

Joint Event of the European Initiatives on Sustainable Cocoa

Human Rights Due Diligence

*What is the role and responsibility of different
actors along the cocoa supply chain?*

“Build a common understanding of the role and responsibilities of different actors along the supply chain, make different opinions transparent and identify practical tools for collaboration.”

DOCUMENTATION

09 November 2020 | Virtual Event

Joint Event of the European Initiatives on Sustainable Cocoa

Moderation: Prof. Dr. Christian Thorun (ConPolicy)
The full recording of the event is available [here](#).

WELCOME

Filippo Veglio, President, Swiss Platform for Sustainable Cocoa

Filippo Veglio welcomed the more than 130 participants to this first joint event of the three European Platforms. In the name of all platforms, he expressed his enthusiasm to collaborate with all stakeholders to advance sustainability across the cocoa value chain. The importance of the Human Rights Due Diligence topic is clearly underlined by the presence of EU Commissioner Didier Reynders, sharing his insights in the introductory part.

Wolf Kropp-Büttner, President, German Initiative on Sustainable Cocoa

In his introduction, Wolf Kropp-Büttner pointed out how impressed he was by the great response to the first joint event of the three European Platforms. Kropp-Büttner welcomed the newly formed Dutch Initiative on Sustainable Cocoa and emphasized that “a joint effort is key to overcome the most pressing challenges in the cocoa sector”. Moreover, Kropp-Büttner referred to the development of a joint monitoring system based on harmonized indicators of the platforms as a big step forward in order to monitor and report on the progress made. Kropp-Büttner appealed to the actors of the cocoa value chain to actively contribute to this effort. With regards to the very important topic of Human Rights Due Diligence and shared responsibility along the value chain he pointed out that many questions still remain open and hopefully will be clarified further in the discussions.

Philippe de Selliers, President, Beyond Chocolate

In his introduction, Beyond Chocolate Chairman Philippe de Selliers explained that the cocoa platforms are built on the firm belief that it is essential to act together to effectively address some of the systemic human rights and environmental challenges in the cocoa value chains. He stated that most companies are willing to take responsibility for a more responsible business, but in a highly competitive environment. This can mean that the more ambitious companies, investing in sustainability efforts, are risking a competitive disadvantage. A level playing field is needed. Philippe stressed that an EU-wide approach to due diligence will benefit all actors in the supply chain in terms of a clear and consistent set of rules and common intent.

INPUT

Developments on Human Rights and Environmental Due Diligence in Switzerland – Filippo Veglio, President of the Swiss Platform for Sustainable Cocoa

Filippo Veglio shared a brief overview around the developments on human rights and environmental due diligence in Switzerland, providing insights on the ongoing democratic debate around the Responsible Business Initiative, which will be decided by a popular vote on November 29, 2020.

The initiative calls for mandatory Human Rights Due Diligence and internationally recognized environmental standards for companies domiciled in Switzerland and the companies they control. If a violation is committed by one of its subsidiaries or controlled third companies abroad, a Swiss company is liable for it, unless it can prove that it exercised due diligence to prevent the damage. In case the initiative is rejected, the parliament’s indirect counter proposal will be implemented. It implies reporting obligation over non-financial matters and due diligence concerning conflict minerals and child labor.

Emphasizing SWISSCO’s impartiality with regard to the vote, Filippo underlined the Platform’s commitment to enhancing the social, environmental and economic sustainability of the cocoa value chain, which includes the encouragement of its members to implement the UN Guiding Principles on Business and Human Rights on a cross-sectoral level.

Access Filippo’s full input speech [here](#).

The full recording of the event is available [here](#). Presentation starting from minute 17:30

INTRODUCTION

Developments concerning a possible Human Rights and Environmental Due Diligence Regulation and the EU Multi-Stakeholder Dialogue for Sustainable Cocoa – EU Commissioner Didier Reynders

Former Belgian Deputy Prime Minister and Minister of Foreign Affairs, and current European Commissioner for Justice Didier Reynders then took the floor to talk more about the possible HRDD regulation on EU level and the EU multi-stakeholder dialogue on cocoa. Commissioner Reynders thanked the platforms for inviting him and welcomed all participants.

He then referred to the climate and the human rights emergencies we are facing today. **The COVID-19 crisis has highlighted the need to reflect on the way we produce and govern.** A study from the Chicago University on child labor in Ghana and Côte d'Ivoire shows that among children living in agricultural households in cocoa growing areas 45 percent are engaged in child labor and 43 percent are engaged in hazardous child labor. Commissioner Reynders explained that issues like this cannot be addressed without legally binding measures. That is why the European Commission is working on a legally binding framework, which will be presented next year.

With the **sustainable corporate governance initiative**, the European Commission aims to **improve the EU regulatory framework on company law and corporate governance**. In this governance the interest of workers, customers, the environment and affected stakeholders will be reflected. The framework will also include proper indication and management of risks and vulnerabilities along the supply chain.

The framework will help directors convince their board members to **consider wider stakeholder interests, rather than only short-term financial benefits**. It will help companies to better manage sustainability-related matters in their own operations and value chains regarding social and human rights, climate change, environmental due diligence, etc. Internationally recognized human rights and labour standards have to be respected throughout the value chain. The EU Commission will build on the UN Guiding Principles on Business and Human rights and the OECD Guidelines for Multinational Enterprises and its guidance for responsible business conduct.

The European Commission is also exploring how to align Due Diligence processes to international commitments and EU goals such as the 2050 climate neutral objective and the deforestation objective. For the latter, the European Commission is working on limiting imports of products linked to deforestation. When it comes to cocoa, there will be complementarity to the **EU cocoa dialogue initiative**.

A proper enforcement regime that includes civil liability as well as administrative supervision will be implemented. Of course, accountability will also be of utmost importance. Commissioner Reynders then stated that true change can only be achieved, if the scope is kept broad. Therefore, the EU Commission is looking at **all companies with limited liability in all sectors**.

Lastly, Mr. Reynders said the EU Commission has heard the calls from many companies for stronger EU laws on HRDD and is counting on their experience and input. **Companies can give their input until February 2021 in the public consultation that is already ongoing**. Inputs on how to organise a level playing field between European companies and foreign companies working in Europe will be of particular interest in this regard. Commissioner Reynders ended by stating he is looking forward to further cooperation on the topic.

The full recording of the event is available [here](#). Presentation of Commissioner Reynders starting from minute 30:20

INPUT

Best Practice: Implementation of Human Rights Due Diligence in a specific cocoa supply chain – ALDI SOUTH Group–Sarah Bollermann

After a short organizational overview of the ALDI SOUTH Group, Sarah Bollermann explained that the aim of the ALDI SOUTH Group is to offer high quality and fair products at fair prices. Their vision is to make sustainability affordable for the customers and ultimately to make it mainstream. She stated that the long-term business success could only be achieved once human rights are acknowledged, respected, protected and fulfilled. In order to reach this target, Bollermann expressed the need to collaborate with every actor along the supply chain. The approach of the ALDI SOUTH Group is just starting and follows a six-step approach. Therefore, several policies have been launched. One of them is the human rights policy statement from 2018, which states that the ALDI SOUTH Group wants to use their influence more effectively, especially in areas where the potential impact on human rights is strong. Moreover, Bollermann stated that the ALDI SOUTH Group is supportive of European mandatory human rights due diligence legislation. She stressed the appreciation for the current development on the European level and referred to the presentation of EU Commissioner Didier Reynders. The ALDI SOUTH Group itself has done a human rights risk assessment and identified highest risks and biggest leverages on the raw material side and on the production facility level in order to prioritise supply chains. The ALDI SOUTH Group identified five fields of action that are considered crucial to move forward. Within the cocoa supply chain, the fields of action are: transparency, raising the bar of standards and making sustainability mainstream, integrating CR criteria into the buying process, participating in multi-stakeholder dialogues, participating in capacity building and implementing projects, such as the Cocoa Household Income Diversification Project in Ghana. Based on the learnings from ALDI SOUTH Group's pilot projects, such as the Fairtrade monitoring project, further targeted measures will be designed. To conclude, Bollermann stressed that retail has the advantage to use a wide product range to identify and scale up successful tools across sectors.

The full recording of the event is available [here](#). Presentation of Sarah Bollermann starting from minute 59:45.

IMPULSE LECTURES AND PANEL DISCUSSION

The panel discussion aimed at getting an idea of the roles and responsibilities of the different actors along the cocoa supply chain with regards to the implementation of HRDD, and, thus, tackling the questions that would be discussed more in depth during the breakout-sessions.

The full recording of the event is available [here](#). The Panel discussion starts from minute 1:28:00.

In the following, the most important statements by the panelists are summed up:

Anke Massart, Barry Callebaut (Minute 1:28:40)

Anke Massart presented the HRDD framework of Barry Callebaut. She referred to collaboration with standard setting organisations and suppliers as an important factor for successful HRDD implementation. As the main challenge, she named the “first mile” of the cocoa traceability journey, thus knowing where exactly the cocoa comes from, whether directly or indirectly sourced and tracking it throughout the whole supply chain. Traceability systems needed to be developed in collaboration with producing countries. When sourcing indirectly, suppliers needed to have the same HRDD obligations. Anke Massart highlighted that Barry Callebaut was in favour of a European legislation to ensure a level playing field for companies and to have a mandatory Human Rights Due Diligence in order to reach joint objectives. She also pointed out that an enabling environment was very important to ensure HRDD implementation in practice. This enabling environment needed to be created jointly by the European Union and producing countries to avoid the risk that companies would shy away from sourcing from “high risk areas”.

Dr. Emmanuel Opoku, Ghana COCOBOD (Minute 1:35:00)

Dr. Emmanuel Opoku presented the importance of women for the cocoa sector in Ghana. He pointed out, that promoting gender equality and highlighting the achievements of female farmers was very important for the Ghana COCOBOD. Both men and women should be able to reach their goals to ensure sustainability within the sector. Mr. Opoku also said that a major challenge of HRDD

implementation was at the farmer level and that there was often a misapplication of cultural norms that might lead to infringements of childrens' rights and child labour. To overcome those cultural challenges, interventions of child labour should include mainstreaming of education. COCOBOD also initiated the Cocoa Management System (CMS) to track children growing up in cocoa farming households and to better shield them from potential risks.

Darrel High, Nestlé (Minute 1:41:05)

Darell High introduced the Child Labour Monitoring and Remediation System (CLMRS). He said that all the actors of the supply chain were involved in this system, from the farmers and their households, to the cooperatives, their suppliers, local departments, and the International Cocoa Initiative (ICI), with whom Nestlé developed this system. With the help of CLMRS half of the children affected by hazardous child labour were lifted out of child labour, he explained. Community liaison people, employed by the cooperatives, were playing a crucial role in identifying cases of child labour by conducting field visits and interviewing the parents. When a situation of hazardous child labour was identified, the situation was then discussed with the parents, according to Mr. High. Possible remediation activities include supporting the family to send the children to school, finding an income generating activity, or putting together a help group to do the work on the farm, instead of the children. He concluded that this system showed how the different partners are coming together to jointly tackle the important challenge of child labour.

Vidya Rangan, ISEAL (Minute 1:47:55)

Vidya Rangan addressed what sustainability standards could contribute to the implementation of HRDD requirements and how they could improve with regards to human rights criteria. Firstly, she pointed out that Voluntary Sustainability Standards (VSS) welcomed any type of regulation and legislative action making companies look more closely at their supply chains and related risks. She also highlighted that VSS already acted as a complimentary to companies' HRDD implementation. This was particularly true in terms of providing additional assurance for certified products based on the standard's scope and content criteria. In addition, VSS could provide traceability benefits and additional data and insights on the production side. She added, that companies could also benefit from established processes and systems providing assessment, detection and remediation capacities and continuous improvement. In that regard, VSS could be valuable partners for companies to mitigate risks for certified products and to offer a higher level of traceability. However, she also made clear that VSS could not replace companies' obligations to look at their overall supply chain and to identify cross-sectoral risks. She also feared that addressing human rights could become a "tick box exercise", where the link to sustainable development was not addressed adequately. For Ms. Rangan, better livelihoods for farmers were crucial to address due diligence requirements in a holistic way.

Mieke Vercaeren, Colruyt (Minute: 1:53:38)

Mieke Vercaeren said that Colruyt's ambition was to work on the whole supply chain in terms of sustainability. The current focus was to incentivise a more sustainable consumption through communication with consumers. In order to make visible the materiality of a product group and the sustainability behind it, Colruyt was looking at health issues, social aspects in the value chain, animal welfare and environmental topics. According to Vercaeren, the ambition was to connect with consumers and to make them enthusiastic about the change they had to realise together for a better local context for people. In terms of projects, Colruyt developed so called "Chain Projects" bringing together different actors, including NGOs, traders and retailers and local cooperatives to develop sustainable initiatives in a collaborative manner. Mieke Vercaeren also stressed that Colruyt was investing a lot in education to empower young people. She underlined that retailers relied a lot on certification, as in most cases they would not have the direct relations in the producing country. Therefore, she hopes that standards will take up the challenge of HRDD implementation as well.

BREAKOUT SESSIONS

Session 1: Which role can standard setting organizations play for the implementation of human rights due diligence?

Moderation: Charles Snoeck

In break-out session one the question was **raised to which extent standard setting organizations are responsible for Human Rights Due Diligence processes**. While several companies noted that it was time for standard setting organizations to rethink their role and take up more responsibility, the organizations themselves responded that while they do have a role to play, companies cannot simply pass on responsibility to standard setting organizations and think that is enough. Everyone should collaborate as partners and take up shared responsibility. If not, there is the danger of endlessly passing on responsibility to other players, which will not lead to positive impact. **Complementarity and shared responsibility are key in the process.**

All participants agreed that nothing will be achieved, if we keep roles vague. There is a real **need for precision of the roles and functions of stakeholders** along the supply chain in the implementation of HRDD. We need to have more knowledge on who can and should do what. If all companies undertake actions individually, this will be chaotic and inefficient. A Human Rights Due Diligence framework should set up a customized approach in the cocoa sector.

A representative from a mid-sized company then took the floor, explaining what he faces challenges with regards to HRDD. As a mid-sized company, he explained, it is incredibly difficult to implement HRDD because we are just too small to run our own sustainability program and just too big for a bean-to-bar approach. Because of this, mid-sized companies rely heavily on certification. It was suggested that responsibility here can be taken up by the **larger companies who can then set an example and function as a catalyst.**

When the question was asked how companies can know precisely what they can do to implement HRDD events and where their responsibility ends, it was referred to the **OECD-FAO Responsible Business Conduct Guidance for Agricultural Value Chains**. Companies can go through this guidance and read more on the leverage they have. A few tips given to companies in this guidance are to make sure that there is training within the organization and that reward mechanisms are implemented. Due Diligence might seem daunting, but with this guidance, companies can get a more concrete view on what their next steps should be.

Another issue raised was the fact that a lot of companies are not active where cocoa is grown so they rely heavily on other companies in the field. In this regard, standard setting organizations can function as reliable service providers that help their client to comply with the HRDD processes. **An important role for standard setting organizations in this regard is the sharing of data.**

Lastly, all participants agreed that **multi-stakeholder partnerships such as Beyond Chocolate, GISCO and SWISSCO can play an important part in the HRDD process**. These platforms serve as a pre-competitive space that allows stakeholders to share best practices and lessons learned, work together on the EU approach, keep each other accountable, be transparent and discuss the division of roles and responsibilities.

Session 2: How can retailers effectively collaborate with each other and with other actors to implement human rights due diligence?

Moderation: Christian Thorun

In working group 2, the question **“What is the responsibility of retailers? Where does it start, where does it end?”** was discussed first. The participants of the working group pointed out that, while the responsibility of retailers is the same for own brands as for other products, the leverage of retailers was higher for own brands. Given that the share of own brands is increasing in the stores, this corresponds to a higher sphere of control for retailers and an evolvement of retailers being closer to the producer. Retailers also face a great opportunity: Due to the high product range, tools can be identified in one supply chain and scaled up in other supply chains.

As an answer to the next lead question in this working group: **“How can retailers empower their suppliers?”** the participants agreed that retailers have the opportunity to set an example with their own brands for others to follow. For example, the development of supplier evaluations and assessment of suppliers within their own-brand supply chains is named as an important step. For other products, retailers should ask their suppliers for specific sustainability requirements.

Thirdly, the question **“Which role can governments and multi-stakeholder initiatives play to support effective collaboration in the implementation of HRDD”** was discussed. Most importantly, the need for an open dialogue about what is going wrong and about costs and

possibilities to share costs was stressed – together with a call for building even more trust among actors along the supply chain. The working group also made a clear appeal to the government to pass a European legislation on Human Rights Due Diligence to create a level playing field, thus encouraging pre-competitive collaboration among different actors along the supply chain. Additionally, retailers wish for more government support for the education of customers by civil society organizations. It was also stressed that multi-stakeholder initiatives need to collaborate on a European or even global level and develop definitions (e.g. traceability) as a basis for a joint monitoring system – thus setting the basis for sharing data and creating real cooperation for the implementation of HRDD.

Session 3: How can the responsibility for human rights due diligence of traders and processing companies (with special consideration of SMEs) be effectively shared?

Moderation: Christine Müller

Working group 3 discussed how the responsibility for human rights due diligence of traders and processing companies can be shared effectively along the value chain, with special consideration of SMEs.

The participants started the discussion with the question on the responsibility of traders and processing companies on HRDD. They agreed that pointing fingers was not useful. Instead a collaborative responsibility with proactive interaction between the different actors in the value chain was required. The point was raised that traders and processors had a critical role as they had direct connections to the producing areas and the group agreed that responsibility goes to every farm from which cocoa is bought from. Therefore, SMEs mostly depend on data from their suppliers/traders. There is also a need to develop tools for a transparent collection and sharing of data for traceability to origins. In addition, there is a need for better data to learn also on how challenges can be tackled. The Initiatives on Sustainable Cocoa (ISCOs)'s could help in collecting and continuously sharing such learnings. This is of special relevance for SMEs as they can benefit a lot from sharing best practices, including best practices established by big players.

Besides better sharing of data and learnings, the group emphasized the importance of the roles of the governments to support effective collaboration in the implementation of HRDD between traders and processing companies. On the side of the consumer countries' governments, a common legislation is needed to allow a level playing field. It would also help producers to ask more from suppliers / traders and mainstream a common set of criteria for all to follow. The group also mentioned that more collaboration was needed between governments of consuming and producing countries. Consumer countries should support producing countries much stronger by creating an enabling environment. Multi-Stakeholder Initiatives like CFI would also benefit from this. Governments in producing countries should establish policies on HRDD, set up local dialogs and build the necessary infrastructure.

Multi-Stakeholder initiatives like the ISCOs could take a supportive role for SMEs in the implementation of a possible HRDD legislation. Another idea was also that ISCO's sharing of best practices could feed into the development process of policies and legislation in the EU dialogue, however it should not be "lowering" the bar for ambitions.

Session 4: Which role can local civil society organizations in cocoa producing countries play for the effective identification of human rights violations and the implementation of a grievance mechanism?

Moderation: Beate Weiskopf

In working group 4, the question "What role could civil society organizations in producing countries play for the effective identification of human rights violations in the cocoa value chain" was addressed in the beginning of the session. The group identified civil society as an important actor to point out risks in relation to human rights violations. Best Practices were also shared, especially with regards to the International Cocoa Initiative (ICI) and child labour mitigation. The group discussed on how civil society could be empowered to fulfill this role. The participants agreed that for the reporting on human rights violations financial, human and technical resources were needed

so that civil society could act independently. As a best practice the International Cocoa Initiative (ICI) collaborates with several NGOs on child labour mitigation.

Next, the group discussed on the mechanisms and tools that were needed in order to effectively identify Human Rights violations in cocoa producing countries. As a first step these tools needed to be made available and accessible for civil society. As a best practice, a representative of FLOCERT explained the FLOCERT grievance mechanism which uses a new form of anonymous reporting via WhatsApp to follow up on allegations of human rights violations. The method was considered to be a successful example of a grievance mechanism, so the group also discussed on whether this practice could become a model for grievance mechanisms in supply chains as foreseen in the UN Guiding Principles for Businesses and Human Rights.

When addressing the question of what characteristics an effective grievance mechanism should have, it became clear that not only the right tools, but also education, capacity building and training were important factors for the implementation of human rights on the ground. Thus, it was stressed that civil society organizations play a vital role for informing farmers, workers and local communities about their rights. Building trust and confidentiality was equally seen as a crucial aspect for members of civil society to feel safe about reporting on human rights violations.

The group concluded the discussion with the finding that civil society should play an important role for the implementation of grievance mechanisms in producing countries. Finally, it was pointed out that better frameworks for cooperation between local governments and civil society organizations were needed and their representation in Multi-Stakeholder-Initiatives at local level has to be strengthened as well.

WRAP-UP

Charles Snoeck, Christine Müller and Beate Weiskopf, the Secretaries of the European Platforms concluded the joint event with the main take-aways.

Charles Snoeck from Beyond Chocolate started with pointing out that for him, the main lesson of this event was the importance of sharing. Sharing lessons learned in a safe space was an important benefit that the different national platforms can offer. He saw the legal framework on HRDD as an incentive for the different actors to take a step ahead and to jointly develop high impact models for action. Beate Weiskopf continued with the role of multi-stakeholder initiatives for Sustainable Cocoa. She said that the objective within the different platforms was to bring people together to share experiences and to collaborate to make the sustainable cocoa sector a reality. She said that with joint events and workshops the aim was to achieve a harmonization of strategies, to implement joint action and achieve a holistic approach. Lastly, Christine Müller concluded the event by thanking the participants for their active participation and said that she was very pleased that everyone acknowledged the shared responsibility, which was a big step forward.



The full recording of the event is available [here](#).