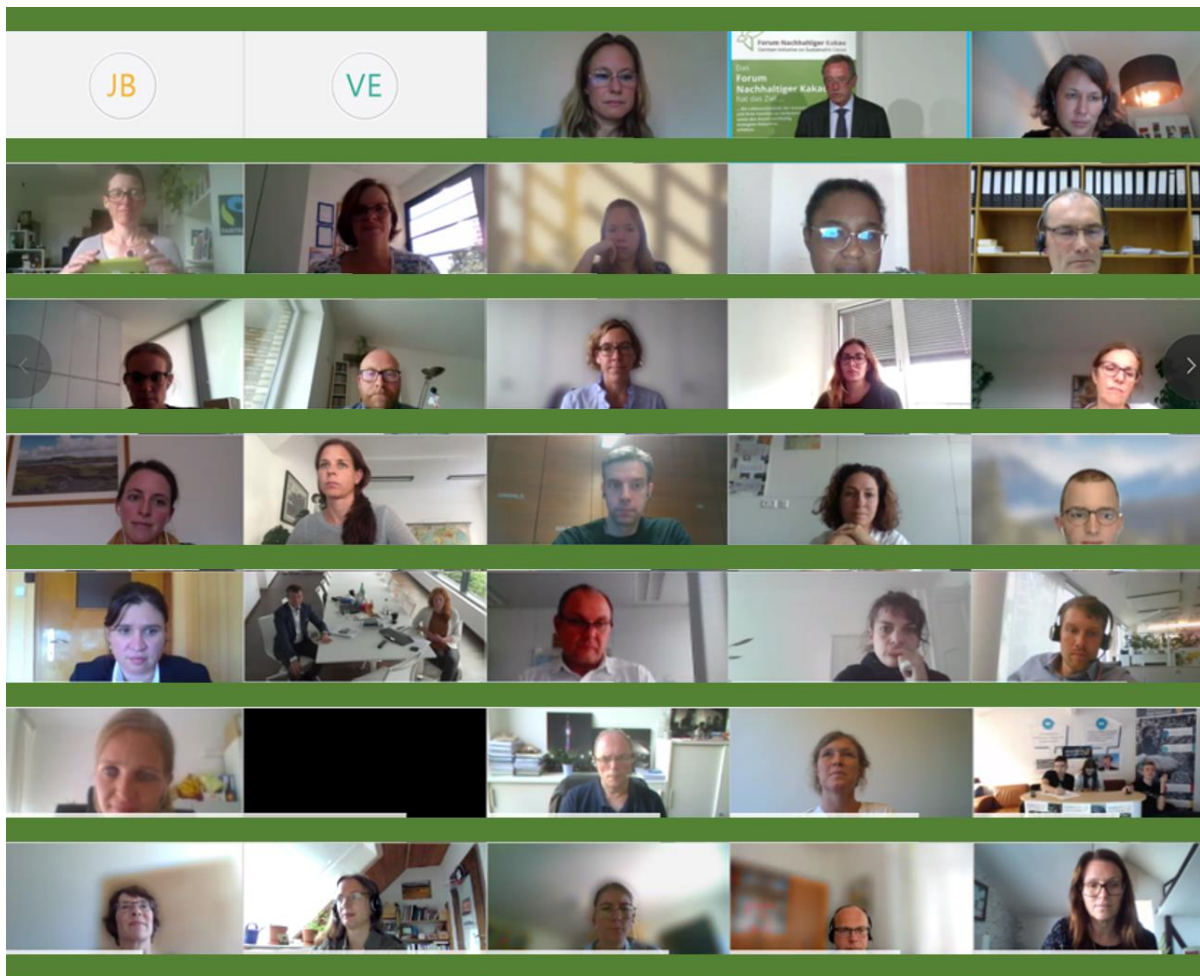
In response to the question of how and by whom SMEs can be specifically supported in implementing human rights Due Diligence, the role of the various actors in the cocoa sector and of GISCO was discussed. Through GISCO and member associations, cooperation with larger companies and traders

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could be established in order to develop a common framework for action for the compliance with human rights Due Diligence obligations. The information that traders obtain through direct contact with local producers should also be shared with other actors along the supply chain in a standardized way if possible. Civil society actors were also identified as an important interface with local actors. An overview and comparison of the performance of certifying organizations is also desired in order to identify gaps in the compliance with human rights. GISCO was seen as a suitable platform for representing the interests of SMEs in a concentrated manner. In addition, GISCO could carry out a joint risk analysis for the cocoa sector to support individual risk analyses of companies and participate in the development of a joint complaints mechanism.

SCHLUSSWORT

The Chairman of the German Initiative on Sustainable Cocoa, Wolf Kropp-Büttner, closed the public general meeting and thanked all those present for their participation.



The program of the general meeting and the presentations are available on the website of the GISCO: <https://www.kakaoforum.de/en/about-us/general-meetings/>

Note:

The minutes of the association-related part of the general meeting were prepared separately and sent to the members.

