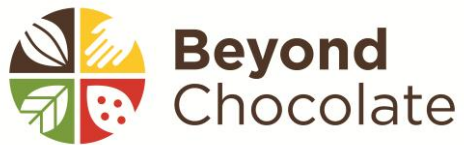


# ISCO Working Group Monitoring

*03.03.2026*



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# Introduction & Welcome

# Technical Notes

The session is not a lecture event and **interaction** is explicitly desired!  
However, please note the following:



Please **mute** yourself during the presentations by clicking on the microphone icon.



If possible, signal your contributions with the **raise your hand** function in the participants panel.



Please **turn on your camera** when speaking to make the session more interactive.

# Recording



The working group meeting will be recorded. By attending this meeting, you agree to be recorded.

If you do not want to be seen or heard, please turn off your video and audio. In this case, please feel free to use the chat for comments and questions.

**The recording will start shortly!**

# ANTITRUST STATEMENT

The fundamental principles of the ISCOs include strict respect for, and compliance with, all relevant national and international laws and conventions, particularly compliance with current antitrust regulations under European and national competition law.

In order to ensure compliance with antitrust law, sensitive business information must not be discussed. Nor must there be any agreements regarding prices, sales control, production volumes, market sharing, boycott calls and/or calls for non-cooperation with third parties, regardless of the reasons for such agreements.

As a consequence, there must be no discussion of current or future prices, profit margins, discounts, the timing and level of envisaged price increases, costs, capacities, customers, suppliers, product or marketing plans, sales forecasts, borrowing terms or any other information that is sensitive from an antitrust point of view.

The discussion and exchange of information that is relevant in terms of competition is not only prohibited during sessions but also during informal conversations at which competitors are present.

# Agenda

|   |   |                              |
|---|---|------------------------------|
| <p><b>1</b><br/>11:30 – 11:40 Uhr<br/>(10 min.)</p> | <p><b>Introduction &amp; Welcome</b></p> <ul style="list-style-type: none"> <li>• Anti-trust statement</li> <li>• Purpose of meeting / Agenda</li> </ul>  | <p>Siegfried Moeyersoons</p> |
| <p><b>2</b><br/>11:40 – 11:50 Uhr<br/>(10 min.)</p> | <p><b>Updates from ISCO 2.0. Process</b></p>  | <p>ISCOs</p>                 |
| <p><b>3</b><br/>11:50 – 13:10 Uhr<br/>(80 min.)</p> | <p><b>Monitoring Timeline &amp; Adjustments for the Monitoring Round 2026</b></p> <ul style="list-style-type: none"> <li>• Adjusted Timeline</li> <li>• Main Adjustments for monitoring round</li> </ul> <p><i>Presentation &amp; feedback in plenary</i></p> | <p>ISCOs<br/>ICI</p>         |
| <p><b>4</b><br/>13:10 – 13:25 Uhr<br/>(15 min.)</p> | <p><b>Monitoring Mastery: Key areas of the monitoring explained</b></p> <ul style="list-style-type: none"> <li>• Processed &amp; manufactured</li> <li>• Farmer Household Income Benchmark</li> </ul>   | <p>ISCOs</p>                 |
| <p><b>5</b><br/>13:25 – 13:30<br/>(5 min.)</p>      | <p><b>Conclusions, Next Steps &amp; Wrap-Up</b></p>   | <p>Siegfried Moeyersoons</p> |

# Updates on ISCO 2.0.

## ISCO 2.0. - Where we are



**Development of  
annual workplan**  
12.25



**Implementation  
in progress**  
Since 12.25



**Finalization  
& signing**  
02.26



**Board Chair  
Meeting**  
06.26

# Monitoring & Accountability: Components



## 1. Contributions and Participation

Members participate actively in the ISCOs



## 2. Transparency and sector alignment

Members report on their actions and performance

Alignment with international reporting standards

Further guidance on data collection methodologies



## 3. Assessment, Feedback and Learning

Learn from experiences & drive improvements

Continuous measuring and feedback

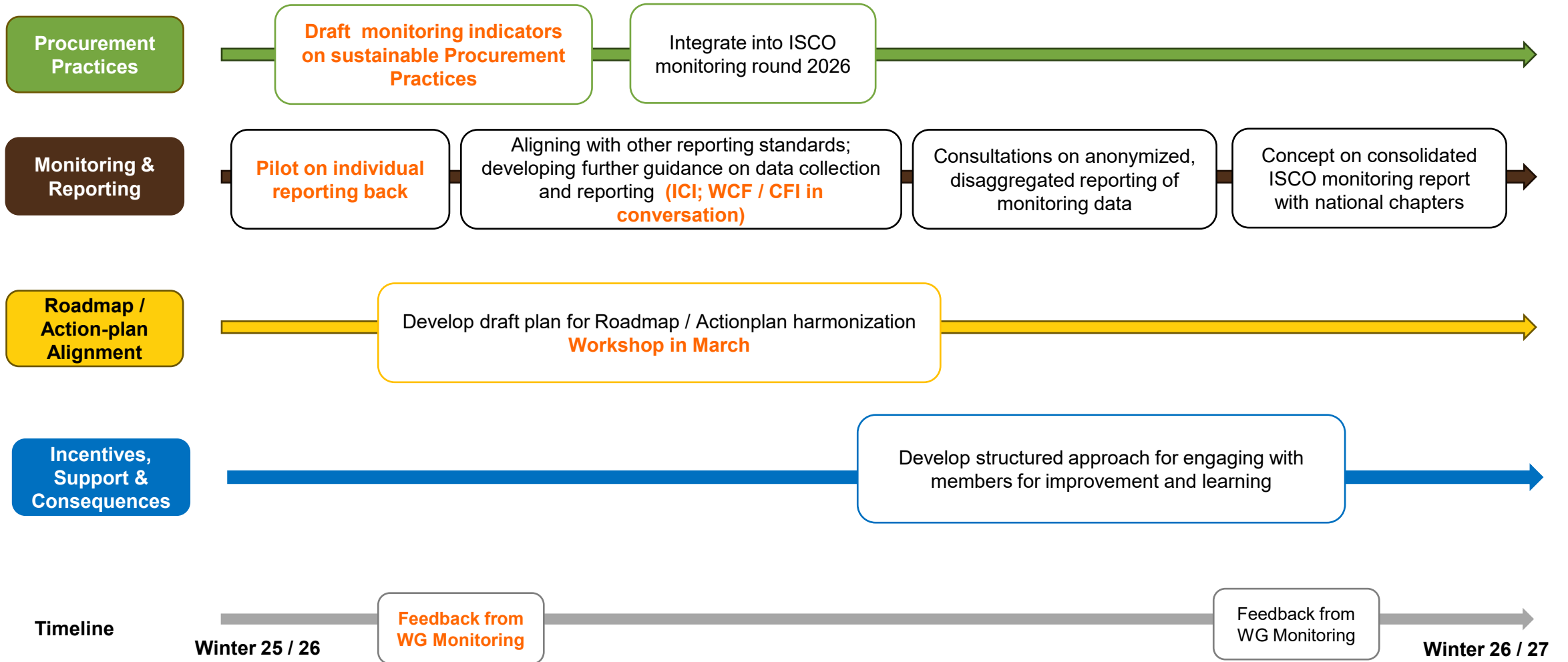


## 4. Incentives, Support & Consequences

Support continuous improvements

ISCOs have coordinated approach to offer support and address challenges

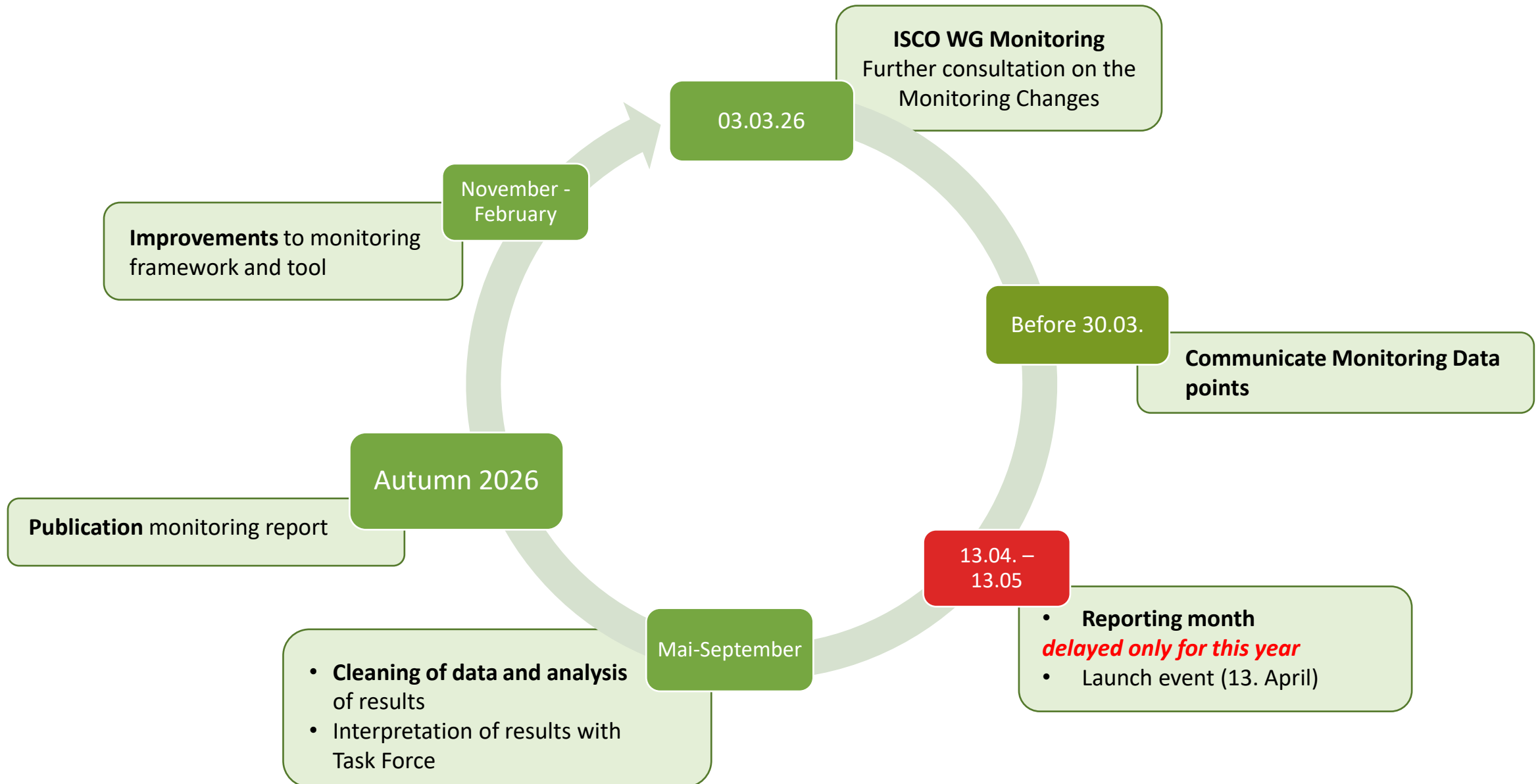
# Next Steps – Accountability 2.0.



# Timeline

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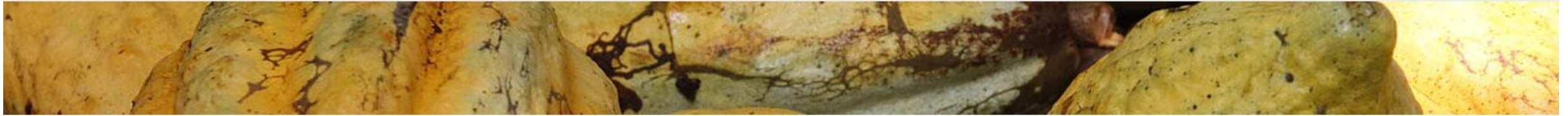
# Timeline 2026 Monitoring Round



# Monitoring Tool

HOME DEFINITIONS

EN DE



## 2026 Monitoring Round



**Beyond  
Chocolate**



**Forum Nachhaltiger Kakao**  
German Initiative on Sustainable Cocoa



**DISCO**  
DUTCH INITIATIVE ON  
SUSTAINABLE COCOA



Swiss Platform for  
Sustainable Cocoa



**FRISCO**  
French Initiative  
for a Sustainable Cocoa

## Login User

Don't have any account? [Register](#)

For GISCO members: If you have not yet signed the bilateral data confidentiality and data security agreement for the monitoring, please download [THIS FILE](#) and send two printed versions to us in written with your signature. You will receive a copy signed by us in return.



Login

[Forgot Password](#)

# 2026 adjustments to ISCO joint monitoring questions

# 4 adjustments

1. **Monitoring on Procurement Practices**
2. **Adjustments and Clarifications on “Living Income Strategies”**
3. **Guidance on “Living Income Measurement”**
4. **2027: ICI aligned Child Labour questions**



# Procurement Practices

# Why working on procurement KPIs

(from the ISCO Memorandum of Understanding 2025)

*The five European ISCOs should play an important role in developing principles on cocoa **procurement practices that lead to higher incomes and better management of risks** for cocoa producers and integrating them as part of the “smart mix”.*

Improved procurement practices will help to create a reliable business case for and provide agency to cocoa producers to grow cocoa sustainably and earn a living income. Combined with other initiatives and strategies aimed at improving farm income levels, the joint adoption of principles on sustainable procurement practices can lead to the necessary impact in reducing the living income gaps in the cocoa sector.

To do this, the ISCOs agree on the following core principles for sustainable cocoa procurement :

- **Principle A**: Cocoa producing households **receive adequate remuneration** - covering the costs for sustainable cocoa production, making farming cocoa sustainably profitable
- **Principle B**: Cocoa producers and cooperatives are **enabled to better manage risks** through longer-term relationships and cooperation agreements with their off takers.

# Some principles

**Shared Responsibility:** While traders operate at the farm gate, brands and retailers must facilitate these practices by being willing to pay the associated costs of compliance and adequate farm-gate prices (or mechanics to complement it).

**Collective market signals:** When multiple buyers align procurement requirements, suppliers take it seriously. One company changing sourcing rules is a nuisance. Ten companies doing it is a shift in bargaining power – that’s why the ISCO’s aim to foster sustainable procurement practices in cooperation with their members, in agreement with legal requirements of competition law.

Each company remains autonomous and responsible for its commercial strategy and decisions in this regard, despite being part of a shared commitment to responsible purchasing.

**Why this makes sense:** Most sustainability interventions (e.g., GAP training, productivity measures, access to finance, etc. ) have a marginal impact *if* the market environment and trade practices do not change. Procurement is 100% within a company's control and can be acted upon immediately.

At the same time, there is a realization that sustainable procurement practices alone, are not sufficient to bring all farming households to a living income.

**Principle A - Cocoa producing households receive adequate remuneration - covering the costs for sustainable cocoa production, making farming profitable.**

Objective: Measuring and valorizing financial flows that directly impact farmer net income.

Key Performance Indicators (KPIs):

- KPI 1.1 : Volume sourced under an explicit LIRP mechanism (Fairtrade LIRP or calculated following existing standards)
- KPI 1.2 : Volume sourced under structured living-income programs (such as brand-led income accelerator or household income improvement programs)
- KPI 2 : Total amount paid directly to farmers on top of farm-gate prices - measures the payments that go beyond the state-mandated minimum or current market price,
  - per-tonne payments, such as certification/sustainability cash premiums,
  - per-household payments, such as cash incentives in income accelerator-type programmes.

Other relevant information : regulated or average farmgate prices per origin (not included in survey)

**Principle B - Cocoa producers and cooperatives are enabled to better manage risks through longer-term relationships and cooperation agreements with their off takers.**

Objective: Moving from transactional buying to long-term partnerships that provide financial stability and fair sharing of risk.

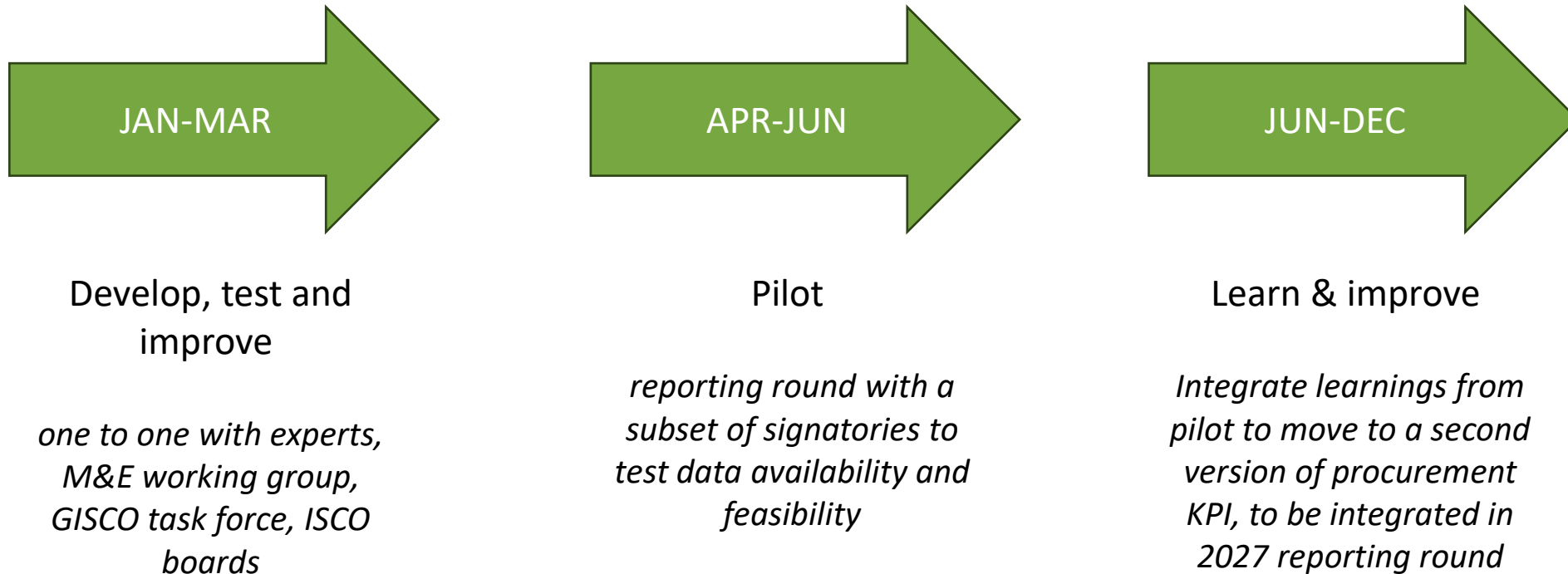
Key Performance Indicators (KPIs):

- KPI 3: Cocoa volume sourced from cooperatives/farmer groups with at least 3 consecutive years of sourcing relationship.
  - *Volume of cocoa sourced from commercial relationships that have been continuous for 3+ consecutive years?*
- KPI 4: Existence and effectiveness of grievance mechanisms
  - *How many households have access to a grievance mechanism to report forced labour risks and cases?*
  - *How many grievances were reported in the last 12 months?*
- KPI 5: Do your purchase agreements include asymmetrical clauses, such as a price mechanism to protect farmers against unexpected cost-of-living spikes or crop failures, guaranteed minimum volumes, etc. ? (open question)

# DISCUSSION

- Do these KPIs allow to make your actions on sustainable procurement visible?
- Questions focus a lot on actors who are at the start of the supply chain – how can we ensure responsibility travels across the whole chain?
- Data will not be comparable and there will be double counting – intention is to build accountability and to make progressive action visible.

# Next steps



Important note: All data will be collected by the ISCO secretariats, acting as an independent third-party, and reported in an anonymized, aggregated format to ensure full compliance with EU Competition Law.

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# Living Income Strategies

# The main changes that we suggest and why

## CHANGES

- Specification of the minimum components of a Living Income strategy
- More detailed explanation and quantification of the “smart-mix” approach
- More clarity on the role of procurement practices



## GOALS

- Providing more clarity to ISCO members
- Improving data quality
- Generating consensus on the requirements of a living income strategy

# Current definition

A living income strategy is a strategy with the explicit goal to enable cocoa farming households to earn a living income. A living income strategy includes a monitoring and learning component.

A living income strategy uses a combination, or “smart-mix” of strategies that target multiple income drivers. Multiple income drivers\* are being assessed strategically for the purpose of closing the living income gap\*\*. The interventions for each driver depend on the current situation of those drivers and to what extent addressing these drivers can help close the living income gap among different segments and profiles of farmers. Strategies that can improve income drivers go beyond addressing changes in the farm system and household behaviour. These strategies include improved procurement practices. They range from service delivery for improved production and processing, to brand and consumer engagement, and to improving the enabling environment.

A living income strategy goes beyond income generating activities (IGAs) that do not have the explicit aim of closing living income gaps.

\* land size, yield, price, cost of production, diversified incomes

\*\* the difference between the actual household income and the existing living income benchmark

# Proposed definition

A living income strategy is a **time-bound, evidence-based plan** whose primary objective is to contribute to reducing and ultimately **closing the living income gap\*** for a defined target group of cocoa farming households in specific geographies. It must include the following **minimum components**:

- An **analysis of current household incomes** and gaps vs. a recognized living income benchmark;
- A **theory of change** explaining how the strategy will reduce the gap;
- A **monitoring, evaluation & learning (MEL)** plan.

A living income strategy uses a combination, or “**smart-mix**” of strategies (typically minimum of 2) that target **multiple income drivers**. Multiple income drivers\*\* are being assessed strategically for the purpose of closing the living income gap (as part of the analysis (1) and theory of change (2)). Drivers to address are chosen based on their potential for closing the living income gap of specific farmer segments and the member’s ability to realistically influence them. When designing interventions to address selected income drivers, members should choose different measures\*\*\* based on their expected effectiveness and the member’s position in the supply chain. For companies, a meaningful living income strategy should always **include measures to bring their existing procurement practices in line with the ISCO principles for sustainable procurement practices**.\*\*\*\*

Income generating activities or activities that indirectly support income generation (e.g., general community development) are considered part of a living income strategy only when they are designed and monitored for their contribution to closing the living income gap.

\* the difference between the actual household income and a recognized Living Income Benchmark (current or adjusted)

\*\* land size, yield, price, cost of production, diversified incomes, household costs

\*\*\* Examples include the provision of trainings, an adaption of procurement practices, direct cash transfers, consumer engagement, and collaboration in landscape approaches to improve framework conditions.

\*\*\*\* Please refer to the definition of “sustainable procurement practices”.

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# Guidance on Living Income Measurement

# Measuring

Based on CHIS and similar methods

## Measurement Frequency

- Start with a **full baseline survey**
- *Gold standard*: annual monitoring
- Repeat every **3–4 years**

If full annual surveys aren't feasible:

Combine **full surveys (baseline/deep dives)** with short annual modules

## Sampling Approach

Use a **statistically representative sample** (not a fixed %)

Sample size depends on:

Expected income variation

Design effect

Desired detectable impact

Include **sharecroppers & landless farmers**

# Measuring

## Measuring LI in Indirect Supply Chains

- Treat **indirect suppliers as a separate population**
- Sample within **known sourcing regions**
- Randomly select **villages/farmers**
- Use the **same income methodology** as direct supply chains

## Improve Efficiency Through Sector Collaboration

Participate in shared initiatives:

- Cocoa Income Inventory (IDH)
- Joint Cocoa Household Income Studies (e.g., SWISSCO)

# 2027: ICI aligned Child Labour Questions

# ICI's Core Criteria involve changes in ISCOs child labour questions. Why changing?

- Previous guidance on CLMRS in cocoa sector, the *2021 Benchmarking study*, contained **gaps**
- Brands and suppliers sometimes have **conflicting guidance, leading to inefficiencies**
- Third party **audits** of CLMRS are becoming increasingly common, but auditors struggled to provide consistent assessments due to a **lack of clear guidance and definitions**

→ CLMRS Core Criteria address these challenges by setting out **minimum standards** for CLMRS design and implementation, **definitions and indicators**

# Aims of the Core Criteria

Several audiences, several aims:

- CLMRS implementers
- Auditors
- Others

- **Improve alignment** between different stakeholders involved with CLMRS
- Guide **effective** CLMRS set-up and implementation
- Support **efficient audit** processes with clearer audit language
- Drive **improved system performance**, leading to better outcomes for children.

# Quick overview of what will change in ISCOs' child labour Monitoring indicators in 2027

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**New timeframe** for all the CLMRS-related indicators (last 24 months)



**Follow-up visits** must take place **between 3-6 months of identification** and be spaced between 3 and 6 months



Clear definition of “**no longer in child labour**” provided: two consecutive visits with no child labour, spaced between 3 and 6 months



**2 additional indicators**

→ **More details to come, but no major changes for those already reporting data via ICI's Member Reporting**

# The example of “coverage”

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## Core criterion:

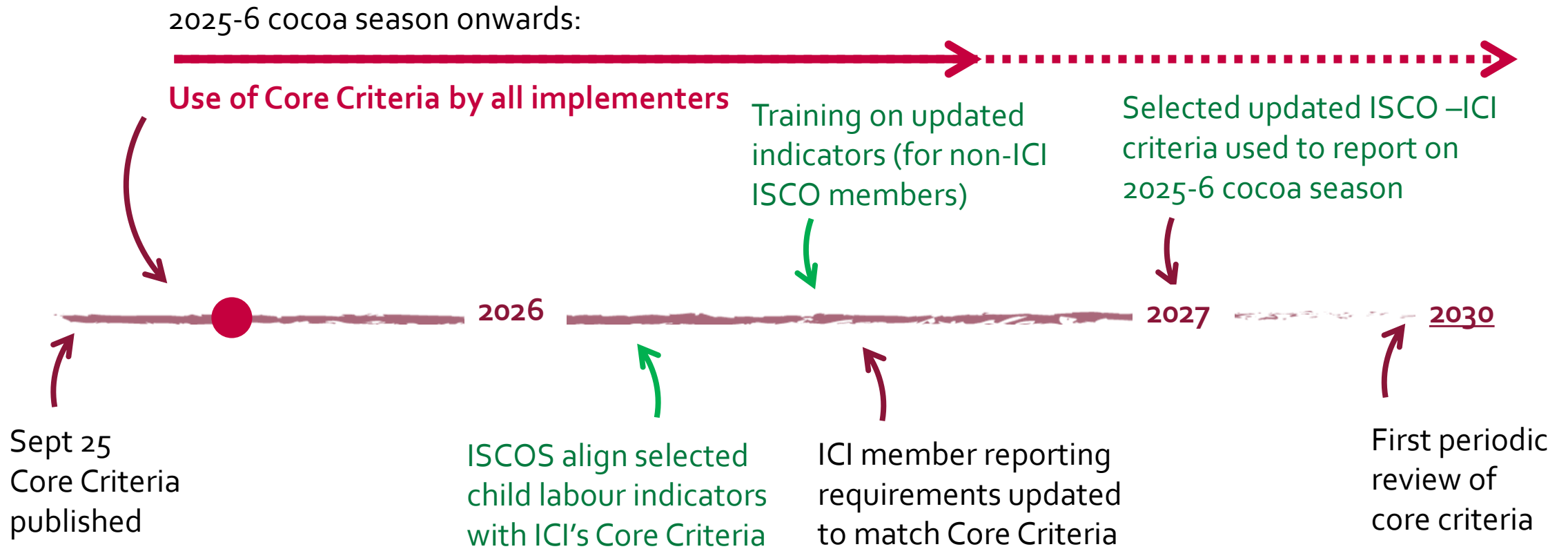
- A **household** can be considered ‘**covered**’ by a CLMRS if, **in the past 24 months**, the household received an in-person monitoring visit from CLMRS Personnel, including a discussion with caregivers and an interview with all children aged 5-17 who were present at the time of the visit to understand if children are in child labour or not.
- A **child** can be considered ‘**covered**’ by a CLMRS **if interviewed during an in-person monitoring visit or follow-up** visit in the past 24 months.

## Corresponding ISCO indicator:

- # of households covered at the end of the reporting year by a Child Labour Monitoring and Remediation System (CLMRS)
- # of children covered at the end of the reporting year by a Child Labour Monitoring and Remediation System (CLMRS).

→ Change = added timeframe

# Implementation timeline



# Wrap-up

# Thank you for your participation!