

HOW WE CREATE THE CHOCOLATE SCORECARD

The 2022 Chocolate Scorecard ranks and grades chocolate companies on key sustainability issues. The Chocolate Collective is coordinated by [Be Slavery Free](#), with universities, consultants and civil society groups engaging in transforming the chocolate industry. This research has been conducted in accordance with Human Research Ethics Committee guidelines under the project titled The Chocolate Scorecard, project ID 10917, 2022, from Macquarie University, Sydney, Australia; Open University (UK) HREC/4275/Bernardi; University of Wollongong HREC, project title: Chocolate Scorecard, number: 2022/009.

We are grateful to the companies who participated and the staff who took time to engage with us.

The research explores contemporary developments in policy and practices that companies in the chocolate supply chain are undertaking towards improving their sustainability performance. *The Chocolate Scorecard* was produced to inform companies about their scores on key sustainability challenges and develop a productive dialogue with them about how they can further improve their policies and practices, aiming for a higher score in future years. It is also a resource for consumers who are seeking information about the sustainability of chocolate they purchase from these companies; or for investors and shareholders seeking to understand a company's performance.

1. PARTICIPATION AND DATA COLLECTION

A survey was developed and sent to all the companies chosen for participation. In 2022, a total of 38 companies participated in *The Chocolate Scorecard*. The companies selected included all the largest cocoa traders and chocolate manufacturers in the industry, as well as some smaller, innovative companies. Taken together, these companies make up 80-90% of the world's cocoa. They can either take a large toll or make a big positive impact for people and the planet.

After the survey was sent, three companies, namely General Mills, Starbucks and Storck, chose not to participate. 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 & investors have a right to know about the conditions under which chocolate is produced.

New to 2022 was the involvement of an academic research team. The survey received ethics approval from the Humanities and Social Science (HASS) Human Research Ethics committee from Macquarie University, Sydney, Australia (The Open University, UK and University of Wollongong, Australia also participated and were part of the ethics approval process). This process was to ensure the research is honest, rigorous, transparent, respectful and protects participants, and demonstrates the research team have adhered to the highest contemporary ethical standards of a genuine research study involving human participants. Sensitive research data is stored on a secure platform hosted by [AARNet](#).

A link to the online survey was emailed to key personnel within participating companies. Participants held roles which include, but are not limited to, CSR Managers; Project Managers; Environmental, Health & Safety Managers; Chief Operating Officer; and Sustainability & Human Rights Directors/Managers. Participants were asked to complete the survey within the period of 8 December 2021 and 8 February 2022. Participants were given a detailed outline of the research project and asked to provide consent for their involvement before starting the survey. They were also advised of the grievance mechanism should participants consider the research breached the ethics approval.

Support was offered to participants. The research team created explanatory videos, collated materials in a Google Drive on each of the six categories in *The Chocolate Scorecard*, held group Q&A Zoom meetings with companies (offered in different time-zones) and offered individual Zoom meetings with companies to answer any possible questions. 27 companies chose to meet (some more than once) individually with some or all of the research team. The Scorecard team was also available for numerous email interactions with companies.

2. QUESTION DEVELOPMENT

The survey covered six categories: (1) traceability and transparency; (2) living income; (3) child labour; (4) deforestation and climate; (5) agroforestry; and (6) agrichemical management. These were chosen because they are some of the most pressing, vital sustainability issues facing the chocolate industry today.

Question development was determined on several factors including the assessment and editing of the previous year's questions. You can find the 2021 Chocolate Scorecard and methodology [here](#). The research team this year undertook a review of past questions; and previous Chocolate Scorecard participants were also consulted on what they would like to be asked; subject matter experts were also consulted with to ensure the inclusion of timely and vital sustainability challenges and provide feedback

on specific subjects. As a result, adjustments were made to account for all feedback on question development.

Some significant changes from 2021 exist. The category *Human Rights and Due Diligence* was removed. It is not that this issue is no longer important but that in 2021 nearly every participating company had made some kind of public statement supporting legislation or regulation for mandatory human rights due diligence in the chocolate industry. Many of these statements can be found in [this compendium](#) of thousands of statements of corporate support for regulation.

The category *Agrichemical Management* was included in the 2020 and 2021 Chocolate Scorecard questionnaires but was not publicly scored for those years. This gave the industry two years to take significant steps to address this area of concerns. We hope that participation in *The Chocolate Scorecard* will raise awareness and understanding of how a company should be addressing chemical inputs.

Finally, in 2022, we provided companies with the option to ‘provide any other information’ at the end of each category. We called this the “wild card” – an opportunity for companies to showcase any ambitious or innovative approaches they wished to highlight. Responses to these “wild card” questions, where relevant were also graded.

3. SCORING PROCESS

The scoring process was rigorous and underwent several stages of grading and review. A workshop was initially held with the research team on scoring each category, including suggested responses for each question and grading consideration. To ensure consistency, the six members of the research team was allocated one category to score for all participants. Participant responses and the allocated grades were then sent to: 1) a chocolate expert on sustainability issues in the chocolate industry for review of all scoring, especially the “wild card” response; and then 2) subject matter experts to review individual categories. When answers were unclear and/or URLs provided were broken or irrelevant, we referred back to the participants for clarification. All grades and feedback from the subject matter experts were received by the research team who made the final decision.

Each company received a “colour score” for each individual category; the scores of each category were then compiled to determine a composite “score”. Low scores on one category could result not only in a ‘red’ (meaning the company is falling behind with the industry) for a specific issue but could also drag down a company’s overall score - more so than if a company scored red, but did not absolutely fail on that issue. This

explains how companies with similar colours can still end up with divergent final scores.

To recognise that the industry is evolving and that some companies are performing ever better on sustainability, demonstrating how much in fact can be achieved, we raised the bar compared to last year in the scoring. This is particularly pertinent regarding what it takes to earn a 'green' (that is "leading the industry") score. As top-performing companies improve, what it takes to be considered an industry leader is also evolving.

4. AN EXPLANATION OF THE CATEGORIES

4.1 TRACEABILITY AND TRANSPARENCY

If a company does not know where their cocoa comes from (an issue of traceability), they cannot truly ensure it is not tainted by child labour, deforestation, or other abuses. Without transparency on this traceability, civil society cannot hold companies accountable. Transparent traceability is thus a crucial bedrock for all other reforms. Traceability and transparency contributed 20% to the total score. We analysed responses in the 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 of the cocoa is un-traceable;
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 labour found.

The following questions were scored

Question	Points
What percentage of the company's total amount of beans (by volume) is traceable to the cooperative level?	3 points for 80-100% 2 points for 50-80% 1 point for 20-50% 0 points for 0-20%
What percentage of the company's total amount of beans (by volume) is traceable to the farm-gate?	3 points for 80-100% 2 points for 50-80% 1 point for 20-50% 0 points for 0-20%

Question	Points
Has the company made public a list of all cooperatives they source cocoa from in their direct supply chain?	3 points for Yes & verified by URL 1 point for No but information given upon request 0 points for No
Do you have a target date for 100% traceability of the company's supply chain from farmer to retailer of its direct supply chain?	3 points for 100% traceability 2 points for target year before 2025 1 point for target year after 2025 0 points for No
Do you have a target date for 100% traceability of the company's supply chain from farmer to retailer of its indirect supply chain?	3 points for 100% traceability (that is, supply chain all direct) 2 points for target year before 2025 1 point for target year after 2025 0 points for No
Is the company able to verify that the cocoa it purchases in its direct supply chain is in fact from the location which is claimed?	2 points for Yes 1 point for Some 0 points for No
Does the company publish its full pesticide policy?	2 points for Yes & verified by URL 0 points for No
Does the company publish lists of active substances that are monitored, prohibited and/or restricted from its supply chain?	2 points for Yes & verified by URL 0 points for No
Please add any additional information on traceability and transparency the company would like to include.	Companies could score as many as 4 points for innovative or ambitious projects or targets and/or showing strong leadership for the industry

4.2 LIVING INCOME

A [living income](#) is:

The net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.

Elements of a decent standard of living include: food, water, housing, education, healthcare, transportation, clothing, and other essential needs including provisions for unexpected events.

This is not the case for cocoa farmers and their families in West Africa. They live in extreme poverty, making them more vulnerable to hunger, malnutrition, health crises, and a host of other social challenges including exposure to child labour. Living Income category contributed 20% to the total score.

We recognise that some farmers may already be earning a living income but this is not the reality for the vast majority. Given the tremendous suffering embedded in the low price of cocoa, and the important reforms afoot, we set aside an entire category for the issue of living income. We analysed the 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 (of any kind) to benchmark their programs; and/or
- making payments to farmers on top of Living Income Differential (LID) set by the Governments of Ghana and Côte d'Ivoire and certification premiums; and/or
- investing in development projects determined in consultation with the communities they are sourcing from.

Question	Points
<p>Has the company calculated a living income reference price? Living income reference price is the price a farmer would need to receive per tonne for their beans in order to receive a living income.</p>	<p>2 points for Yes 1 point bonus if participant stated the countries the price was calculated for, and the % of farmers receiving living income reference price 0 points for No</p>
<p>What other mechanisms are being used to increase a farmer's income and what percentage of the total number of farmers are covered (if the latter is known) by this mechanism in your direct supply chain?</p>	<p>1 point for each Yes Additional points for % of farmers included: 0.25 points for up to 60%</p>

Question	Points
<ul style="list-style-type: none"> - Education with farmers (including income diversification) - Environmental education (deforestation, agroforestry and chemical use) - Programs to increase crop yield - Other (please specify) 	<p>0.5 points for 61-80%</p> <p>1 point for 81-100%</p>
<p>What other programs and activities is the company undertaking to provide support for cocoa farmers and what percentage of the total number of farmers are covered (if the latter is known) by these programs</p> <ul style="list-style-type: none"> - Child labour prevention education - Schools for children - Clean water - Sanitation - Women's empowerment programs - Nutrition programs - Other (please specify) 	<p>1 point for each Yes</p> <p>Additional points for % of farmers included:</p> <p>0.25 points for upto 60%</p> <p>0.5 points for 61-80%</p> <p>1 point for 81-100%</p>
<p>Does the company know the average household income (or have any data on the household income) of the cocoa farmers the company is working with or sourcing from?</p>	<p>4 points for Yes - All</p> <p>1 point for Yes - Some & 1 bonus point if over 50%</p> <p>0 points for No</p>
<p>Does the company have a method for verifying payments to farmers such as e-payment systems?</p>	<p>2 points for Yes</p> <p>1 point if using audit system only</p> <p>0 points for No or No but investigating</p>
<p>Please add any additional information on living income the company would like to include.</p>	<p>Companies could score as many as 4 points for innovative or ambitious projects or targets and/or showing strong leadership for the industry</p>

4.3 CHILD LABOUR

According to the US Department of Labor funded [NORC Final Report: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana](#) (NORC Report 2020):

- 1.56 million children exposed to child labour in cocoa production (including approximately 790,000 children in Côte d'Ivoire and 770,000 in Ghana);

- 1.48 million children were exposed to at least one component of hazardous child labour in cocoa production; and
- Exposure to agrichemicals became more pervasive between 2008/09 and 2018/19 as the proportion of children exposed to agrichemical products increased by approximately five-fold between 2008/09 and 2018/19, from 5% to 24% in aggregate.

Despite voluntary corporate efforts promising to eradicate it, the prevalence of [child labour has increased by 14% over the past decade](#) (with an increase in cocoa production). Although research has not been undertaken, CoVid19 may have even increased impacts on economies, supply chains, schools, also increasing exposure to child labour. There is a causal link between poverty, extremely low incomes and exposure of children to child labour and hazardous child labour. 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 analysed responses in three areas for this category:

1. Any child labour policy, monitoring and remediation system or equivalent (Child Labour Monitoring and Remediation Systems - CLMRS);
2. Percentage of farms covered by the scheme; and
3. Presence of a plan to scale programs and processes to address child labour.

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

However, it is early days for some companies in addressing child labour through specific interventions and premature to assess its long-term effectiveness.

- The NORC Report (2020), revealed a significant increase in the number of child labourers being exposed to harmful pesticides (from 10% to 27%) along with an increase in injuries, impacts on health and level of care needed (including hospitalisation). (See section 5.2.6; pp. 79-88.) Exposure of children to chemicals is regarded as the “worst form of child labour.”

Question	Points
Does the company have a child labour, worst forms of child labour (slavery and human trafficking) prevention, monitoring and remediation policy?	1 point for Yes & 1 bonus point if verified by URL 0 points for No

Question	Points
Extreme poverty has been identified as a major contributor to children being in situations of child labour. If this is found to be the case, does the program or scheme provide for an increase in cash to be given to the family?	4 points Yes 2 points for No (only in-kind provisions eg. school uniforms or help to increase income sources) 0 points for No
What percentage of the total number of cocoa farmer households in the company's supply chain are included in programs or schemes to address the situation where children are found to be in situations of child labour?	3 points for 90-100% 2 points for 60-90% 1 point for up to 60% 0 points if no % given
Please provide the total numbers of children identified to be in situations of in child labour through your program or scheme to prevent, monitor and remediate child labour	2 points for number higher than 0 2 further points if URL provided to show public disclosure
What evidence does the company have that the system or program is impacting the prevalence of children in situations of child labour?	Up to 3 points depending on whether report is external or internal; records numbers or is an actual impact report; and how recently the study was undertaken.
Does the company have a policy to monitor, reduce or eliminate the exposure of children to pesticides?	2 points for Yes 1 further points if verified by URL 0 points for No
Please add any additional information on child labour the company would like to include.	Companies could score as many as 4 points for innovative or ambitious projects or targets and/or showing strong leadership for the industry

4.4 DEFORESTATION AND 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 won the 'World Cup' of increased rates of deforestation in [2018](#). 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. In 2020, [47,000 ha of forest was lost](#) in cocoa growing areas of Côte d'Ivoire. Almost everywhere cocoa grows worldwide, from Asia to Africa to Latin America, studies show it is [tied to deforestation](#), which in turn negatively impacts on climate change. Forests absorb carbon, when they die they release carbon and no longer serve as a sink.

As such, this theme also focuses on the industry’s contribution to global annual greenhouse gas (GHG) emissions leading to severe climate change.

To address this, the governments of Côte d’Ivoire and Ghana, 35 leading cocoa and chocolate companies, and farmers have joined together to end cocoa driven deforestation through the [Cocoa & Forest Initiative](#) (CFI), and subsequently Colombia and Cameroon have developed similar Initiatives – but [there is more to do](#) and CFI has not yet lived up to its promises.

Even beyond forest efforts like CFI, chocolate companies have taken a wide range of climate actions, with the chocolate sector being particularly active in the recent “Race to Zero” (aimed at zeroing out overall emissions).

In recognition of the immense challenges but also the broad range of actions taken to address these problems, deforestation and climate change actions contributed 20% of the score.

We analysed 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;
4. Detailed plans for how to respond to evidence of suppliers sourcing cocoa from recently deforested land; and
5. Policy to achieve net zero carbon emissions company-wide or using [science-based targets](#).

Question	Points
Does the company have a deforestation-free monitoring policy?	2 pointst for Yes - for all regions 1 point for Yes - but only some regions/brands 0 points for No
What percentage of cocoa by volume of the cocoa the company purchases has a deforestation-free monitoring system?	3 points for 90-100% 2 points for 60-90% 1 point for up to 60% 0 points if no % given
Does the above monitoring system use satellite or GPS monitoring?	3 points for both satellite and GPS mapping 1 point for satellite mapping

Question	Points
	<p>1 point for GPS mapping 0 points No</p>
<p>Does the company have a time-bound plan for working with suppliers and smallholders to map smallholder farms using GPS?</p>	<p>1 points for Yes 1 further point if verified by URL 0 points for No</p>
<p>What percentage of the cocoa that the company sources is from: If sourcing from Cote d’Ivoire and/or Ghana - Areas deforested since 2010? - Actors/buyers/farmers who have been deforesting after November 2017 (launch of Cocoa & Forests Initiative)?</p>	<p>3 points for 0-10% 2 points for 10-40% 0 points for 40-100% 1 further point if verified by URL</p>
<p>If sourcing from other geographies, is there a target year by which the company will cease sourcing from deforested areas?</p>	<p>3 points for Yes - already achieved 2 points for Yes - our target year is before 2025 1 further point if verified by URL 0 points for No</p>
<p>Does the company have a public grievance mechanism open to all stakeholders and a corresponding log for tracking company remediation of instances of noncompliance including specifically for deforestation?</p>	<p>1 point for Yes 1 further point if verified by URL 0 points for No</p>
<p>Does the company have a clear noncompliance policy with clearly defined expectations for time-bound improvement plans and thresholds for supplier exclusion based on noncompliance on deforestation?</p>	<p>1 point for Yes 1 further point if verified by URL 0 points for No</p>
<p>Does the company have a public policy for getting to net zero carbon emissions in: a. Scope 1 (direct emissions from company owned and controlled resources) b. Scope 2 (indirect emissions from the generation of purchased energy) c. Scope 3 (emissions both up and down stream in the supply chain – linked to the company’s operations such as the purchase of goods and services, transportation</p>	<p>For each part: 1 point for Yes 1 further point if verified by URL 0 points for No</p>

Question	Points
and distribution, agricultural-based emissions and other areas not included in Scope 1 and 2 above)	
Please add any additional information on deforestation and climate action the company would like to include.	Companies could score as many as 4 points for innovative or ambitious projects or targets and/or showing strong leadership for the industry

4.5 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. When implemented correctly, it is a win-win for people and the planet, farmers and forests.

Agroforestry contributed 10% to the overall score. We analysed the responses in four areas for this category:

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

Question	Points
Does the company have an agroforestry policy?	2 points for Yes - applies to all regions 1 point for Yes - only applies to West Africa 0 points if No
According to the company's definition of agroforestry, for farms or groups of farms: a. What percentage of native vegetation coverage is required? b. What is the minimum percentage of canopy cover required?	a. 3 points for 90-100%; 2 points for 60-90%; 1 point for up to 60%; 0 points if no % given b. 3 points for 40%; 2 points for 30%; 1 point for 20%; 0 for <20%

Question	Points
c. What is the minimum number of species per hectare required?	c. 3 points for 20+; 2 points for 12-19; 1 point for 4-11; 0 points for <4
Does the company provide any training and support for initial investments when farmers in the company's supply chain are transitioning to growing in an agroforestry setting?	3 points for Yes - full compensation and training 2 points for Yes - some support and training 1 point for Yes - training only 1 further point if verified by URL 0 points if No
Does the company have a target year to source 100% of its cocoa grown in an agroforestry setting?	1 point for Yes 0 points for No
Please add any additional information on agroforestry the company would like to include.	Companies could score as many as 4 points for innovative or ambitious projects or targets and/or showing strong leadership for the industry

4.6 AGRICHEMICAL MANAGEMENT

Given the mass extinction crisis we are experiencing, 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 agrichemical 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 neighbouring rivers for drinking and bathing, soil health, and the health of the planet as a whole must become the main priority. Companies must eliminate the most hazardous pesticides entirely and move towards reducing the total amount of agrichemicals used, supporting farmers in efforts to shift away from agricultural practices that rely on dangerous chemicals whilst maintaining their yield and income. Companies should emphasise yield for farmers through non-chemical interventions such as grafting, pruning, hand pollinisation, and education around best agroecological practices and Integrated Pest Management (IPM).

We analysed the responses in three areas for this category:

1. Any stated targets and policy to reduce pesticides;
2. Assessment and monitoring of hazardous pesticides in supply chain, and action to phase the use of hazardous pesticides out;
3. Support for the adoption of non-chemical alternatives.

Question	Points
Does the company have a stated objective and/or target to reduce pesticide use in its supply chain?	1 point for Yes 1 further point if verified by URL 0 points for No
Does the company have a policy on the use of synthetic pesticides (such as fungicides, herbicides, insecticides, acaricides, rodenticides etc.) in the cocoa supply chain?	1 point for Yes 1 further point if verified by URL 0 points for No
How do you ensure pesticide exposures risks are reduced or eliminated in your supply chains?	Up to 2 points
Does the company have lists of active substances that it monitors, prohibits or restricts throughout its supply chain?	1 point for Yes 1 further point if verified by URL 0 points for No
Does the company use the approach to Highly Hazardous Pesticides promoted by FAO/WHO to decide which active substances to prohibit, restrict or monitor?	1 point for Yes 1 further point if verified by URL 0 points for No
In the last two years, have any active substances been: a. Added to or deleted from the company's monitored, prohibited or restricted lists? b. Moved from one of the company's monitored, prohibited or restricted lists to a different list?	a. & b. 1 point for Yes 1 further point if verified by URL 0 points for No
Are any of the active substances which the company has prioritised for phase out or identified as causing high incidence of harm, currently used widely in your supply chains?	1 point for Yes 1 further point if verified by URL 0 points for No
How does the company support suppliers to reduce pesticide use and adopt non-chemical alternatives to pesticides?	Up to 2 points
Please add any additional information on pesticide management the company would like to include.	Companies could score as many as 4 points for innovative or ambitious projects or targets and/or showing strong leadership for the industry

For further information please contact australia@beslaveryfree.com.