



BEYOND CHOCOLATE

Annual Report

2019



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FOREWORD BY BEYOND CHOCOLATE STEERING COMMITTEE CHAIRMEN PATRICK HAUTPHENNE (2018-2019) AND PHILIPPE DE SELLERS (2020)

Dear partners,

Almost a year and a half has passed since the signing of our unique Beyond Chocolate partnership. Unique, as it is the first initiative to adopt a living income for cocoa farmers and to end deforestation due to cocoa growing for the Belgian sector as its main goals. Unique also in the fact that it was signed by almost everyone involved in the Belgian chocolate sector, including producers, retailers, public sector, NGO's, trade unions, labels and member organizations.

Beyond Chocolate convened all these stakeholders over the last 18 months, setting clear goals and timelines, working together in expert groups, and raising awareness of the challenges we are facing. The Beyond Chocolate Steering Committee did field visits in Côte d'Ivoire to talk to and understand farmers' and cooperatives' needs. On top of that, the SteerCo engaged in a dialogue with local governments and NGO's and strengthened ties with organization such as ICCO, SWISSCO and GISCO. This was done based on the conviction that we should join forces if we truly want to realize our ambitions.

Furthermore, a call for proposals was launched, and an accountability, monitoring and evaluation (AME) framework was set up. The challenge will be now to find a right balance between correct and necessary reporting and the focus on the actions needed to achieve our targets.

Unfortunately, this is not our only challenge. During our constructive and encouraging 1-year event on December 5th, 2019, nobody would have expected the world to enter a deep recession as seen today due to the coronavirus pandemic. The impact on our economy is huge, but it is important to remember it is even more so on that of emerging economies.

Therefore, we should continue our efforts, and all take our responsibility towards the farmers supplying to the Belgian sector. This starts with our 2025 target. By then, all chocolate produced and/or sold in Belgium must be certified. If we do not achieve this

2025 target, neither will we achieve our final 2030 target. Once all chocolate is certified, we can rely on certification standards and corporate schemes to raise the bar. We will also need the support and expertise of local governments in Ivory Coast and Ghana on deforestation and living income. We know that the challenge is big and complex, but if we work together, we can make it.

Finally, I want to thank everyone who has contributed to the development of Beyond Chocolate for their commitment and dedication. A special thanks to my team members of the Steering Committee. I loved working with you all during these last 18 months. Your enthusiasm and passion for our program was exemplary.

As you all know, I stepped down as Chairman of the Steerco as I'm moving to Moscow and I will be in a less neutral position as I was before, but I am convinced that Philippe de Selliers is the perfect man to steer our common project further. Philippe is an exemplary professional and a great man to work with.

Let us continue to work together with the same passion and enthusiasm as we have done until now so that Belgian Chocolate, our national pride, becomes a fully sustainable pride!



Best regards,

Patrick Hautphenne



Dear partners,

I am excited to be taking over the role of Beyond Chocolate chairman from Patrick. Some people might wonder what convinced me to take on another task with an agenda already as busy as mine. Well, it is my personal conviction to strive for a win-win relationship for each and everyone involved in the process of chocolate. This is the reason why I was immediately attracted to and convinced by the Beyond Chocolate initiative. It is a great initiative because it represents the ideal combination of long-term sustainability and future growth, ensuring a long and bright future for qualitative Belgian Chocolate.

There is this strange conviction that protecting our people and planet means being less innovative or compromising our way of life. However, I believe the contrary. These actions will only enrich people's creative thinking. We need to be well aware that consumers are waiting and expecting from us, the industry, to lead by example. Their mentality and priorities have evolved into less impact and more fair conditions for all. It is therefore our joint responsibility to ensure that all decisions have a positive impact on everyone involved. Everyone involved in the cycle deserves his/her moment of happiness. I am a great believer in sustainability for future growth and I am a great believer in Beyond Chocolate.

I am looking forward to working with all of you to increase the impact of the partnership and to make our chocolate something we can truly be proud of.



Best regards,

Philippe de Selliers



A person wearing a dark, stained apron over a dark long-sleeved shirt is standing behind a grey stone table. They are holding a handful of brown cocoa beans in their left hand, with more beans scattered on the table surface. A large white number '1' inside a green circle is positioned in the upper left corner of the image.

1

BEYOND CHOCOLATE

Partnership for a more sustainable Belgian chocolate sector

Making chocolate produced and/or sold in Belgium more sustainable. This was the joint ambition of the Belgian government, chocolate and retail sector, civil society, social impact investors and universities when signing the Beyond Chocolate Partnership December 5th, 2018. The Belgian multi-stakeholder partnership took on commitments more ambitious than was ever before seen in the international cocoa sector. Moreover, the partnership has an exceptionally wide scope, targeting the entire Belgian cocoa and chocolate sector. In this chapter, we will provide an overview of the sector, as well as of the partnership's commitments. The data presented in this chapter are taken from the report commissioned by IDH and carried out by The University of Ghent. The full report can be found in annex B.



1. SCOPE

1.1 Which chocolate is the partnership targeting?

A. Belgian Chocolate

Belgium is known and admired worldwide for its high-quality Belgian chocolate. There is often confusion, however, on what is meant by this term. In accordance with the definition given by the Royal Belgian Association for Chocolate, Pralines, Biscuits and Confectionary (CHOPRABISCO), the Beyond Chocolate partnership considers Belgian chocolate to be the following.

“Belgian chocolate” is chocolate processed entirely in Belgium from cocoa beans or from cocoa paste, cocoa butter and cocoa powder (including mixing, refining and conching). It is then sold and/or used as Belgian couverture chocolate to produce chocolate bars, assorted filled chocolates (pralines) or other finished products.

From the above definition, it becomes clear that chocolate products are only considered ‘Belgian’ if they are produced with Belgian couverture chocolate. In Belgium, the couverture market is commanded by three companies, Barry Callebaut, Cargill and Puratos. More than 90% of Belgian chocolatiers (either artisanal or industrial) purchase their couverture chocolate from one of these three players. Hence, it is of great value to have had Barry Callebaut, Cargill and Puratos sign the partnership from the very beginning.

In addition, there are the Belgian chocolate makers who start directly from cocoa beans instead of chocolate couverture and produce bean-to-bar chocolate, which according to the definition is also Belgian chocolate.

In 2018, a staggering amount of 535.000 tons of Belgian couverture chocolate was produced. As a net-exporter of couverture chocolate, Belgium exported 420 000 tonnes and imported 110 000 tonnes (Eurostat). The remaining 225 000 tonnes of chocolate couverture is not all processed into chocolate and cocoa products for the consumer market. Bakeries, biscuit companies and ice cream companies also require significant volumes of couverture chocolate for their business activities.

Belgian chocolate is not only a popular product in Belgium itself, but also in many other parts of the world. That is why, in 2018, of the 700 000 tons of chocolate products produced in Belgium, about 649,131 was exported to other countries. This makes Belgium one of the biggest exporters of cocoa and chocolate products in the world.

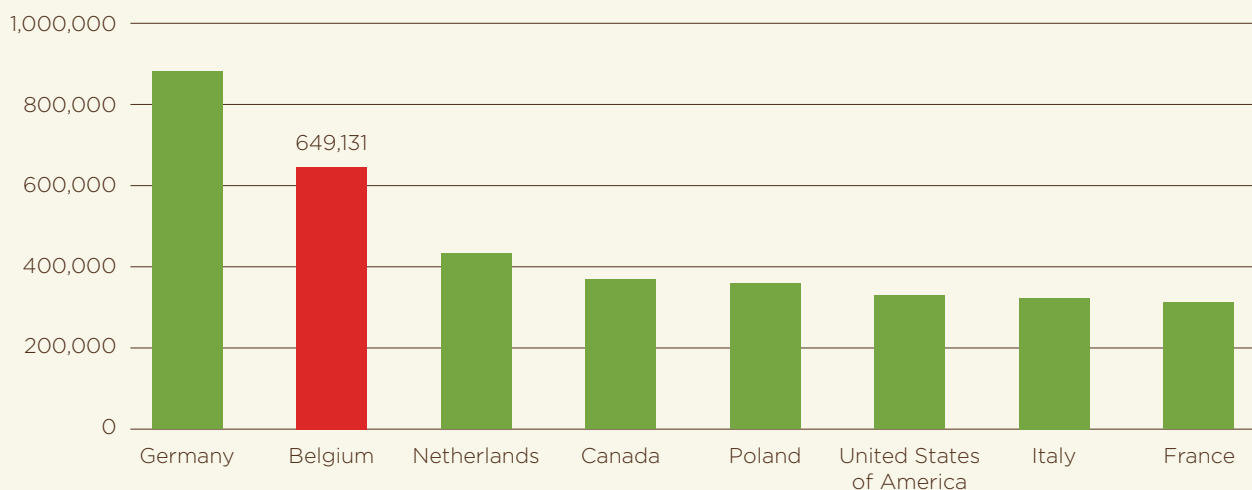




The larger part of these Belgian chocolate products, about 83%, is exported to the European consumer market. The biggest customers are the neighboring countries. 17% is exported outside the European Union, mostly to the USA.

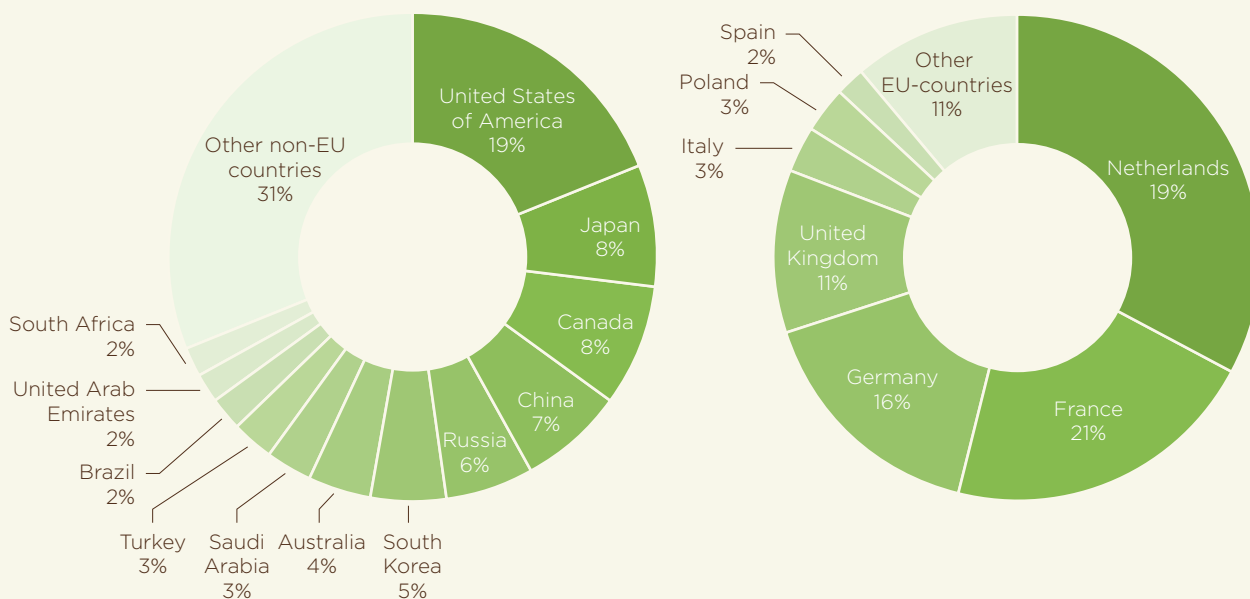
Leading countries exporting cocoa and chocolate products in tons, 2018

From the University of Ghent report



Destination countries for cocoa and chocolate products exported by Belgium, 2018

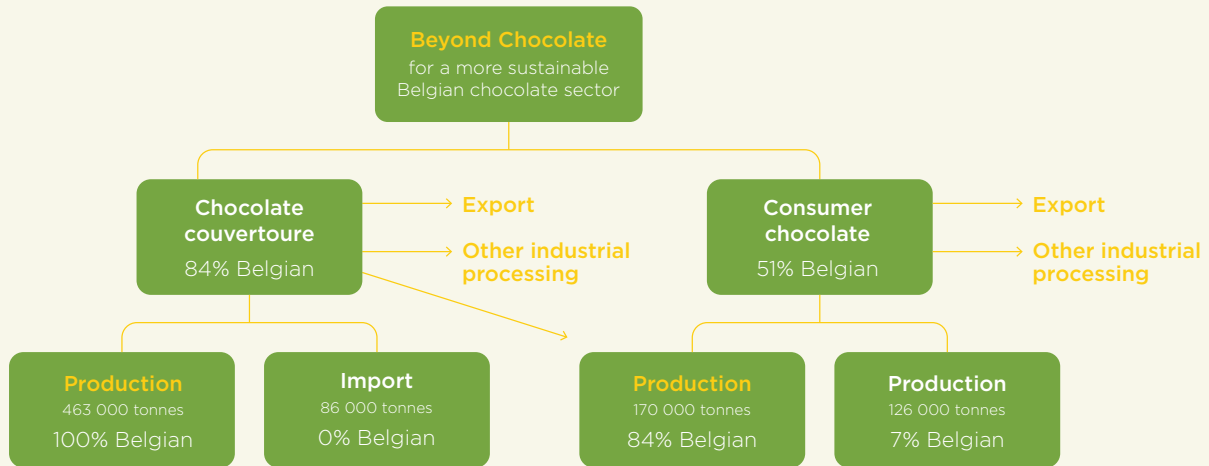
From the University of Ghent Report





Overview of the Belgian chocolate sector

Data provided by the University of Ghent



B. Beyond Belgian Chocolate

The Beyond Chocolate partnership wants to influence the fairness and sustainability of the entire Belgian cocoa and chocolate sector; including all couverture chocolate and consumer chocolate produced and/or sold in Belgium, as shown in the figure above.

The partnership goes beyond the abovementioned 'Belgian chocolate' which constitutes only 51 % of Belgian consumer chocolate. This 'Belgian chocolate' includes the chocolate produced within the country with Belgian couverture, as well as the small percentage of imported consumer chocolate that is Belgian (about 7%).

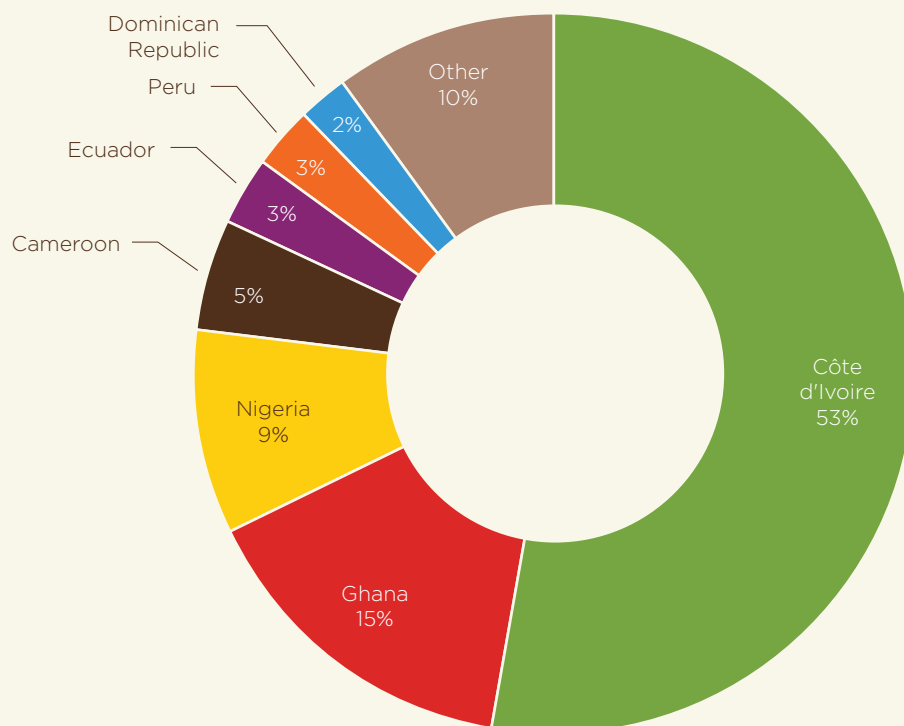
Beyond Chocolate also targets the consumer chocolate produced in Belgium that is not classifiable as 'Belgian Chocolate'; that is to say, consumer chocolate made from imported and thus non-Belgian couverture. In 2018, Belgium imported around 86 000 tonnes of couverture chocolate (Eurostat), which is assumed to be processed into consumer chocolate in Belgium. 16 % of the chocolate produced in Belgium is part of this group and is thus not Belgian chocolate, but falls within the scope of Beyond Chocolate.

Finally, Beyond Chocolate goes further than chocolate produced in Belgium by including also all chocolate sold in Belgium. This is not to be underestimated, as Belgium consumers are among the largest chocolate consumers worldwide, eating an average of 6,42kg chocolate per person per year. In 2018, about 117 000 tonnes of non-Belgian consumer chocolate was imported and then sold in Belgian supermarkets.



Origin of cocoa in bean equivalents imported by Belgium, 2018

Source: Eurostat



1.2 Which farmers is the partnership targeting?

Desktop research shows that in 2019, the Belgian cocoa sector - i.e. all economic actors who produce semi-finished chocolate products in Belgium - produced 590,000 tons of bulk/couverture chocolate. Using the international conversion factor of 0.4 (i.e. 400 g of cocoa beans required to produce 1 kg of finished chocolate product) it is estimated that in 2019, the Belgian cocoa sector was supplied by between 140,769 and 190,874 cocoa farming families.

To get an idea on where these farming families are located, it is useful to check the origins of cocoa beans destined for the Belgian market. From the Eurostat graph above, it can be concluded that over 80 % of this cocoa originates from West Africa. Côte d'Ivoire and Ghana are the largest export countries.

Goals and Commitments



2. GOALS AND COMMITMENTS

2.1 What is sustainability?

Beyond Chocolate's overarching goal is to make the Belgian cocoa and chocolate sector more sustainable. To know what exactly this means, we should first look at the concept sustainability. Sustainability, or more precisely, sustainable development is most commonly understood as it was described by the World Commission on Environment and Development (WCED), in the report *Our Common Future*, better known as the Brundtland Report:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

It is now widely accepted that sustainable development builds on three pillars: social, environmental and economic (Purvis *et al.*, 2019).

ISEAL¹, the global membership association for credible sustainability standards, provides details on what is covered under each pillar according its members:

- **Social:** could include labour rights, gender rights, cultural rights, social services including education, health care, clean water, etc.
- **Environmental:** including but not limited to water use/treatment, soil/land impact, protection of biodiversity, responsible use of natural resources, carbon and other energy considerations.
- **Economic:** including income considerations, such as minimum or living wage, considerations of enterprise resilience, productivity/profitability, market access and security considerations, guaranteed pricing, etc.

However, this is not yet the partnership's final definition as GISCO, SWISSCO and Beyond Chocolate are currently discussing to align cocoa sustainability definitions used by the different platforms and will propose a joint cocoa sustainability definition in 2020.



1. <https://www.isealalliance.org/>



2.2 What are the current issues?

For now, despite the action of national and international organisations, NGOs, trade unions, research institutions, governments and companies in cocoa growing regions, major challenges remain to be addressed to improve the sustainability of the Belgian chocolate sector. While cocoa farming could have a positive impact on cocoa farmers, their communities, and the economy of producing countries, this potential is not fully realized. The average cocoa farmer is far from earning a living income. The fact that many families in cocoa producing countries live below the poverty line often results in child labour and unjust working conditions. Moreover, poverty pushes farmers to converting new land, often in protected areas, leading to a dramatic reduction of forest cover in West and Central Africa.

2.3 What are the Beyond Chocolate commitments?

The abovementioned negative effects of cocoa production for the Belgian market on planet and people are exactly what the Beyond Chocolate Partnership is trying to put a stop to.

Concretely, the partnership's commitments are the following:

1. By 2025 at the latest,

- a. All the chocolate produced and/or sold in Belgium shall comply with a relevant certification standards and/or shall be manufactured from cocoa-based products covered by a corporate sustainability scheme.*
- b. "Beyond Chocolate" partners shall comply with applicable agreements between governments and companies in the regions included in the Cocoa & Forests Initiative.*

2. The partners jointly undertake to ensure that by 2030 at the latest,

- a. Cocoa growers will earn at least a living income.*
- b. Deforestation due to cocoa growing for the Belgian chocolate sector has ended.*

2.3.1 Certification and sustainability schemes

The first upcoming Beyond Chocolate goal is that by 2025 at the latest, all the chocolate produced and/or sold in Belgium shall be certified, i.e. in compliance with a certification standard and/or covered by a corporate sustainability scheme. The partnership considers relevant certification standards to be Fairtrade, Rainforest Alliance/UTZ and Organic/EKO certification; the approved corporate programs are Cocoa Horizons for Barry Callebaut, Cacao-Trace for Puratos, Cocoa Promise for Cargill and Cocoa Life for Mondelez.



2.3.2 Towards a living income for farmers

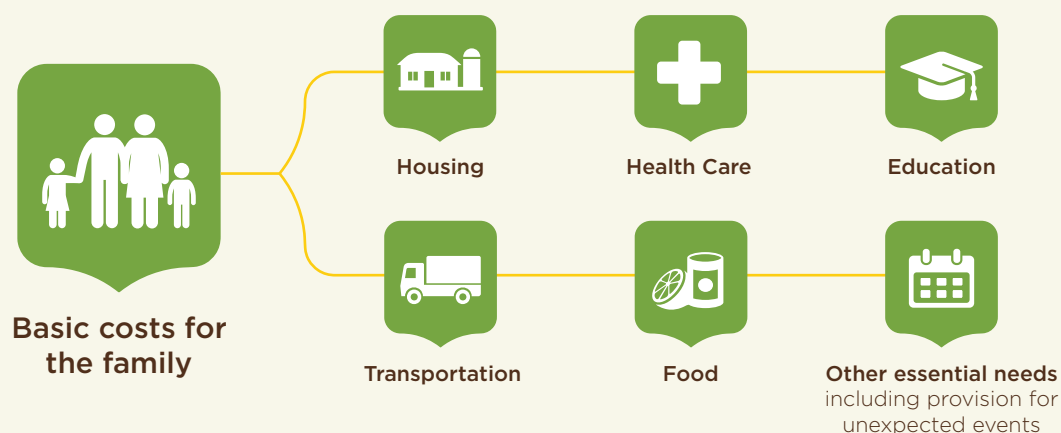
The key purpose of “Beyond Chocolate” is to make long-lasting improvements to the living conditions of cocoa farmers and their families in the cocoa growing regions that are important for the Belgian industry. The partnership intends to support men and women cocoa growers to improve their incomes, help their children to go to school, and promote the sustainable use of natural resources. By 2030, the partnership aims to have enabled a living income for all farmers supplying to the Belgian cocoa and chocolate market.

To get there, the cocoa-processing industry, chocolatiers, retailers and other companies active in the Belgian chocolate sector will accelerate their investments in the coming years, which is expected to lead to lasting improvements in the living standards and incomes of smallholder cocoa farmers and their families. The aim is to turn sustainable processing of cocoa beans into an attractive business for cocoa growers - one which does not destroy tropical forests or other natural resources and which ensures the meaningful participation of local communities.



What is a living income?

Source: IDH



A. What is a living income?

While poverty alleviation focuses on basic subsistence and survival, living income goes beyond this goal. Living Income represents a decent standard of living for farmers. The Beyond Chocolate partnership uses the Living Income Community of Practice's definition:

Living income is the net income a household would need to earn to enable all members of the household to afford a decent standard of living. Elements of a decent standard of living include: food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events.

A living income for cocoa farmers does not solely depend on the price paid to the farmer for the cocoa yield but takes into account several other variables including the size of the farmer's cocoa field, his/her productivity, additional incomes from other sources and costs of production as well as household expenses.

B. How do we measure income gaps?

Over the next decade, Beyond Chocolate wants to completely close the living income gap; that is the gap between current farmer incomes and a living income. The Beyond Chocolate partnership will contribute to measuring current farmer incomes through guidance tools and co-funded projects. Information on farmer incomes is then compared to living income benchmarks which have been established by the Living Income Community of Practice for cocoa producing communities in both Ghana and Cote d'Ivoire and other relevant producing countries. This comparison reveals the living income gap which needs to be closed. It should also provide information and insight into the drivers of such gaps, i.e. cocoa production prices, food prices, etc. This provides an important foundation for developing models to close the living income gaps.



C. How do we close the living income gaps?

There are several levers that can be addressed to improve living income especially among supply chain actors. These include cocoa productivity, production costs, price and diversified incomes. The more these are addressed in combination, the higher chances there are to have an impact on improving farmer incomes. The Beyond Chocolate partnership is supporting the implementation of high impact models to close the living income gaps by co-funding projects and supporting collective learning by gathering and analysing insights on smart mix solutions.

2.3.3 Deforestation

Natural forests play a vital role in regulating climate and providing other critical ecosystem services. As a forest crop, cocoa needs these forests to thrive. However, cocoa production has been identified as a major driver of deforestation. For example, when smallholder farmers look for new and more productive land, to grow crops and sustain their livelihoods. As a result, In Ghana and Côte d'Ivoire alone almost 3 million hectares of forests have been cleared over a ten-year period. One quarter of this deforestation has been attributed to cocoa production. Cocoa-related deforestation is not limited to these two countries. Research demonstrates that cocoa is also driving deforestation in countries like Cameroon, or the Democratic Republic of the Congo.

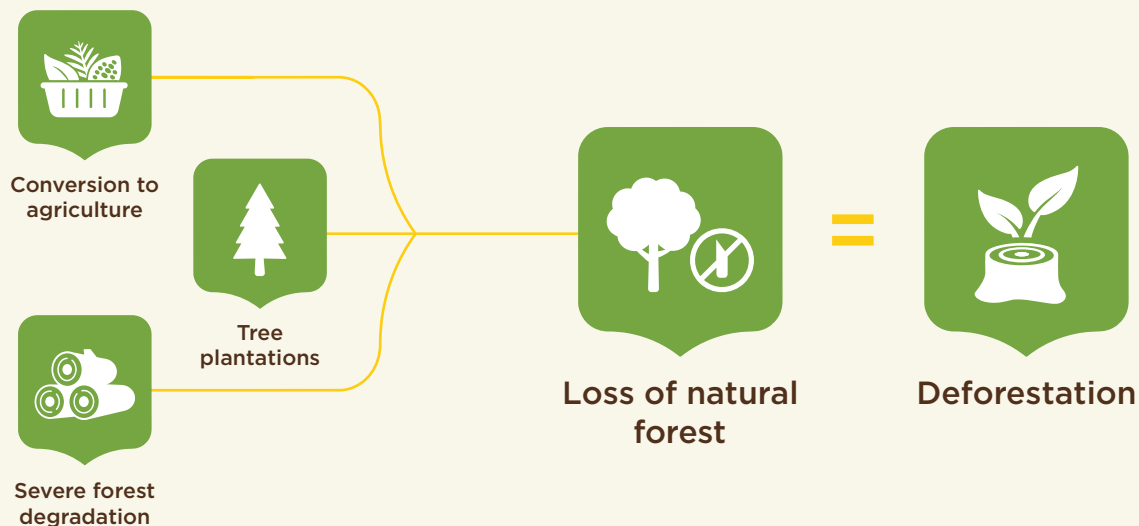
The Beyond Chocolate Partnership aims to tackle deforestation in two steps. By 2025, all Beyond Chocolate partners shall comply with applicable agreements between governments and companies in the regions included in the Cocoa & Forests Initiative. Partners will then continue addressing deforestation in their supply chain so that by 2030, deforestation due to cocoa growing for the Belgian chocolate sector will have ended.





What is deforestation?

Source: IDH



A. What is deforestation?

The Beyond Chocolate Working Group on ending deforestation recommends the use of the Accountability Framework Initiative (AFI) definition of deforestation, as follows:

Deforestation corresponds to the loss of natural forest as a result of:

- i. either conversion to agriculture or other non-forest land use;*
- ii. or conversion to a tree plantation;*
- iii. or severe and sustained degradation.*

Similarly, it recommends using the globally accepted AFI definition of forests, however acknowledging that it should not be interpreted as weakening or qualifying any protection or provision of national forestry laws:

Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ.

B. What is forest restoration?

The Beyond Chocolate partnership recognizes that the commitment related to deforestation goes beyond a “do no harm principle”, to also include the restoration of forests that have been degraded by cocoa farming. Investing in forest restoration will not only help remediate the past damages but will also help reduce the damaging effects of climate change on cocoa farming. Under forest restoration we understand the process of assisting the recovery of an ecosystem, and its associated conservation values, that has been degraded, damaged, or destroyed.



2.4 How will activities be implemented?

As stated in the Beyond Chocolate partnership document, the partnership will implement its activities based on the following pointers:

- **Work with what exists already:** work should be based on ongoing sustainability initiatives and programmes, including sustainability standards (Fairtrade, Utz / Rainforest Alliance, to be supplemented if necessary with EKO certification) and corporate sustainability programmes and their measuring tools;
- **Supplement the work being done:** such initiatives and programmes will be strengthened, improved and/or supplemented wherever necessary to help achieve the partnership objectives and foster open communication;
- **Identification:** the intention is not to create new sustainability seals or logos. Sustainability is embedded in the concept of Belgian chocolate;
- **Belgian:** all companies using the “Belgian chocolate” mark contribute to increasing sales of sustainable cocoa and chocolate;
- **Transparency:** impacts in terms of sustainability will be measured by an independent third party at a reasonable cost and will be communicated openly, especially with regard to consequences for cocoa growers and their families. Raising awareness about sustainability and the improvements implemented in the cocoa value chain are an integral part of the partnership’s communication strategy;
- **Progress:** the signatories undertake to make notable progress each year through innovation in order to achieve their goals.



2.5 Signatories

Companies, public institutions, knowledge institutions, NGO’s, impact investors, certification standards and trade unions; The Beyond Chocolate partnership has a diverse group of signatories. Some have signed from the very beginning and some joined along the way. As such, in 2019, the partnership welcomed Baronie, Galler, Port of Antwerp, Nestlé, Lita.co and Samilia Foundation. By signing the partnership, signatories have indicated they are committed to contributing in a meaningful way to the Beyond Chocolate goals.

An entire overview of the current Beyond Chocolate signatories can be found in Annex C.



2

The Beyond Chocolate Governance Structure

The Beyond Chocolate Partnership does not have an executive decision-making organ but relies on close consultation between all stakeholders. The partnership receives funding from the Belgian Ministry for Development Cooperation. The Ministry appointed IDH, the Sustainable Trade Initiative to manage the program. Responsibilities are divided over the following actors.

GOVERNANCE STRUCTURE





1. IDH, THE SUSTAINABLE TRADE INITIATIVE

The Beyond Chocolate Partnership is managed by IDH The Sustainable Trade Initiative. IDH provides the necessary workforce to the program, consisting of a Senior Program Manager and Program Officer(s), together referred to as the program management. Starting from June 2019, Els Haelterman, has taken up the role of Senior Program Manager. During the first months of Beyond Chocolate, she was assisted by Cocoa Program Officer Mark de Waard who is based in the IDH main office in Utrecht. Starting from January 2020, Marloes Humbeeck joined the team as Program Officer Communications & Events. Together, Els and Marloes form the IDH Belgian office, based in Brussels. Their task is to convene stakeholders and perform the strategic guidance of the Beyond Chocolate program. Next to the Program Management, the partnership also receives input from IDH Senior Managers Gael Lescornec and Violaine Berger on the themes of living income and deforestation. IDH Director Agricommodities Jordy Van Honk and Cocoa director Jonas Mva Mva gave strategic guidance to the program. Finally, an amount of the IDH structural budget is allocated to the partnership, contributing to the salary of Marloes, Els, Gael and Violaine.



Belgium
partner in development

2. THE BELGIAN DIRECTORATE-GENERAL DEVELOPMENT COOPERATION AND HUMANITARIAN AID

The Belgian Directorate-General Development Cooperation and Humanitarian Aid (DGD) works in close collaboration with IDH to ensure the coordination, development, and growth of the Beyond Chocolate program. The DGD has committed a total of 2,5 million euros to the program. In 2019, Head of the DGD private sector unit Jean-Jacques Bastien had a seat in both the Beyond Chocolate Steering Committee as well as the Project Review Committee as a DGD representative. Since the Beyond Chocolate initiative is financially dependant on the DGD, the fall of the Belgian government in December 2018 caused an initial delay of the program implementation in the months after the signing of the partnership.



3. THE BEYOND CHOCOLATE STEERING COMMITTEE

Shortly after the official start of the program, a small Steering Committee (SteerCo) was formed to provide strategic guidance on the implementation and direction of the Belgian Sustainable Chocolate Programme. The main role of the Steering Committee is to give direction to the IDH Secretariat on strategic program development and implementation issues within the context of the “Beyond Chocolate” partnership agreement of December 2018. It also advises the IDH Secretariat on new developments and priorities in the Belgian chocolate sector and their impact on the programme.

3.1 Composition of the Steering Committee

3.1.1 The Chairman

The role of the SteerCo Chairman is to convene the steering committee meetings and to ensure the meetings are conducted effectively. Furthermore, the chairman is the person representing the Steering Committee towards the stakeholders within the “Beyond Chocolate” partnership and others interested in the Belgian chocolate sector. Lastly, the chairman is tasked with approving the agendas of Steering Committee meetings and meetings and workshops of the “Beyond Chocolate” partnership developed by the IDH Senior Programme Manager.

From June 2019 until February 2020, Patrick Hautphenne was the SteerCo Chairman. When in March 2020, Patrick took on a job abroad, he could no longer remain in this position. Therefore, starting from April 2020, Leonidas CEO Philippe de Selliers has taken on this task.



3.1.2 The Secretary

The IDH program management team is secretary to the Steering Committee, and is responsible for:

- supporting the chair in ensuring the meetings are organized effectively and background documents are timely prepared and distributed;
- planning, coordinating and monitoring the Steering Committee related activities;
- distributing the agenda;
- preparing minutes;
- providing follow-up and reporting on recommendations / decisions made by the Steering Committee.

3.1.3 Members

The Steering Committee consists out of signatories of the 'Beyond Chocolate' partnership and includes:

- a representative of the DGD private sector unit.
For 2019, this was Jean-Jacques Bastien.
- a representative of the Choprabisco Board.
For 2019, this was Patrick Hautphenne.
- a representative of the Belgian civil society. For 2019, this was Charles Snoeck (Fair Trade Belgium).
- a representative of the Belgian supermarket chains.
For 2019, this was Mieke Vercaeren (Colruyt Group).
- a representative of the Belgian knowledge institutions.
For 2019, this was Patrick Van Damme (UGent).
- a representative of one of the social impact funds.
For 2019, this was Wouter Vandersypen (Kampani).

3.2 Decision making process and Transparency

Business is conducted by careful and considered deliberation leading to recommendations. These recommendations are preferably decided by consensus, meaning all members support a particular point of view. Where consensus is not achieved, recommendations are decided by a simple majority vote of members voting on the question. In the case of a tied vote the person acting as chair shall be entitled to a second or casting vote.

To keep everyone within the partnership up to date with the discussions held by the steerco, the agenda, minutes and reports from the Steering Committee are accessible to any signatory of the "Beyond Chocolate" partnership on simple request.



3.3 Objectives achieved in 2019

In 2019, the Beyond Chocolate Steering Committee convened 3 times. The objectives of the SteerCo meetings for the year 2019-2020 were the following. Firstly, the SteerCo was to approve strategic proposals prepared by IDH related to the design and implementation of Beyond Chocolate. Furthermore, the SteerCo had as its goal to advise on the strategic focus / orientation of the calls for proposals of the partnership developed by IDH. These objectives have been reached, as the SteerCo discussed and agreed upon the selection of priority regions for the partnership, criteria for the co-funding of innovative projects and possible indicators for monitoring and evaluation.

The SteerCo members also actively participated in the partnership's general assembly and 1-year event, as was part of their mandate. Lastly, through the members' participation to the September 2019 mission to Côte d'Ivoire, the SteerCo mobilized external support that enhanced the effectiveness and efficiency of Beyond Chocolate. Since the group visited the country during the ICCO yearly meetings, the opportunity presented itself to further position Beyond Chocolate in the international community and interact with local government and international stakeholders. As such, thanks to the joint preparations of the Belgian Embassy in Côte d'Ivoire (Ambassador Michael Wimmer and his team) and the local IDH office (country director Valérie Reboud and her team) the SteerCo had the chance to meet with the leadership of the International Cocoa Organisation (ICCO), high representatives of the Ivorian government and the Conseil Café Cacao. At the request of the civil society partners, the members of the delegation also engaged in a conversation with local communities and cooperatives and took this input into consideration for the next steps in the process.

4. THE BEYOND CHOCOLATE WORKING GROUPS

During its first meeting, the Beyond Chocolate Partnership's Steering Committee decided to form three working groups around the overarching themes 'Living Income', 'Ending Deforestation' and 'Youth and Decent Work' that are clearly stated in the Beyond Chocolate Partnership Document. In addition, the steering committee decided to look for intermediate targets toward 2025 and 2030 that will be regularly communicated to the partners and at the Belgium level in particular. The working groups were asked to formulate a proposal for these intermediary targets.

4.1 Composition of the working groups

During the summer period a term of reference was circulated among the partners, calling for candidates for the working groups on living income, ending deforestation and youth and decent work. The Steering Committee looked for a balance between the sought-after expertise and a good representation of the diverse groups of stakeholders in Beyond Chocolate. On August 30, 2019, the Beyond Chocolate Steering Committee selected the members of the working groups. Each of the Working Groups was guided by an expert in the topic. The IDH programme management team wishes to thank the Working Groups leads Kristin Komives, Sylvie Bianchi and Violaine Berger for their valued contribution to the start-up and functioning of the groups.



Working group on youth and decent work

Name	Organisation
Sylvie Bianchi (group lead)	Samilia Foundation
Dirk Jacxsens	Libeert
Eva Verbist	Trias
Anke Massart	Barry Callebaut
Amber Harms	Nestlé
Emanuele Biraghi	Unicef
Namratha Ramanan	KU Leuven

Working Group on Ending Deforestation

Name	Organisation
Violaine Berger (group lead)	IDH
Béatrice Wedeux	WWF
Sebastiaan Van der Hoek	Cargill
Pieter Van de Sype	Bos+
Cedric Van Cutsem	Mondelez
Pascal Boeckx	Ugent
Iris Millenaar	Rainforest Alliance
Patrick Van Damme/Wouter Vanhove	Ugent
Bram Vanschoenwinkel	VUB
Mathil Vandromme	VUB
Wouter Vanhove	Ugent
Kelly Hertenweg	FOD Environment

Working Group on Living Income

Name	Organisation
Kristin Komives (group lead)	ISEAL
Raphael Audoin Rouzeau	Puratos
Samuel Poos	Enabel
Bart Van Besien	Oxfam Wereldwinkels
Ellen Jacobs	Mars
Charles Snoeck	Fairtrade Belgium
Johan Van Den Bossche	Rikolto
Philippe Weiler	Lidl
Philippe Toussaint	Colruyt
Jérémie Gross	Bio Invest



4.2 Objectives achieved in 2019

Each working group met 3 times in 2019. The working groups' main task was to mobilise and map state-of-the-art knowledge, first-hand experiences, and best practices around the specific themes. The convening of the working groups was an important next step to create ownership and common understanding of definitions, relevant research and ongoing initiatives for the group after the introductory General Assembly of September 4th, 2019. Throughout the different working group meetings, it became clear that there is a real need for more focus on learning and expertise building in the working groups and the broader partnership. The 2020 advisory groups' work and dedicated learning events will build on this ascertainment. As a result of the working group's efforts the partnership members already now have a better understanding of the three overarching themes and have a clearer view on possible pathways for success in achieving the ambitions around those themes. Their first findings were presented at the December 5th event. The results can be found in the report of the event.

The upcoming 2019 Beyond Chocolate call for proposals required the working groups to draft recommendations on criteria for inclusion in this first call for proposals and thus focussed their first meetings on reaching this objective. In parallel to the working group discussions, the accountability, monitoring and evaluation (AME) framework of Beyond Chocolate was being prepared. The working groups discussed the AME framework at different occasions and provided valuable input to the exercise. By doing so, the partnership succeeded in refining the basic indicators mentioned in the Partnership document and formulated a set of relevant, measurable and time-bound indicators.

The Beyond Chocolate Partnership text lists several SDGs. The working groups were asked to advise the steering committee on the choice of the relevant SDG targets and indicators linked to their specific theme. This exercise will be continued in the aftermath of the first 2019 annual reporting.

While the working groups were asked to explore possible intermediary targets towards 2025 and 2030 for the common ambition of the Partnership and agree on a proposal for the steering committee, this proved to be a very challenging task. In the absence of a baseline for the partnership's 2019 efforts, the working groups found it to be very difficult to agree on a proposal for the Beyond Chocolate SteerCo. The working group on youth and decent work and the one on ending deforestation provided valuable input and a concrete suggestion for intermediary targets. These proposals will be further discussed in 2020 with the group in light of the annual reporting and the first results of the 2019 reporting exercise.

At the end of their third meeting and to some extent in early 2020, the working groups were asked to reflect on the necessity and possible objectives for each of the working groups to continue their work after December 5th, 2019. Their advice was taken into account and resulted in the new 2020 Beyond Chocolate governance structure.



5. THE DEVELOPMENT OF THE BEYOND CHOCOLATE AME WORKING GROUP

During the first year of the partnership, a lot of time and effort was put in the development of an Accountability, Monitoring and Evaluation (AME) Framework. As accountability, monitoring and evaluation is such an important concept to the partnership, in March 2020 a specialized AME working group was formed. This group would provide strategic guidance on the development and implementation of the AME Framework. During the first meeting of the group in March 2020, the members put the finishing touches to the Framework. However, the completion of this document did not mean the end of the AME working group. That is because the AME Framework is a dynamic document that requires the continuous input from experts. Hence, the AME working group continues to exist to follow up the use of the AME Framework during the first reporting exercise and to advise on the way the document should adapt itself to new developments.

5.1 The composition of the AME Working group

The AME-working group consists of signatories of the 'Beyond Chocolate' partnership and includes:

- Representatives of all of the chocolate companies that report to the AME Framework
- Representatives of retail companies
- Representatives of the relevant certification standards
- Representative of Civil Society:
- Representative of the Knowledge Institutions:
- Representative of the DGD

The AME Working group is unique in that it allows for the major chocolate producers, retail companies and certification standards to enter into a dialogue with one another. This makes the working group the ideal platform to discuss concrete issues that remain to be resolved and decided between the three sector groups.

Candidates for the AME Working Group are approved by the IDH secretariat in consultation with the Beyond Chocolate Steering Committee. All signatories that comply with the abovementioned criteria are welcome to join the AME working group after consulting officially with the IDH secretariat.



5.2 Objectives of the AME Working group

The main objectives of the AME working group are to:

- Give advice to the IDH Secretariat on the way in which the partners of Beyond Chocolate should be kept accountable, monitored and evaluated.
- Review the AME framework on a continuous basis.
- Review the annual progress made with regard to transparency and information released by partners in their reporting.
- Regularly reassess the up-to-datedness of the AME Framework and revise where necessary.

6. THE BEYOND CHOCOLATE ADVISORY GROUPS

Early 2020, the three Beyond Chocolate Working Groups were reassessed. It was judged that the Working Groups had largely completed their objectives in 2019. Moreover, starting from March 2020, the AME working group had taken over the guidance of the accountability, monitoring and evaluation of the partnership. For these reasons, the working groups were reformed to advisory groups that feed into the learning events and guide the overall capacity building of the partnership. More information on the workings of these advisory groups will be provided in the 2020 annual report.



A close-up photograph of three pumpkins resting on a bed of dry, brown leaves. The pumpkin on the left is a vibrant red-orange, the middle one is a bright yellow, and the one on the right is a fresh green. A white number '3' is centered inside a thin green circle in the upper left corner of the image.

3

The Accountability, Monitoring and Evaluation (AME) Framework

Mapping out an Accountability, Monitoring and Evaluation (AME) framework is a crucial step towards a truly transparent and impactful Beyond Chocolate Partnership. That is because an AME Framework contributes to improved planning, monitoring, steering and evaluation of the supply chain for the Belgian chocolate sector and of its sustainability initiatives. In 2019-2020, The Beyond Chocolate initiative completed the first version of this Framework, thus concluding the streamlining phase of the program.



1. BACKGROUND

To support IDH with the development of the AME framework for Beyond Chocolate, an external consultant was recruited, thus integrating external expertise within the program. C-Lever.org handed in a written project proposal and then presented their pitch for a small team of experts (Els Haelterman, Annemieke Burmeister and Mark de Waard for IDH and Charles Snoeck as SteerCo representative). The team unanimously agreed that C-Lever.org was suited for the job. The contract was discussed and end of October 2019, the development of the AME Framework started under the leadership of General Managing Partner Patrick Stoop.

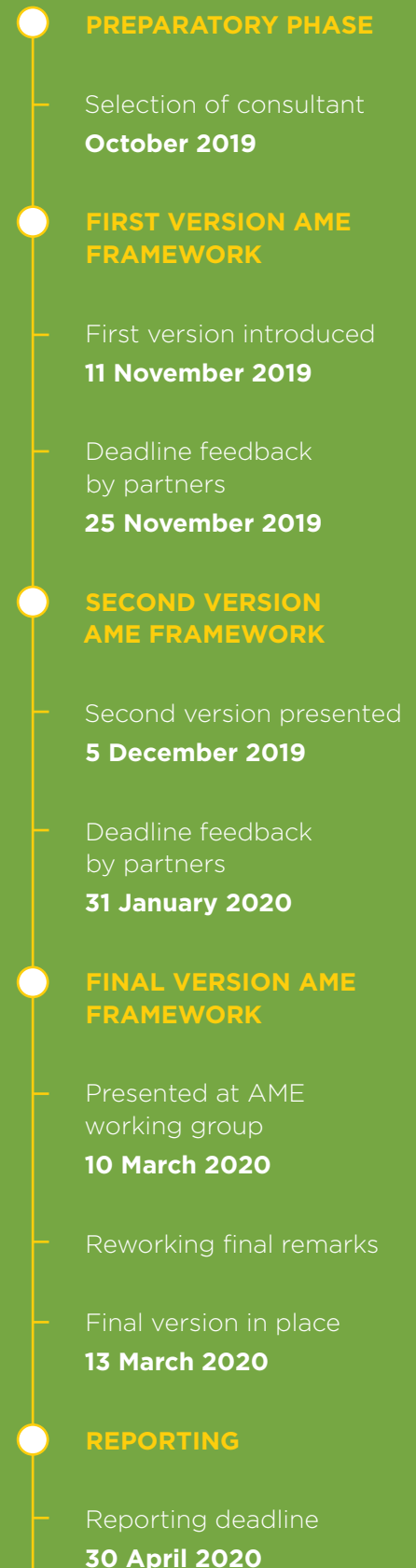
The first version of the AME-Framework was introduced November 11th, 2019. Partners were asked to pass on their feedback and remarks before November 25th. Furthermore, the Framework was discussed in detail with the Beyond Chocolate Working Groups. All members had the chance to give advice and remarks. Once all this feedback was processed, a 2nd and more developed version of Beyond Chocolate's AME framework was presented during the December 5th one-year event.

This version contained nine main indicators, divided into origin transparency, transparency and certification of cocoa sourcing, living income related outcome indicators and deforestation related outcome indicators. The indicators contained measurables such as scoring and price levels. Also included were intended areas of cooperation and alignment with the other platforms.

The partners' main comment on the first version of the AME framework concerned it being too lengthy and complex. The 9 indicators would confuse and demotivate the reporting partners. Hence, C-lever.org reworked this version to a more concise, accessible document. In the new framework, only four main indicators that are closely linked to the four key outcomes of the Beyond Chocolate partnership remained.

The third version of the AME framework was presented March 10th during the first session of the specialized AME working group. It was developed considering all feedback received on the second version and the strategic guidance provided by the BC Steering Committee and by the IDH team. Partners were positive about the changes made and passed on their last few comments. After some small adjustments, the Framework was ready to be used and shared with all partners.

TIMELINE





2. OBJECTIVES

The AME Framework enables the Beyond Chocolate partnership and its partners to report on the progress made vis-à-vis the overall and individual commitments and additional ambitions of the BC partnership. As such, it makes sure there is a certain level of alignment in the reporting. Furthermore, the Framework enables adequate planning, measuring, monitoring, steering and evaluation, including assuring achievement of the targets, of the specific projects co-funded by the Beyond Chocolate Partnership.

3. SUMMARY

3.1 Part 1: Key performance indicators

Part 1 of the framework elaborates on the 4 KPI's measuring progress and achievement vis-à-vis the 4 main overall commitments of the Beyond Chocolate partnership and is further divided into process (intermediate or 2025 commitments) and impact (2030 commitments) indicators.

The first part of the AME-framework comprises 4 key performance indicators (KPI):

Intermediate 2025 commitments (process indicators)

Indicator 1: % of corporate program/certified cocoa in chocolate produced and/or sold in Belgium

Indicator 2: Level of compliance with applicable CFI (or equivalent) obligations

2030 commitments (impact indicators)

Indicator 3: Progress towards closing the living income gap for cocoa growers

- **Indicator 3.bis:** the number and % of farming households, who have reached a secured living income (additional impact indicator)

Indicator 4: Evolution of forest coverage in cocoa producing areas

3.2 Part 2: Components of the AME Framework

Part 2 of the framework provides details on 9 AME components for tracking efforts made, progress achieved, outcomes and impact vis-à-vis the different areas of ambition of the Beyond Chocolate partnership.

Part 2 is further divided into 4 parts:

Cross-cutting components – basic AME data

AME Component A: Supply origin transparency level

AME Component B: Cocoa traceability level

AME Component C: Generic data on projects, initiatives, schemes



Components related to the living income model – linked to indicator 3

AME Component D: Price paid to farmer in comparison with prevailing farm gate price

AME Component E: Efforts targeting increased productivity in cocoa farming

AME Component F: Efforts targeting productive income diversification by cocoa farmers

Components related to forest preservation and restoration – linked to indicator 4

AME Component G: Efforts targeting forest preservation and restoration

Components related to additional BC ambitions

AME Component H: Fostering decent work and child development: H.1 - Efforts targeting decent work and child development; H.2 - Decent work and child development score

AME Component I: Level of progress and achievement of other individual commitments by BC signatories.

The entire AME Framework is added to this annual report in annex A.

Beyond Chocolate Baseline Reporting 2019

The objective of the AME Framework is to structure and streamline the accountability, monitoring and evaluation by the Beyond Chocolate Partnership and to bring forth efficiency and consistency of the underlying data collection and reporting. To achieve this, the Framework is complemented with data collection guidelines and tools. As such, the Beyond Chocolate signatories received a reporting template, with a corresponding annex, to report on their efforts and progress in achieving the Beyond Chocolate objectives.



1. PROCESS AND REPORTERS

For the 2019 reporting, a distinction was made between full reporting, by targeted Beyond Chocolate signatories, and reporting on individual commitments only, by the remaining Beyond Chocolate signatories.

The first group, requested to report on all indicators (KPIs) and data components of the AME Framework, comprises the following companies or organisations:

Couverture makers	Biggest chocolate producers	Retailers	Labels
<i>Barry</i>	<i>Mondelez</i>	<i>Colruyt Group</i>	<i>Rainforest Alliance</i>
<i>Callebaut</i>	<i>Nestlé</i>	<i>Lidl Belgium</i>	<i>Bioforum</i>
<i>Cargill</i>	<i>Mars</i>	<i>Aldi Belgium</i>	<i>Vlaanderen</i>
<i>Puratos</i>	<i>Oxfam</i>	<i>Carrefour Belgium</i>	<i>Fairtrade Belgium</i>
		<i>Delhaize Belgium</i>	

For 2019, the latter group of Beyond Chocolate signatories, limiting their 2019 reporting to their individual commitments², comprises the following³:

○ <i>Choprabisco</i>	○ <i>ARES</i>	○ <i>ACLVB</i>
○ <i>DGD</i>	○ <i>Trias</i>	○ <i>Alterfin</i>
○ <i>Enabel</i>	○ <i>Rikolto</i>	○ <i>Incofin Investment Management</i>
○ <i>Bio Invest NV</i>	○ <i>WWF Belgium</i>	○ <i>Kampani</i>
○ <i>ISEAL</i>	○ <i>ACV Voeding en Diensten</i>	○ <i>Oikocredit Belgium</i>
○ <i>VLIR-UOS</i>	○ <i>ABVV Horval</i>	○ <i>Galler</i>

IDH received the completed reporting templates from nearly all Beyond Chocolate signatories; the compilation and analysis of the reporting data resulted in the conclusions presented below. The reporting data can only be shared with the group on an aggregated level due to confidentiality and competition law. The IDH secretariat will continue to monitor the individual data in the coming years.

However, one retailer among Beyond Chocolate's signatories, Carrefour, failed to submit the requested reporting. It should also be noted that the 2019 reporting was a challenge for the Beyond Chocolate signatories. The design of the AME Framework started end October 2019 and the format for the 2019 Beyond Chocolate annual reporting was agreed upon end March / early April 2020. This explains why not all the required information was available yet in the limited timeframe. The reporting template offers the possibility to provide explanations on lacking, partial or still approximative data being reported. Such information is also part of the initial Beyond Chocolate reporting exercise and thus essential for further finetuning and improving of the AME-framework.

- Partners can at any time take up a more ambitious commitment; these commitments can be found in the (updated) Beyond Chocolate Program Document.
- Since several partners only signed the Beyond Chocolate Partnership Declaration on December 5th, 2019 (Baronie, Port of Antwerp), they were not requested to report on their progress for this year. The exception here is Galler which insisted on already contributing to the 2019 reporting.



2. 2019 FULL REPORTING

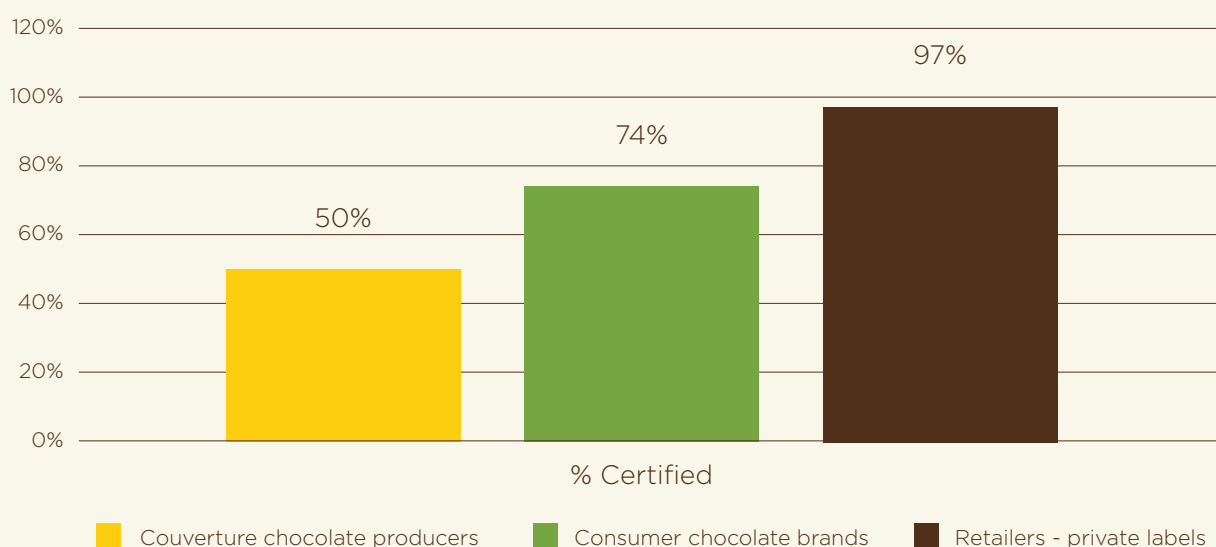
2.1 Certification and company schemes in the cocoa supply chain

2.1.1 KPI 1: % of corporate program/certified cocoa in chocolate produced and/or sold in Belgium

On average **50%**⁴ of the cocoa used for couverture chocolate production in Belgium, is sourced (weighted average) in compliance with at least one certification standard or corporate sustainability program.

On average, **74%** of the consumer chocolate sold under consumer brands (weighted averages) and **97%** of chocolate sold under retailer private labels (unweighted average) meets at least one certification standard.

KPI 1 - Certification



In line with their individual commitment, the retail signatories report only about their private label products. For 2019, the retailers' reporting was further limited to products labelled as chocolate, thus not yet including cocoa in their other private label products.

The 2019 reporting shows that the retailers among the Beyond Chocolate signatories are already very close to reaching their individual commitment of making their private label chocolate 100% certified by 2020. Moreover, several among them have reported that they already reached this individual commitment in 2019. However, for 2020 and onwards, the retailers'

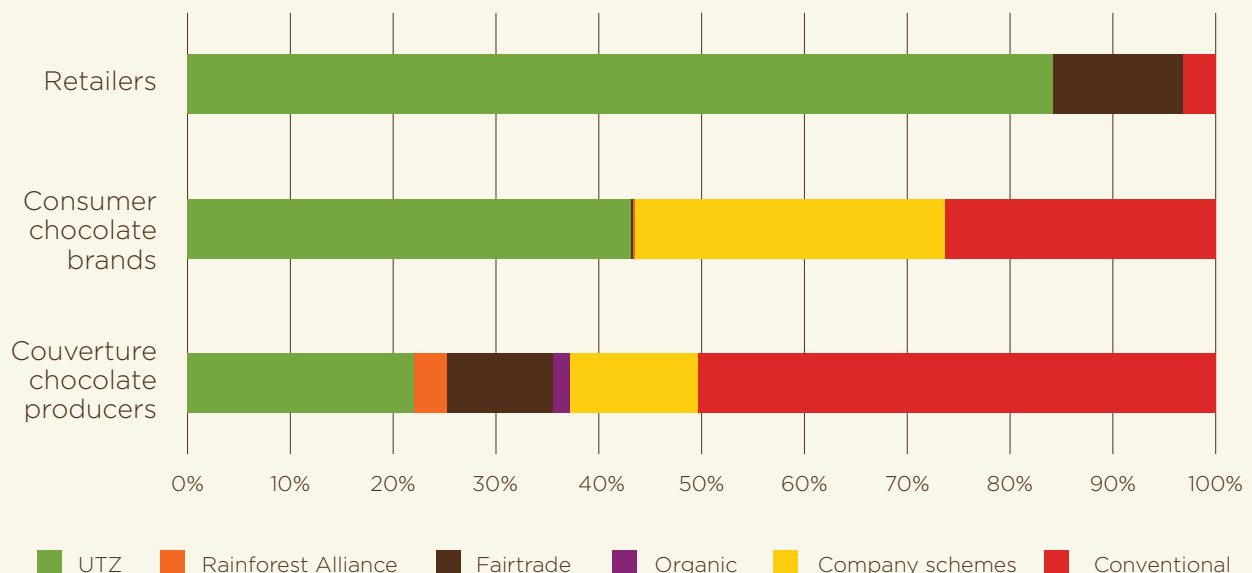
4. This number deviates slightly from the number given during the Beyond Chocolate General Assembly of 28/05/2020 due to a recalculation of newly available information.



accountability under Beyond Chocolate will be extended to cocoa included in other private label products.

For the consumer chocolate brands and the couverture chocolate producers more work remains to be done before achieving their 2025 commitment⁵. Consumer chocolate brands are still at about 26% of conventional chocolate (weighted average). When it comes to the couverture chocolate producers, about 50% of their cocoa sourcing (for the Belgian chocolate sector) does not yet fall under an accepted certification standard or company scheme. At the same time, it must be acknowledged that in the past years, both groups have undertaken important efforts in applying recognized certification standards and/or in enhancing the coverage of their company schemes. They have reconfirmed their commitment to reaching the 100% target by 2025.

KPI 1 - Certification



As visualised in the figure above; the 2019 reporting shows that UTZ is by far the dominant certification standard used, especially among retailers' private labels and consumer brands. Next, are the company schemes, then Fairtrade, then Rainforest Alliance, which is in the process of merging with UTZ, and lastly the Organic certification standard.

2.1.2 Conclusions and reflection

In general, the 2019 reporting related to this KPI 1 demonstrates clear willingness by Beyond Chocolate signatories to improve the fairness and sustainability of their cocoa sourcing and their chocolate value chain. Even though a lot of work remains to be done, the 2019 reporting submitted

5. It is important to note that the volumes of cocoa sourced differs strongly between couverture producers, consumer chocolate brands and retail.



by the Beyond Chocolate signatories already indicates that significant efforts are ongoing. Reaching the 50% level for the couverture producers, who correspond to a very large portion of cocoa sourced for the Belgian chocolate sector, should not be disregarded as a small achievement.

Moving forward, an important challenge remains; That is, how will we be able to ensure that sourcing cocoa and producing chocolate in compliance with the recognized certification standards or company schemes will actually lead to fulfilling the Beyond Chocolate end goals (cf. Beyond Chocolate's 2030 commitments). In a joint effort, the European platforms (GISCO, SWISSCO, Beyond Chocolate, ...) have commissioned the International Trade Center (ITC) to conduct a benchmarking study. This study should already provide Beyond Chocolate with some systematic analysis on the topic. Beyond Chocolate will analyse whether the standards and schemes are putting the bar high enough and whether such certification will lead to achieving Beyond Chocolate's outcomes and impact ambitions.

2.2 Progress towards closing the living income gap for cocoa growers

- ✓ **KPI 3:** *"Progress towards closing the living income gap for cocoa growers" (2030)*
- ✓ **KPI 3.bis:** *"the number and % of farming households, producing cocoa for the Belgian chocolate sector, who have reached a secured living income" (2030)*
- ✓ **Data Component C:** *Generic data on projects, initiatives, schemes*
- ✓ **Data Component D:** *Price paid to farmer in comparison with prevailing farm gate price;*
- ✓ **Data Component E:** *Efforts targeting increased productivity in cocoa farming;*
- ✓ **Data Component F:** *Efforts targeting on farm income diversification by cocoa farmers*

The reporting provided by Beyond Chocolate signatories clearly shows high levels of awareness and good intentions with respect to moving towards a living income for cocoa farmers. While before the ambition was often limited to taking cocoa farmers beyond the poverty line, it now goes further to truly reaching a living income.

2.2.1 Missing data

The 2019 reporting on KPI 3, demonstrates that data available on the current income levels and on the living income gap for cocoa growers is still limited and sporadic. Where such information is available, it is generally drawn from specific case studies without linkages to the Belgian market.

The existing estimates of the current income levels of cocoa growers, when provided or referred to in the Beyond Chocolate signatories' 2019 reporting,



are generally based on limited samples and/or (scientific research based) farm income models. The estimates provided, vary between 2.390 USD and 3.314 USD per household per year in Côte d'Ivoire; this would roughly be between 33% and 46% of a living income. Still few Beyond Chocolate signatories are able to provide data for KPI 3 - "Progress towards closing the living income gap for cocoa growers". As such, the 2019 reporting is not yet providing significant baseline information.

Also, where signatories are providing data on numbers of farmers benefitting from an increase in their income, these generally relate to the signatories' global cocoa sourcing and corresponding sustainability efforts, without relating these data to the Belgian market nor to a % of cocoa farms in their supply chain benefitting from income increases.

For KPI 3bis - "the number and % of farming households, producing cocoa for the Belgian chocolate sector, who have reached a secured living income", we also obtained only partial and estimative baseline data. One Beyond Chocolate signatory does provide an estimate of the number of farming households, corresponding to the volume of its Belgian market, while also estimating that 13% of them already reached the living income level. Another Beyond Chocolate signatory did also provide an estimate of the number of farming households, corresponding to the volume of its Belgian market, while indicating that 48% of them already crossed the World Bank's poverty line of \$1.90 per person per day.



There is still a lot of work to be done to evolve to consistent and reliable (baseline and progress) information on numbers of cocoa farming households targeted and supported in relation to the Beyond Chocolate commitments, on their income levels, and on the extent to which they are effectively reaching a living income. Nonetheless the partial data obtained is sufficient to confirm that overall, the gap towards reaching a living income is still enormous.

Closing that living income gap by 2030, thus remains very challenging. This requires Beyond Chocolate to target such income improvements for cocoa farming households in selected cocoa producing areas / communities; with the number of farming households, whose income is positively impacted, corresponding to the cocoa bean equivalent sourced for the chocolate produced and/or sold in Belgium.

2.2.2 Certification standards and corporate schemes

In addition to applying certification standards, both couverture producers and consumer brands report on company schemes that target improved income for the cocoa farming households and cocoa growers.

Retailers are looking to the certification standards (and partly also to the couverture producers and traders) to ensure progress towards reaching living income for cocoa growers. However, this raises the question of whether certification standards alone will help achieve the Beyond Chocolate ambitions. The ITC benchmark exercise will give more clarity on the relation between certification standards' and corporate schemes' focus activity areas and the partnership's ambitions.

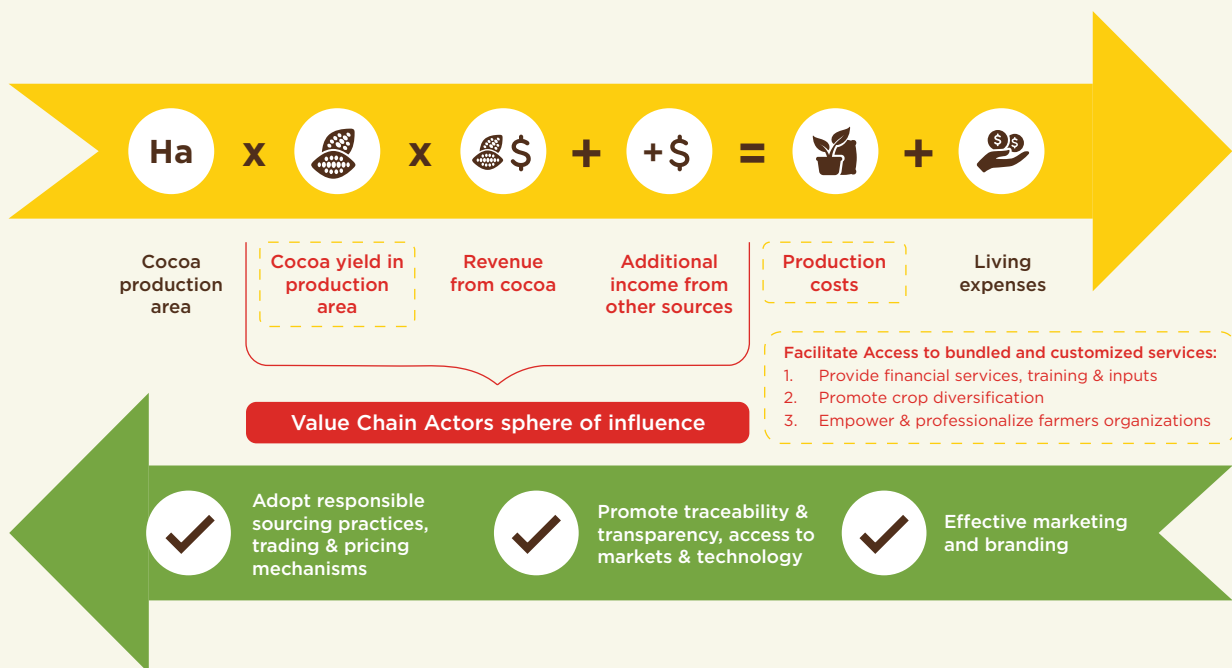


2.2.3 The Living Income formula

It is important to acknowledge that Beyond Chocolate's signatories are undertaking significant efforts that shall contribute to closing the gap towards a living income for cocoa growers. Using data components C, D, E and F of the reporting format, Beyond Chocolate signatories have reported on such efforts. Interesting findings of the 2019 reporting by Beyond Chocolate signatories is that they are increasingly undertaking integrated projects, schemes and/or support mechanisms that include, but go beyond simply paying a "premium" on top of the prevailing farm gate prices. The whole range of potential leverages for influencing cocoa growers' living income, that can be found in the formula below, are being used in varying combinations.

Much of this seems to be still in a piloting phase and there is clearly a need to plan for, pilot and assess the effectiveness of different approaches. The Beyond Chocolate partnership will act as a platform for sharing good practices and successes as well as failures. In this way, a joint learning process among Beyond Chocolate signatories will take place.

The IDH living income formula



Tracking and assessing progress with respect to ensuring a living income to cocoa growers requires further efforts with respect to standardised references, measurement tools, etc. Some specific topics such as share cropping (part of revenue taken by the landowner), ensuring decent work and a living wage for (sporadic) paid workers, on the farm, etc. shall also be considered in the equation. Beyond Chocolate will foster such standardisation efforts and will do this to the extent possible in collaboration with the other European national platforms. The development of user-friendly measurement and reporting tools will be high on the partnership's agenda.



2.3 Ending deforestation – Forest preservation and restoration

- ✓ **KPI 2:** *Compliance with applicable CFI (or equivalent) obligations (2025)*
- ✓ **KPI 4:** *Evolution of forest coverage in cocoa producing areas (2030)*
- ✓ **Data Component G:** *Efforts targeting forest preservation and restoration*

A. Cocoa and Forests Initiative (CFI)

With respect to KPI 2, the 2019 reporting shows that all couverture chocolate producers and all chocolate consumer brands within the partnership report on their fulfilment of the CFI or CFI equivalent obligations. The retailers among the Beyond Chocolate signatories are not CFI signatories, they rather consider that complying with CFI obligations should be dealt with at the level of the certifiers and/or the couverture chocolate producers. The development of a retailer guidance tool to enable them to adopt their own CFI equivalent action plan for at their private labels, is still very new and therefore does not appear in the 2019 Beyond Chocolate reporting.

An important step within the CFI approach is mapping the cocoa farms. The mapping of cocoa farms is part of CFI company action plans of CFI signatories while other certification schemes also adopt measures to prevent deforestation in certified farms, including documenting GPS locations or polygon maps for certified farms. Several Beyond Chocolate signatories report progress made in mapping cocoa farms in their direct sourcing network. For example, the reporting by one signatory states that approximately 80%-95% of cocoa sourced through direct sourcing networks in 2018/2019 originated from farms proven not to be located in Protected Areas, as per local laws.

The next step in upscaling the partnership's efforts in reducing deforestation under typical CFI approaches is to establish cocoa agroforestry systems and thus reduce the need for (illegal) logging in natural/protected forests. Only a limited number of Beyond Chocolate signatories provided data on related efforts. They reported 12.648 hectares of cocoa agroforestry systems established and 1.079.292 of multipurpose trees distributed to farmers for on-farm planting.

B. Role of certification standards

The certifying organisations, Rainforest Alliance and Fairtrade have joined forces with the aim of better visualizing and assessing deforestation risk in locations where certified producer organizations are located, in order to develop strategies to combat deforestation and support sustainable livelihoods for farmers and workers.

In 2019, Fairtrade also reviewed its Fairtrade producer (SPO) standard to strengthen action on protection of forests and biodiversity. Two concrete points were added: (1) a requirement on protection of forests and vegetation and (2) a requirement on prevention of deforestation through an established procedure at the level of organization.



C. Missing data & the collection of targeted areas

Few Beyond Chocolate signatories provide data or information with respect to KPI 4, intended to track the outcomes and impacts of efforts mentioned above in terms of increase or decrease of forest coverage in cocoa producing areas. Some information provided by Beyond Chocolate signatories in relation to KPI 4 is more about ensuring that within their supply chain, cocoa is sourced only from farms that are not situated within protect areas; this rather corresponds to the information to be provided under data component G.

Several Beyond Chocolate signatories indicated that the “cocoa sourcing areas” have to be agreed upon first, before monitoring the forest coverage in these areas and that this should be done carefully to avoid biases in reporting.

Furthermore, it must be acknowledged that the Beyond Chocolate Partnership can hardly target significant impact on forest preservation and restoration in all cocoa producing areas that are linked to the global cocoa sourcing (supply chain) of all Beyond Chocolate signatories. In other words, operationalising KPI 4 implies that the selection of targeted cocoa producing areas where Beyond Chocolate signatories would focus specific efforts geared at sustainable forest preservation and restoration, including going beyond the single commodity approach and engaging jointly with other actors in coordinated and sustained landscape-based efforts.

2.4 Ending Child Labour

✓ **Data Component H: *Fostering decent work and child development***

The Beyond Chocolate Partnership document comprises several goals and ambitions with respect to eliminating forced labour, extending schooling and ending (the worst forms of) child labour in the cocoa value chain. Even though these goals do not appear explicitly in the 2025 and 2030 commitments, they are an implicit part of the ‘living income’-related commitment.

The 2019 reporting shows that Beyond Chocolate signatories are aware that a holistic approach to preventing, identifying, and ending child labour in the cocoa supply chain is needed. Generally speaking, the signatories report on 3 mutually reinforcing strategies to address the wider causes of abuse and violence against children and young people, while empowering them and their communities to act: (1) prevention, (2) supply chain monitoring, and (3) remediation and community development. Additional strategies include living income measures, gender equity, and access to quality education. Several Beyond Chocolate signatories work with the International Cocoa Initiative (ICI) to promote child protection in cocoa growing communities. The reporting retailers generally do not provide a lot of data relating to this topic. They refer to the certification standards.

1. Prevention

Training and awareness raising on different forms of child labour in the cocoa supply chain, are conducted to help farmers identify tasks that may harm children and reduce the risks children face on farms.



2. Supply chain monitoring

Collecting reliable data on child labour across the cocoa sector remains a major challenge. Several signatories implement a Child Labour Monitoring and Remediation System (e.g. CLMRS) to identify and protect children in the cocoa supply chain.

3. Remediation and community development

Remediation efforts take place at both the individual and community levels in multiple shapes and forms. These include for example: the implementation of Child Labour Monitoring and Remediation System (CLMRS); establishment of Community Protection Committees; activities at individual and community levels to remediate identified cases; efforts targeting improved education infrastructure and/or enhanced access to education in the cocoa growing communities.

2.5 Supply origin transparency

- ✓ **Data Component A:** *Supply origin transparency level*
- ✓ **Data Component B:** *Cocoa traceability level*

Information on the origin of the cocoa used is essential to allow for better accountability with respect to the fairness and sustainability of chocolate produced and/or sold in Belgium.

The reporting partners were asked to use the following scores to indicate the supply origin transparency level:

Score 1: origin unknown or only country of origin known;

Score 2: country and region of origin known;

Score 3: country, region and municipality/*cooperative of origin known*;

Score 4: farm known, in addition to the country, region and municipality/*cooperative of origin*;

Score 5: farm known and having point coordinates of the farm household (farm mapping);

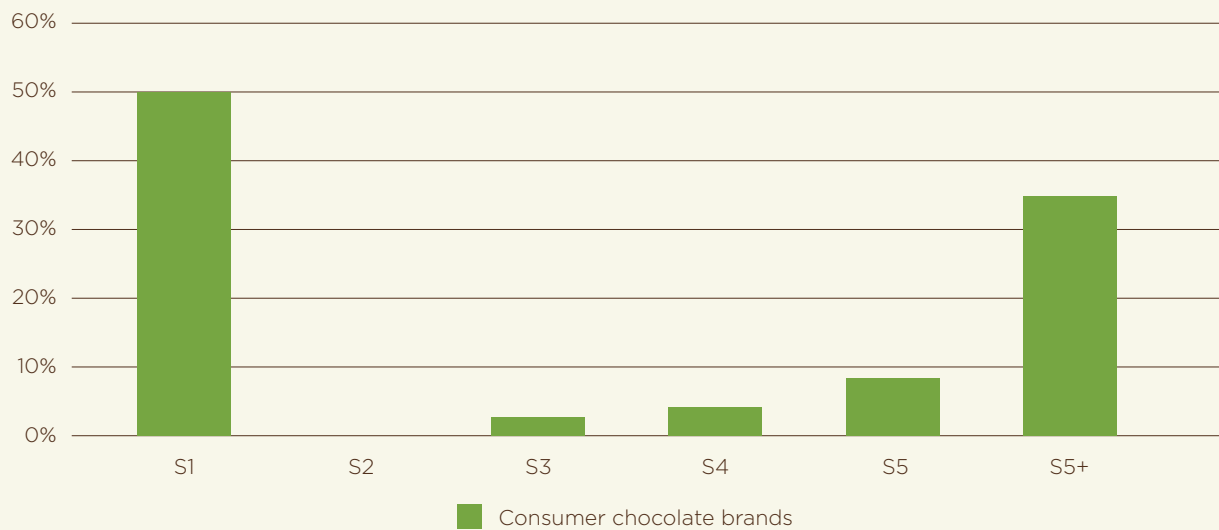
Score 5+: farm known and having *polygon boundaries of the farm*.

Monitoring the origin transparency level of cocoa sourced, allows tracking the volumes and % of cocoa sourced from farms that have been mapped (scores 5 and 5+). The origin transparency levels of the cocoa sourced are assessed and documented at the beginning of the supply chain; they do not require that cocoa with different origin transparency levels remain segregated, later on in the cocoa transportation and/or in the cocoa production and distribution process. The mass balance principles can be applied to define how much and what % of the cocoa sourced for the chocolate produced and/or sold in Belgium has a certain origin transparency level.

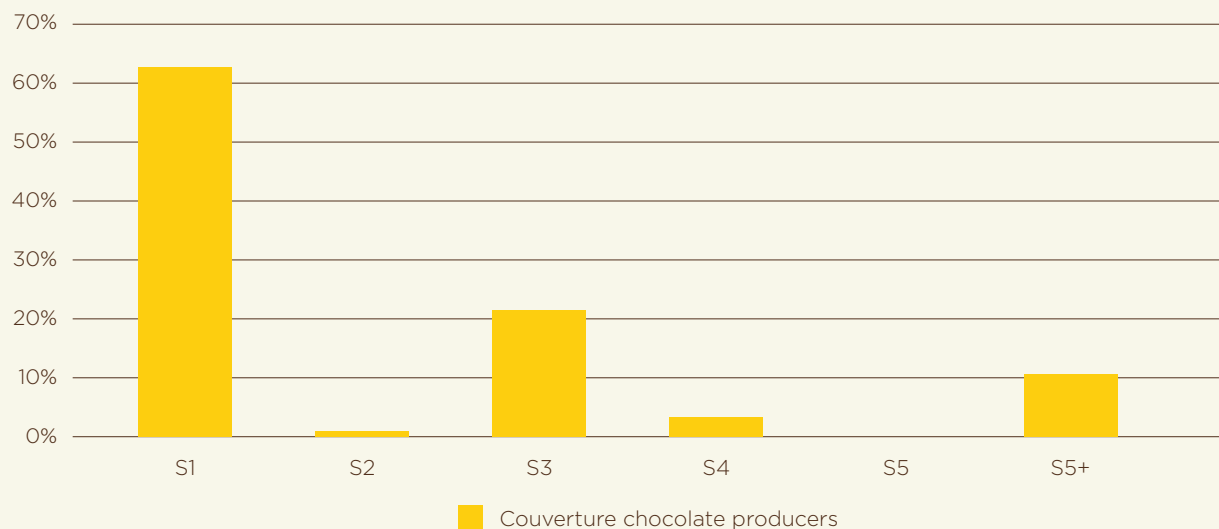
While the couverture chocolate producers (62%) and the consumer brands (50%) still report a very large portion of the cocoa being sourced with a minimal supply origin transparency, the 2019 reporting does show a trend towards increased mapping of farms and documenting the origins of cocoa sourcing.



Data component A: Supply origin transparency



Data component A: Supply origin transparency



The retailers however do not report on this topic but will be expected to do so for the volumes that are not produced with Belgian couverture chocolate.

The information provided under Data Component B shows that “mass balance” is still the predominant practise being applied, with only low (weighted) percentages for segregated and identity preserved. For example, for the couverture producers, the combined volumes reported for conventional and mass balance correspond to 94,88% of total volume, with only 3,77% for ‘segregated’ and 1,35% for ‘identity preserved’.



2.6 Conclusions and next steps in the accountability, monitoring and evaluation of the Beyond Chocolate Partnership

The Beyond Chocolate Partnership considers this 2019 reporting exercise as a learning experience and a first step in testing and improving its Accountability, Monitoring and Evaluation (AME) framework. As expected, the 2019 reporting is not yet fully consistent or complete. This is partially due to the fact the design of the AME framework started end October 2019, leaving the Beyond Chocolate signatories little time to align their continuous data collection to the partnership's requirements. Reporting discipline and timeliness is expected to improve in the coming years.

This first exercise is already providing significant information that will help improve the partnership's AME framework, while contributing to the alignment between the different European platforms.

The first reporting exercise has shown that the current modes of sourcing cocoa and producing and distributing chocolate make it impossible to identify the cocoa growers that supply the Belgian chocolate sector. Many Beyond Chocolate signatories operate on a global scale, sourcing cocoa from many origins (multiple cocoa producing areas), with cocoa being mixed and going through many stages of transport, production, and distribution of intermediary and final produce.

On its own, the Beyond Chocolate Partnership cannot ensure that all cocoa growers worldwide earn at least a living income. The same counts for ending deforestation and ensuring forest preservation (potentially forest restoration) in all cocoa producing areas around the world. The AME-framework cannot track, report on and (potentially) confirm the outcomes of all sustainability efforts (worldwide) of the Beyond Chocolate signatories who are operating globally.

In order to move forward in establishing accountability, monitoring and evaluation with respect to Beyond Chocolate's 2030 ambitions, the signatories will be invited to individually and/or jointly, commit to clear outcomes and impact (with respect to improving cocoa growers' income, with respect to forest preservation and restoration and/or with respect to decent work and healthy child development). The AME working group will be asked to discuss the best way forward. A logical next step is to document how the relevant signatories intend to generate outcome and impact, clearly linked to, and/or attributable to, their contributions under the Beyond Chocolate Partnership. Such efforts and outcomes should at least be proportional to the cocoa bean equivalent of their share in the Belgian chocolate sector.



3. 2019 INDIVIDUAL REPORTING

As mentioned above, next to the signatories who were asked to do a full reporting, there is also a group of partners who reported only on their individual commitment, as formulated in the Beyond Chocolate Program Document. These individual commitments are part of the overarching Beyond Chocolate ambition of a more sustainable Belgian cocoa sector. Below, we provide you with a short overview of the efforts made by the individual reporters in 2019. Please note that not all actions taken by the individual reporters are included in the text below, as some of the information in the reporting is still confidential.

In general, efforts made by the individual reporting partners in 2019 can be divided into three types of action knowledge sharing and raising awareness, on-field action, and financial support.

3.1 Knowledge Sharing and Raising Awareness

Firstly, individual reporters have supported the Beyond Chocolate partnership in 2019 by sharing knowledge and know-how and by raising awareness. This was done both within the partnership as well as towards external actors.

When it comes to internal knowledge sharing and awareness raising, over 50% of the 2019 individual partners have participated in one of the three Beyond Chocolate Working Groups. As such, *Trias* and the *University of Leuven* were part of the Working Group on Youth and Decent Work; The *University of Ghent*, *WWF* and the *FPS Environment* were part of the Working Group on Ending Deforestation. *Enabel*, *ISEAL*, *Rikolto* and *Bio Invest* participated in the Working Group on Living Income. In these working groups, the partners mobilized and mapped state-of-the-art knowledge, first-hand experiences, and best practices around each of the specific themes. Furthermore, via these working groups as well as via bilateral contacts, all partners have contributed to the development of the AME Framework.



Furthermore, the individual reporters have helped mobilize support for Beyond Chocolate by informing external actors about the partnership. As such, *Choprabisco* (The Royal Belgian Association of the Chocolate, Pralines, Biscuit and Confectionary) has regularly informed its members about the sector engagements in relation to the partnership (e.g. in its newsletter). On top of that, the sector federation reminded its members of their engagement within the partnership during its June 26th General Assembly which was about 'Chocolate and Sustainability'. ACV also raised awareness among their representatives in the chocolate companies on sustainability and the partnership. The Trade Union presented Beyond Chocolate as a good practice within the European and global organisations of which they are part (e.g. in the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors) and thus informed and involved organisations from other countries in the further follow-up of partnership activities.

Of course, all efforts related to sustainable cocoa production also relate to the Beyond Chocolate partnership. In 2019, several of the individual reporters took it upon themselves to raise awareness on the social and environmental impact of the Belgian cocoa industry. Some did so by actively participating in awareness raising and knowledge sharing events. As such, *Choprabisco* participated in a round table on sustainability at Salon du Chocolat and was also present at the Chocolate Inspiration Conference at the occasion of the Belgium Chocolate Summit. Furthermore, ACV organized an action on child labour (distribution of leaflets and posters) during the ILO action day against child labour. One of the Beyond Chocolate individual reporters, *Oikocredit*, even organised an international awareness raising conference with a large number of stakeholders in the cacao sector on labelling and living income. This included the realization of an interactive booth stand. In total, the social impact investor spent EUR 22.078,91 on the organisation of the event. Next to organising events, the publication of reports also raised awareness on issues related to cocoa production. A good example of this is the [WWF report](#) estimating Belgium's deforestation footprint, including that of cocoa.

Lastly, several of the individual reporters convened actors in the cocoa/sustainability sector in order to facilitate sustainable cocoa production. As such, several partners are looking into engaging in partnerships and collaborations aimed at increasing sustainability in the cocoa sector. The university umbrella organisations *VLIR-UOS* and *ARES* have mobilized academics experienced in the themes covered and have convened them with other actors in the sector.

3.2 Taking on field action

Several of the individual reporters have taken on field actions in 2019 to improve the living conditions of the cocoa farmers supplying to the Belgian market and to counter the environmental impact of cocoa production for the Belgian market. As such, some partners have engaged in cocoa sustainability projects in the global South. Some of these projects are part of the Beyond Chocolate call for proposals (see chapter 5), but also outside of the partnership several interesting projects have been set up. As such, in 2019 *Kampani* joined forces with Belvas to hand in a BPF (Business Partnership Facility) project proposal. This proposal was approved and a grant of EUR 200k was allocated. The project will create grinding installations in order to process small amounts of biological beans for buyers (Belvas, Tony's,



Ethiquable) and the chocolate production for the local market (under the brand Kimbe Chocolate). Lastly, *Rikolto* has set up a project in partnership with LIDL to support smallholder cocoa farmers in Ghana to improve their incomes, strengthen farmer associations, empower women and youth in Ghana.

Other individual reporters are taking on field action by testing more sustainable business models. As such, *Tony's Choclonely* has made significant progress in 2019 in its ambition of having 100% of its cocoa bought at a Living Income Reference Price and has progressed in making its supply chain entirely traceable. Furthermore, Tony's has continued analysing its farms to ensure they are not in protected forest reserves. *Galler Chocolatiers*, the Belgian company which signed Beyond Chocolate in 2019, has taken up the commitment of going 100% certified by 2020. In 2019, the company has already made significant progress in reaching their end goal.

3.3 Financial support

Lastly, in 2019 individual reporters have made financial investments in the sustainable production of cocoa for the Belgian sector⁶. The *Directorate-general Development Cooperation and Humanitarian Aid (DGD)* is Beyond Chocolate's main funding partner, committing a total of EUR 2,5 million to the program. *Incofin Investment Management* has provided close to USD 11m in trade finance loans to support sustainably certified cocoa producer organizations or agri SME's in Ivory Coast. *Alterfin* has reported to have disbursed EUR 13.5m of cocoa loans in the course of 2019. The social impact investor has also provided technical assistance to a number of smallholder producer organizations through their fund FEFISOL.

3.4 Next steps and conclusions

As was the case for the full reporting, it is important to note that the 2019 individual reporting is a baseline exercise which gives us useful insights, but which leaves room for improvement. From this 2019 reporting, we got an overview of what is being done by the partners to achieve their individual commitments, but this overview is not yet well-organized and fully comprehensive. The issue mostly lies in the fact that the formulation of the individual commitments is often too general and vague. As the goal of the individual reporters is not always clearly stated, it is difficult to measure progress. Hence, Beyond Chocolate will work with the individual partners on reformulating their commitments. Secondly, the AME framework required the partners to rate themselves on their progress in percentages. We have received feedback from partners that this is a subjective and rather inefficient way of measuring progress. Although an interesting exercise, it was decided not to work with this type of rating next year. The further development of the AME Framework for individual reporters will also be discussed in the AME working group.

6. Money spent on staff and working hours, the co-financing of projects and the organisation of events are not mentioned in this paragraph but are of course also considered an investment.

A man in a dark shirt and trousers is standing in a cocoa plantation, using a long pole to reach up and harvest cocoa pods from a tree. The ground is covered with fallen leaves and some pods are visible on the trees. The background shows more trees and a dense canopy.

5

The Call for Proposals

During the Beyond Chocolate one-year event on December 5th, 2019, a call for proposals was launched for living income projects in targeted cocoa production areas. These projects will test interventions and business models for sustainable cocoa sourcing in main impact areas linked to the Belgian sector. The results of the projects will be shared within the partnership. Hence, through this call for proposals, Beyond Chocolate helps scale the efficiency and effectiveness of private sustainability initiatives in the Belgian sector.



1. GOVERNANCE STRUCTURE

The governance structure of the co-financing projects consists out of several bodies. Firstly, there is the Program Management Team, composed by the IDH Senior Program Manager and the IDH Program Officer. They are responsible for overseeing the project implementation, contracting with the project applicants, and monitoring of projects. They also run the secretariat of the Project Advisory Committee, the Project Review Committee and the Beyond Chocolate Steering Committee.

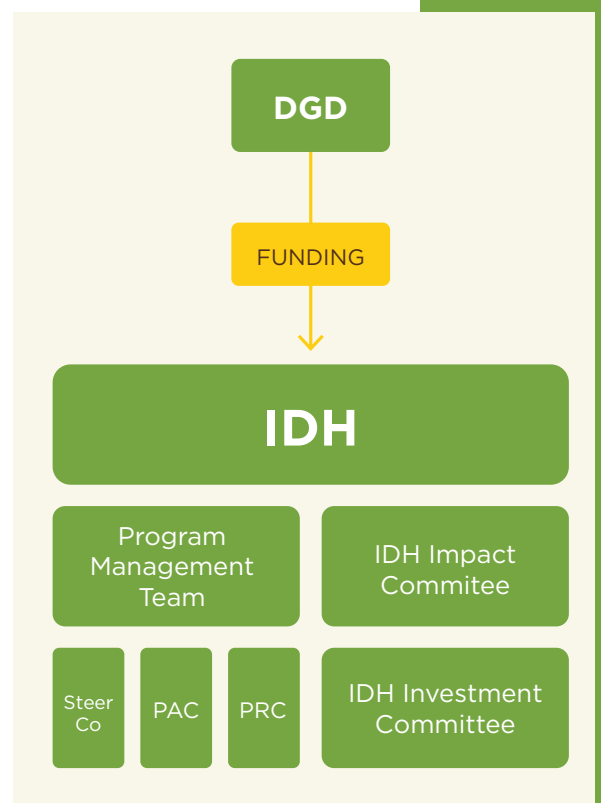
The Project Advisory Committee (PAC) is composed by independent sector experts from private sector and government. The main role of the Project Advisory Committee was to provide strategic guidance to the development of the criteria for the Call for Proposals.

The Project Review Committee (PRC) is composed of the Project Advisory Committee, and three IDH representatives. Their main responsibility is to rank the projects against the defined criteria and monitor the progress of the projects.

As discussed above, one of the tasks of the Beyond Chocolate Steering Committee is to approve strategic proposals prepared by IDH related to the design and implementation of the project criteria.

Lastly, there are the IDH Impact Committee and the IDH Investment Committee. The first is a committee of IDH's Supervisory Board, which includes two members of IDH's Board of Directors as well as several external experts. The task of the impact committee was to assess eligibility and selection criteria for the Call for Proposals. As such, this committee ensured the objectivity of the Call. The IDH Investment committee, on the other hand, only consists of IDH professionals. Their task is to give a final approval to the full project proposals selected by the PRC.

The Belgian government is technically not a governance body for the co-finance projects, but a funding partner. It has made available 2 million euros for the co-financing of the projects. IDH leads a 3-year sustainability program for the Belgian government that started mid-2019. Considering this duration and the start dates of the projects under this call for proposal, the co-financing funds originating from the Belgian government will have to be disbursed in the two first years of the project. In total projects can run up to a maximum of 5 years.





2. REQUIREMENTS

The Call for Proposals targets different parts of the Belgian sector: the larger Belgian couverture makers that lead the majority of the Belgian B2B (business to business) cocoa sector to maximize the sustainability impact as well as the chocolate companies and retailers that target the B2C (business to consumer) market. The co-funding of projects will help these actors and other partners active in the Belgian chocolate sector develop projects that contribute to the achievement of both the general and respective individual ambitions in the Beyond Chocolate partnership. This means the projects should have a positive impact on the Beyond Chocolate targets of Living Income of cocoa farming families. Moreover, the projects should have a demonstrated link with the Belgian cocoa and chocolate sector to be able to contribute to the Beyond Chocolate partnership commitments.

As there was only a limited budget available for the co-finance projects, it was decided to limit the scope of the proposals. As such, a geographical focus was set. The PRC, PAC and the Program Management Team looked into this and jointly decided that proposed projects are only eligible if they mainly focus on Ivory Coast and/or Ghana. This makes sense considering the fact that in 2018, almost 70 percent of the cocoa used for Belgian consumption was imported from these two countries (Eurostat).

Finally, to prevent abuse, IDH imposes strict financial requirements. The maximum percentage of co-funding from IDH for each project is 33%; the remainder must be paid by the project applicant(s), with a minimum of 67% financing from private sector. Of course, the chosen projects will be monitored and evaluated on a regular basis. They will follow IDH's standard reporting cycle. This means partners of the Beyond Chocolate co-funding program are required to submit semi-annual reports, including two components: a narrative report and a financial report.



4. TIMELINE

In 2019, IDH in consultation with the SteerCo, the PAC and Belgian government prepared the call for proposals. Partners were given time from the launch of the call on December 5th, 2019 to February 1, 2020 to hand in their concept notes. A first Project Review Committee then judged which concept notes met the requirements. The ones that did, passed to the full proposal phase. This means that by March 2020 the implementing partners handed in their full project proposals. These proposals passed by the Project Review Committee again. If they are approved here, the contracting procedure can start. Implementation of the projects is expected to start by the second half of 2020.



PREPARATORY PHASE

Project Advisory Committee 1
8 November 2019

Project Advisory Committee 2
27 November 2019

CONCEPT NOTE PHASE

Launch Call for proposals
5 December 2019

Deadline submission concept notes
1 February 2020

Deadline feedback IDH to applicants:
14 February 2020

FULL PROPOSAL PHASE

Deadline submission full project proposals:
15 March 2020

Approval full project proposals by PRC and IDH Investment Committee
March-June 2020

CONTRACTING

Implementation
Second half of 2020



6

International positioning of Beyond Chocolate

Of course, Belgium is not alone in its attempt to improve the conditions of cocoa farmers and their environment. Also at an international level, several organisations and platforms have been taking action to source in a more sustainable way. Beyond Chocolate seeks to build good relationships with these initiatives in order to create alignment, share learnings and increase the partnerships' know-how and impact.



Overview of European platforms on sustainable cocoa



GISCO

German Initiative on Sustainable Cocoa
June 2012



SWISSCO

Swiss Platform for Sustainable Cocoa
January 2018



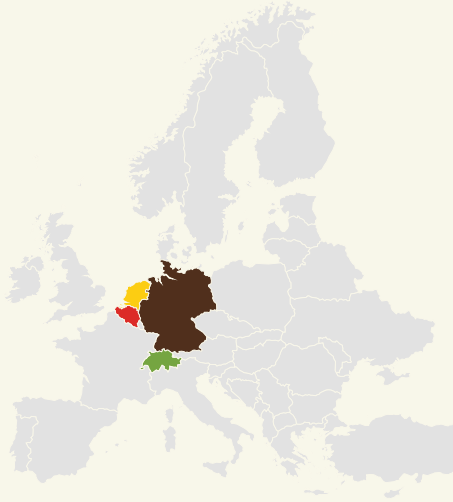
Beyond Chocolate

Partnership for a more sustainable Belgian
cocoa sector
December 2018



DISCO

Dutch Initiative for Sustainable Cocoa
Letter of intent in December 2018.
Note that DISCO has not yet been signed



1. ALIGNMENT OF THE EUROPEAN COCOA PLATFORMS

As in the case of Belgium, public-private partnerships have taken shape in Germany and Switzerland. These national platforms are crucial for creating alignment within regional markets, and equally crucial is creating alignment across these initiatives. That is why on August 21, 2019, representatives from the national platforms came together in Eschborn to discuss their further collaboration.

Together the platforms reviewed on which points exactly it would be useful to bundle their efforts. The conclusion was quickly made that since all platforms include targets on living income and deforestation, these subjects will be central in the alignment process. Furthermore, they agreed that monitoring, indicators and reporting should be harmonized to prevent that joint multinational members will be confronted with different reporting requirements on same issues. At the end of the day, a Memorandum of Understanding was introduced to document the specific objectives and activities related to alignment. This MoU has been further discussed and developed during several meetings in 2019 and is expected to be signed in 2020.

Since then, the platforms have regularly convened and collaborated. For example, during the September 2019 Steering Committee mission to Côte d'Ivoire, the secretariats of the platforms, some of GISCO's board members and the Beyond Chocolate SteerCo members joined for an informal exchange of ideas. The leader of the EU delegation at ICCO joined the conversation as well. Next, at the international living income and living wage conference in Rotterdam, representatives from the four platforms gathered on stage to talk about what alignment could do for a more sustainable cocoa sector within Europe.



The mutual support and interest between the platforms again became evident at the Beyond Chocolate one-year event on December 5th, 2020. Both GISCO and SWISSCO representatives had made the effort to travel to Brussels especially for this event. They engaged in an informal lunch with the Beyond Chocolate SteerCo and program management. During the event itself, GISCO Chairman Wolf Kropp-Büttner and Executive Secretary Beate Weiskopf were also welcomed on stage. They used this opportunity to present the GISCO initiative as well as to express their enthusiasm for further alignment between the platforms. The latter was confirmed many times again in following meetings and informal encounters.

2. ALICO

In 2019, Beyond Chocolate became part of the **Alliance on Living Income in Cocoa (ALICO)** and its coordination committee (CoCo). This alliance focuses on interventions, which lead to structural change and support the creation of an enabling environment for cocoa farmers and their families to earn a living income, with an initial focus on West Africa (Côte d'Ivoire, Ghana). Dialogue between producer and consumer countries is of central importance in this regard. The Alliance builds on already existing organizations and platforms. It aims to leverage and strengthen existing structures and the communication and synergies between the different actors. The Alliance supports the alignment of activities in key intervention areas, such as diversification of income, supply management, procurement practices and price.

3. ICCO

The **International Cocoa Organization (ICCO)** is a global organization, composed of both cocoa producing and cocoa consuming countries. The ICCO was established in 1973 to put into effect the first International Cocoa Agreement which was negotiated in Geneva at a United Nations International Cocoa Conference. There have since been seven Agreements.

In 2019, Beyond Chocolate Senior Program Manager Els Haelterman was elected ICCO consultative board member. The Consultative Board consists of fourteen international experts in the cocoa sector. The Board, whose mandate is as extensive as that of the International Cocoa Council and comprises all aspects of the world cocoa economy, only functions in an advisory capacity, as all final decisions are taken by the International Cocoa Council. The Consultative Board was established in recognition of the importance of the private sector in the world cocoa economy and of the increasingly important role that trade and industry have been playing in ICCO.



Beyond Chocolate in the Spotlight

Attracting new engaged partners to Beyond Chocolate broadens the support of the partnership. That is why IDH constantly works on increasing Beyond Chocolate's visibility by presenting the partnership at several events and in the media. Below you can find an overview of when and where Beyond Chocolate appeared in the spotlight in 2019.



LIVING INCOME EVENT BONN

30/01/2019

At the Living Income Community of Practice Workshop 'Achieving a decent standard of living for smallholder farmers', Beyond Chocolate was presented. It was the first time the partnership's focus on the role of government engagement in living income initiatives in cocoa was put forward.



BELGIUM CHOCOLATE SUMMIT

5-7/07/2019

In July 2019, the second edition of the Belgium Chocolate Summit took place in Antwerp. For three days long, representatives from the national and international chocolate sector were introduced to new products, visions, and technologies. Beyond Chocolate was of course not to be missed at this event. Several of the Beyond Chocolate partners came together to discuss the initiative in a panel with Deputy Prime Minister and Minister of development cooperation De Croo and IDH cocoa program director Jonas Mva Mva.

SALON DU CHOCOLAT

22/02/2019

Beyond Chocolate was also well-represented at the 2019 Salon du Chocolat. During the International Forum for Cocoa and Chocolate, Deputy Prime Minister and Minister of development cooperation De Croo alongside several representatives from the sector introduced the partnership to a wider audience.





PURATOS CUSTOMER DAY

24/09/2019

During the Puratos Customer day event, several focus groups discussed issues related to sustainability. The groups extensively talked about the role of the Beyond Chocolate Initiative. It ended up being a very interesting day that gave the focus groups insight into the clients' attitude towards sustainability and the Beyond Chocolate ambitions.

INTERVIEW ELS RETAILER MAGAZINE

September 2019

"A project to make Belgian chocolate sustainable is essential if we want to keep our international reputation as 'the country of chocolate'".

In the September 2019 issue of the *Belgian Retailer Magazine*, Beyond Chocolate Senior Program Manager Els Haelterman stressed the importance of the partnership and expanded on the role of retailers.

LECTURE OXFAM AND UHASSELT

14/10/2019

In the context of the FairTrade week, the University of Hasselt organised a lecture on sustainability and the Belgian cocoa sector. Beyond Chocolate was the main conversation topic. Els Haelterman represented the initiative in a round table with several experts on sustainable cocoa. As such, she entered into a dialogue with the students on the importance of sustainability initiatives and Beyond Chocolate in specific.



INTERNATIONAL LIVING INCOME & WAGE CONFERENCE

6/11/2019

On November 6th 2019, the International Living Income & Wage Conference was held in Rotterdam. During the closing session of the event, IDH showcased several sectoral commitments, including the Beyond Chocolate partnership. Raphael Audoin Rouzeau from Puratos spoke about the Puratos commitment and plans. During this session, there was also a presentation on the collaboration between the several national platforms for sustainable cocoa. Senior Program Manager Els Haelterman was on stage to represent Beyond Chocolate, together with Beate Weiskopf (*German Initiative on Sustainable Cocoa*), Christine Muller (*Swiss Platform for Sustainable Cocoa*), and IDH's Jonas Mva Mva.

POSTCARD ACTION OXFAM

29/11/2019

In November 2019, Oxfam organised a large-scale postcard action, calling on people to write to the signatories of Beyond Chocolate. The idea was to give citizens the chance to ask questions on the concrete actions signatories are planning to undertake. On top of that, citizens could encourage signatories to continue their strong commitment to the Beyond Chocolate goals. The action proved to be a big success. On November 29th, almost 25.000 postcards were officially handed over to IDH and Choprabisco.



DEVCO EU INFOPOINT

19/12/2019

On the 19th of December 2019, IDH cocoa Program Director Jonas Mva Mva participated as a panel member in the conference 'Achieving Sustainability in the cocoa sector' at the DEVCO Infopoint in Brussels. During this event, the European Think Tanks Group presented a blog and a study carried out by the Institute for Sustainable Development and International Relations on sustainability in the cocoa sector.



STEERCO MISSION

9-13/9/2019

From September 9th to 13th, the Beyond Chocolate Steering Committee went on a mission to Côte d'Ivoire. This first SteerCo mission provided the Beyond Chocolate Partnership with an excellent opportunity to establish relationships with the government of Cote d'Ivoire, key stakeholders on the ground and made the program objectives known in-country. Thanks to the support of the Belgian ambassador's office and the local IDH office, concrete steps towards a more inclusive program development were made.

The Steering Committee opted for three separate field visits of the couverture makers' partners on the ground. For Cargill, a cooperative, close to Aboisso, was visited. Here, the SteerCo got to witness a farmer training session by a Cargill trainer and was given a demonstration of the Cargill traceability pilot program. For Puratos, a visit to a community close to Neo-Brousse in San Pedro, took place and the fermentation and drying activities of the Cacao-Trace Post Harvest Centre were introduced to the SteerCo members. Here, the SteerCo got to experience themselves the real-life challenges for the farmers involved in the Belgian chocolate sector. The next day, a field visit to a local cocoa plantation was organized by Barry Callebaut which showed the importance and effects of basic pruning activities. The plantation visit was combined with a stop at the San Pedro buying factory.

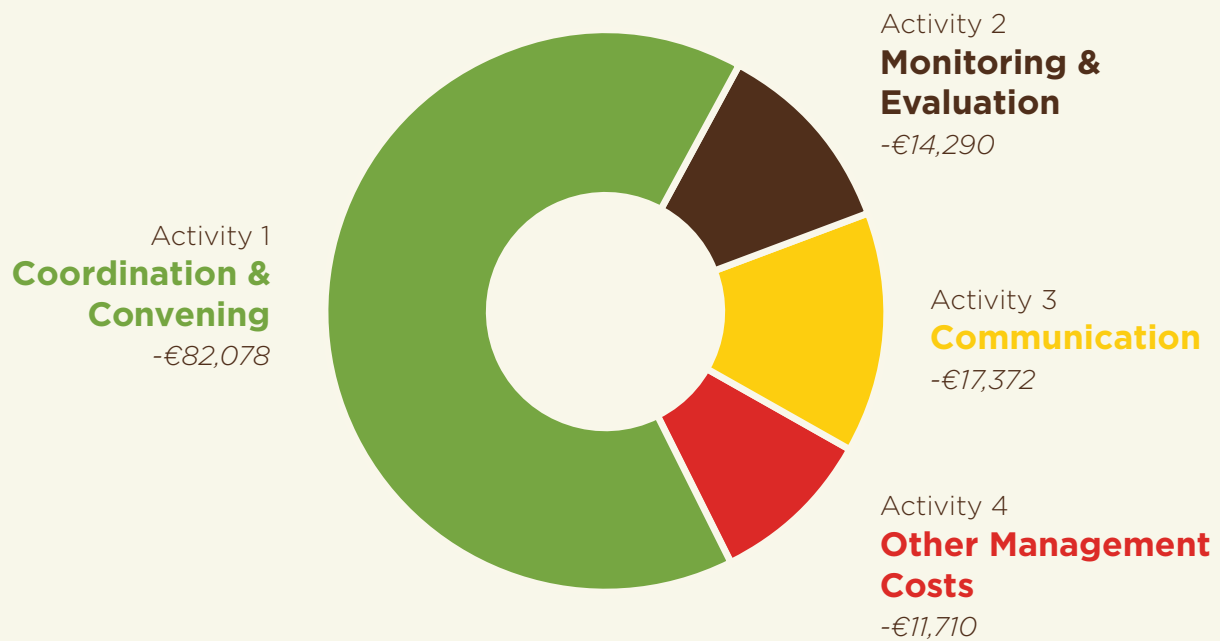
Note: approximately 70% of the costs of this SteerCo mission were covered by the participants' respective organizations. The remaining costs were paid out of the Beyond Chocolate program budget.

The Beyond Chocolate 2019 Budget

Beyond Chocolate is a three-year program funded by the Belgian Development Cooperation. Every year, Beyond Chocolate reports to the Directorate-general Development Cooperation and Humanitarian Aid (DGD) to account for the program's expenses. EUR 125.450 was spent in 2019.



For the year 2019, the following expenses were made:



IDH The Sustainable Trade Initiative manages the Beyond Chocolate Partnership.

IDH was tasked to:

- Coordinate and streamline the different partners' activities and contributions, including the management of the Government co-financing of pilots and innovations in the cocoa supply chains;
- measure the verifiable progress and effects against a jointly agreed upon set of indicators;
- communicate on the commitment and results of the different partners' activities and contributions.

In addition to the funding by Belgian government, the Beyond Chocolate program was supported by the IDH head office cocoa team experts and its business unit global director.



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Annex A: the Accountability, Monitoring and Evaluation (AME) Framework

DEVELOPED BY C-LEVER.ORG

OVERVIEW OF KEY PERFORMANCE INDICATORS AND AME-COMPONENTS

Beyond Chocolate's Accountability, Monitoring and Evaluation framework (AME framework) comprises two main parts, distinguishing between:

- **4 key performance indicators**, measuring progress and achievement vis-à-vis the 4 main overall commitments of the Beyond Chocolate partnership;
- **9 additional AME components** for reporting on and tracking efforts made, progress achieved, outcomes and impact vis-à-vis the different areas of ambition of the Beyond Chocolate partnership.

Part 1: Key performance indicators

The first part of the AME-framework comprises 4 key performance indicators (KPI):

Intermediate 2025 commitments (process indicators)

Indicator 1: % of corporate program/certified cocoa in chocolate produced and/or sold in Belgium

Indicator 2: Level of compliance with applicable CFI (or equivalent) obligations

2030 commitments (impact indicators)

Indicator 3: Indicator 3 - Progress towards closing the living income gap for cocoa growers

- **Indicator 3.bis:** the number and % of farming households, who have reached a secured living income (additional impact indicator)

Indicator 4: Evolution of forest coverage in cocoa producing areas

Part 2: Components of the AME-framework

The second part of this AME-framework comprises the following 9 components to enable monitoring and evaluating of, and learning from, the efforts made in relation to the different areas of commitments and ambitions of the BC partnership:

Cross-cutting components – basic AME data

AME Component A: Supply origin transparency level



AME Component B: Cocoa traceability level

AME Component C: Generic data on projects, initiatives, schemes

Components related to the living income model – linked to indicator 3

AME Component D: Price paid to farmer in comparison with prevailing farm gate price

AME Component E: Efforts targeting increased productivity in cocoa farming

AME Component F: Efforts targeting productive income diversification by cocoa farmers

Components related to forest preservation and restoration – linked to indicator 4

AME Component G: Efforts targeting forest preservation and restoration

Components related to additional BC ambitions

AME Component H: Fostering decent work and child development: H.1 - Efforts targeting decent work and child development; H.2 - Decent work and child development score

AME Component I: Level of progress and achievement of other individual commitments by BC signatories.

1. PART 1: KEY PERFORMANCE INDICATORS (KPI) LINKED TO BEYOND CHOCOLATE'S MAIN COMMITMENTS

Part 1 of this AME framework concerns itself with defining the four KPI's and is further divided into process (intermediate or 2025 commitments) and impact (2030 commitments) indicators.

1.1 KPI for the main 2025 commitments (process Indicators)

1.1.1 Indicator 1: % of corporate program/certified cocoa in chocolate produced and/or sold in Belgium

1. The 1st overall commitment of the Beyond Chocolate Partnership, to be attained by 2025, is *"all the chocolate produced and/or sold in Belgium shall comply with a relevant certification standard and/or shall be manufactured from cocoa-based products covered by a corporate sustainability scheme"*.
2. **Indicator 1 - "% of corporate program/certified cocoa in chocolate produced and/or sold in Belgium"**, measures performance against this 1st overall commitment.
3. Information to be provided, by Belgian chocolate producers, for all chocolate produced in Belgium



- a) List of relevant certification standards and/or (accepted) corporate schemes adhered to, when sourcing cocoa;
 - b) % of cocoa sourced in compliance with at least one certification standard or corporate scheme;
 - c) Details to be reported:
 - i) Total number of tons of cocoa sourced
 - ii) Total number of tons of cocoa sourced per certification standard or per corporate scheme.
 - d) Remarks:
 - i) If the cocoa sourcing complies with more than 1 standard or scheme at the same time, then such combination will be listed as a separate category.
 - ii) Also, cocoa sourced that does not comply with any certification standard or any corporate scheme will be listed as a separate category.
 - iii) The 'mass balance' principle may be applied.
4. Information to be provided, by Belgian chocolate retailers, for all chocolate sold in Belgium but produced outside of Belgium.
- a) List of relevant certification standards and/or (accepted) corporate schemes adhered by the chocolate sold (but not produced in Belgium).
 - b) % of chocolate sold (but not produced in Belgium) that was produced in compliance with at least one certification standard or corporate scheme;
 - c) Details to be reported:
 - i) Total number of kilos of chocolate sold
 - ii) Total number of kilos of chocolate sold per certification standard or per corporate scheme.
 - d) Remarks: as above
5. As part of the further evolution of its AME framework, BC (together with the GISCO, SWISSCO and the to-be-signed DISCO platform) envisages benchmarking and raising the bar of the relevant standards and corporate schemes, with respect to their capacity to contribute to the 2030 outcome and impact ambitions of the BC partnership.

1.1.2 Indicator 2: Compliance with applicable CFI (or equivalent) obligations

- 1. The 2nd overall commitment of the Beyond Chocolate Partnership, to be attained by 2025, is *"Beyond Chocolate partners shall comply with applicable agreements between governments and companies in the regions included in the Cocoa & Forests Initiative"*.
- 2. ***Indicator 2 - "Compliance with applicable CFI obligations"***, measures performance against this 2nd overall commitment.



3. This indicator applies immediately to BC partners who are CFI signatories.
 - a) As this main indicator 2 refers to obligations under CFI, the Beyond Chocolate's AME framework currently refrains from developing its own measurement, monitoring or reporting mechanism.
 - b) This allows the involved Beyond Chocolate signatories to use the monitoring and reporting formats they are already using with respect to their CFI obligations. The AME framework relies on the ongoing reporting to CFI.
 - c) In order to qualify as "in compliance with CFI applicable obligations" the BC signatory involved, who are also signatories to CFI, must: (1) have submitted a company action plan with significant company targets (for the corresponding CFI sourcing region), (2) report to CFI and (3) comply with their accountability vis-à-vis CFI; this includes providing acceptable assurance that cocoa used for the Belgium market (chocolate produced or sold in Belgium) is legally sourced (i.e. complies with national regulations), in particular for cocoa originating from Côte d'Ivoire and Ghana.
4. BC signatories who are not signatories to CFI:
 - a) These BC signatories are requested to define their own action plan for furthering forest preservation and forest restoration in cocoa producing areas. These action plans may include typical CFI actions and/or alternative actions furthering the same goals.
 - b) In order to qualify as "in compliance with CFI-equivalent obligations" the BC signatory involved, who are not signatories to CFI, and/or its main sourcing partner(s) sourcing on its behalf, must: (1) have submitted a company action plan, with significant company targets for furthering forest preservation and forest restoration, to IDH (2) report to IDH on the implementation of these plans; (3) comply with their corresponding accountability vis-à-vis IDH; this includes demonstrating acceptable levels of achievement of the targets/obligations set in the company action plan.

1.2 KPI for the main 2030 commitments (impact Indicators)

1.2.1 Indicator 3: Living income for cocoa growers

1. The *3rd overall commitment* of the Beyond Chocolate Partnership, to be attained by 2030, is "*cocoa growers will earn at least a living income*".
2. **Indicator 3 - "Progress towards closing the living income gap for cocoa growers"**, key performance indicator, measures performance against this 3rd overall commitment, expressed in "number of cocoa growers" benefitting and "average improvement" expressed in "% of a cocoa producer's living income".
 - a) Number of cocoa farmers benefitting from a significant and sustainable increase in their income.
 - Cocoa farmers who have benefitted from a secured increase in their income by 25% at least as compared to their baseline level income, may be counted.



- b) Average income increase obtained, expressed in % of a living income equivalent applicable to those farmers
- Income increases are counted only up to 125% of a living income.
 - For example if a farmer would benefit from a secured increase in income from 75% of a living income to 150% of a living income, then only the income increase up to 125% of living income would be counted; in other words, the income increase for that farmer counts only for 50% of a living income equivalent and not for the full 75% increase achieved.
3. Challenges:
- a) An important challenge now is to clarify the scope of above commitment and to agree on how to operationalise it through individualised commitments and accountability of BC partners. This exercise should consider the challenges with respect to the problems of singling out our own cocoa producing households and other limitations of the cocoa supply chain.
- b) The BC commitment should certainly not lead to abandon the worst-off households by concentrating our efforts on those households that need less support to secure a living income. We therefore need to measure performance against this commitment, expressed in sustainable income improvements of cocoa growers; also targeting tracking progress and success of the Belgian Chocolate industry in sustainably raising income levels of those cocoa farming households that are less-off; even if this requires reorienting some them to viable production of other crops or to alternative sources of income.
- c) Furthermore, we cannot wait till 2030 to show success. As sustainably raising farmers' incomes could for example be achieved through 5-year programmes, BC partners are invited to define their strategies, in collaboration with other partners, and already pledge for intermediate and final outcome targets in relation to this indicator 3.
4. The intermediary and final outcome targets have not yet been defined and they should not be decided upon in a theoretical manner.
- a) The individual BC partners are requested to pledge their own contributions (individually or together with other partners) towards intermediary and final 2030 targets and explain how they intend to reach those outcomes.
- Individual BC partners shall make such pledges by November 2020, , in order to communicate them at a next Beyond Chocolate anniversary event (on or around 5th December 2020).
- b) Aggregating the pledged (intermediary and final) outcomes of individual BC partners (or groups of BC partners), while avoiding any double counting, will provide the total pledge of the Beyond Chocolate partnership towards securing a living income for cocoa growers.



5. Indicator 3.bis: the number and % of farming households, producing cocoa for the Belgian chocolate sector, who have reached a secured living income.
 - a) The main KPI, presented above as indicator 3.1, will be complemented with an additional impact indicator, labelled indicator 3.2.
 - b) This additional sub-indicator 3.2 counts in farming households and mirrors the initial formulation of the 3rd overall BC commitment.
 - c) However, no target and accountability are applied on this sub-indicator, as we want to avoid undue focus on better-off areas and/or families where the living income ambition may be easier to achieve.
 - d) It will be essential to:
 - i) Collect baseline data (status end 2018 where available and otherwise 2020 data).
 - ii) Assess intermediate status (potentially first) impacts, status end 2025
 - iii) Assess impacts end 2030
 - e) If annual data is readily available, it will also be registered and compiled in the AME-framework.

1.2.2 Indicator 4: Evolution of forest coverage in cocoa producing areas

1. The 4th overall commitment of the Beyond Chocolate Partnership, to be attained by 2030, is “deforestation due to cocoa growing for the Belgian chocolate sector has ended”.
 - a) Measuring progress vis-à-vis this commitment is delicate as it is very difficult to link deforestation to just one commodity. Furthermore, if wrongly formulated or interpreted, performance indicators against this commitment might potentially lead Belgian chocolate producers to shift cocoa sourcing away from areas where deforestation is problematic. However, in order to maximise outcome and positive impact of the Belgian chocolate sector, in terms of forest preservation and restoration, they should actually focus on using their leverages in cocoa producing areas and communities around valuable forests at risk.
 - b) Of course, we cannot mean that we are happy with deforestation to go on till 2029. By 2030 deforestation as a result of cocoa production should be completely halted and the chocolate sector should contribute significantly to sustainable forest restoration in order to compensate for deforestation in cocoa producing areas since 2018.
 - c) Deforestation may never be linked to just one commodity; halting deforestation and furthering forest restoration therefore requires multifaceted and systemic approaches involving multiple stakeholders and sectors (e.g. landscape approaches).
 - d) We thus propose measuring impact, in relation to this commitment, by assessing the evolution of forest coverage in cocoa producing areas linked to chocolate produced and/or sold in Belgium.



- i) In this respect, BC envisages partnering with organisations who provide data and tools to track forest coverage.
 - ii) But the Belgian chocolate sector (the BC signatories) shall identify and map the cocoa producing areas where it targets furthering forest preservation and forest restoration.
- 2. ***Indicator 4 - “Evolution of forest coverage”***: is an impact indicator that measures progress against the 4th overall commitment by tracking the evolution of forest coverage in cocoa production areas (‘landscapes’) as compared to forest coverage in the same areas at the end of 2018.
 - a) Distinction will be made between:
 - i) National Parks and Reserves
 - ii) Forest Reserves/Classified Forests
 - iii) Other forests (national definition)
 - iv) HCV-HCS forests (when identified)
 - b) Monitor increase or decrease in forest coverage, per cocoa production area (‘landscape’) and per type of forest; to be expressed in % and in hectares.
 - c) It will be essential to:
 - i) Collect baseline data (status end 2018 where available and otherwise 2020 data).
 - ii) Collect yearly updates and assess impact of forest preservation and restoration efforts

2. PART 2: DATA REQUIRED FOR APPRECIATING BC-RELATED EFFORTS, PROGRESS, EFFECTIVENESS, OUTCOMES AND IMPACTS

This second part of the AME framework provides details on the data and information required to monitor and evaluate the progress, effectiveness, outcome and impact of the BC-related efforts towards achieving the overall commitments and other additional ambitions of the BC partnership. Additionally, such data and information is also significant for enhanced accountability. We have thus termed the following as Accountability, Monitoring and Evaluation or AME components.

These 9 components are classified as: (1) cross-cutting components, that will provide basic data applicable to all the indicators and/or overall BC accountability; and (2) components that will provide data specific to certain indicators.

2.1 Cross-cutting components – basic AME data

2.1.1 AME Component A: Supply origin transparency level

- 1. Information on the origin of the cocoa used is essential to allow for better accountability with respect to (the fairness and sustainability of) chocolate produced and/or sold in Belgium. Improving the knowledge of the origin of the cocoa and enhancing the transparency of the cocoa



supply chain for chocolate produced and/or sold in Belgium is therefore a crucial intermediate step towards enhanced accountability of the Belgian chocolate sector.

2. The following scores are proposed to select and indicate the supply origin transparency level:
 - a) Score 1: origin unknown or only country of origin known
 - b) Score 2: country and region⁷ of origin known
 - c) Score 3: country, region and municipality/cooperative of origin known
 - d) Score 4: farm known, in addition to the country, region and municipality/cooperative of origin
 - e) Score 5: Farm known and having point coordinates of the farm household (farm mapping)
 - f) Score 5+: Farm known and having polygon boundaries of the farm.
3. **Data to be provided**, per Belgian chocolate producer with respect to the origin of cocoa used for chocolate produced in Belgium
 - a) Number of tons of cocoa sourced per score (i.e. per supply origin transparency level).
 - b) % of cocoa sourced per score (i.e. per supply origin transparency level).

A retailer is to be considered a producer for his own brands. When compiling data from different producers, the necessary consolidation exercises will be conducted to eliminate any (risk of) double counting.

This data will not be expected for chocolate sold in Belgium, but produced outside of Belgium.

4. No consensus was reached between BC-partners with respect to **intermediate targets** that had been suggested by the Deforestation Working Group.
 - a) However, it is clear that **origin transparency level 4** ("farm known") is the minimal score required (the benchmark) for adequate supply chain transparency.
 - b) This principle is fully compatible with the "mass balance" principle; it does not require segregation, however it does require documenting and mapping the quantities of (different types of) cocoa sourced per farm.
 - c) This origin transparency level 4 may also be included when raising the bar and agreeing on joint minimal standards for the different certification standards.

7. The term Region refers here to the jurisdictional units defined within the country, e.g. the 16 regions of Ghana, or the 31 regions in Cote d'Ivoire.



2.1.2 AME Component B: Cocoa traceability level

1. The supply origin transparency scores used in AME Component A does not imply the traceability back to the farm of each bean used in the production. Mixing cocoa from different origins (for mass transport) is not in contradiction with the ambition of enhancing the supply origin transparency level.
2. Aligning the BC AME with the M&E approaches of GISCO / SWISSCO also implies adding the following traceability levels:
 - a) 'mass balance',
 - b) 'segregated',
 - c) 'identity preserved'.
3. The three traceability levels or scores, as listed above, are used for AME Component B, in addition to the origin transparency level (5 scores used for AME Component A). In principle, the traceability levels 'segregated' and 'identity preserved' require at least the origin transparency level 4 ('farm known').
4. The data to be provided for this component corresponds to what is already specified above for AME component A.

2.1.3 AME Component C: Generic data on projects, initiatives, schemes

Information to be provided per initiative, project, mechanism or scheme, as conducted or supported by of the BC signatories (chocolate producers, retailers, labels, ...) :

1. Reference name / number of the project, mechanism or scheme.
 - Remark: a single project may be referred to in different AME Components listed below, if that initiative or project furthers multiple main ambitions of the Beyond Chocolate partnership.
 - However, the generic project data below will be provided only once in this AME Component C.
2. Focus of intervention: Please list the factors or leverages used for contributing to living income, forest preservation/restoration, decent work & child development. (Multiple selection allowed). This field may also be used to further elaborate on the theory of change of the intervention and for explaining how the different leverages used to further one or more ambitions of Beyond Chocolate interact and reinforce each other.
3. Geographic coverage links to identification of cocoa production areas / communities targeted.

Remark, if the geographic coverage of the project links to multiple cocoa production areas, then the below data (fields 4 till 6) shall be disaggregated per cocoa production area.
4. Number of cocoa farms (= cocoa growing households) participating



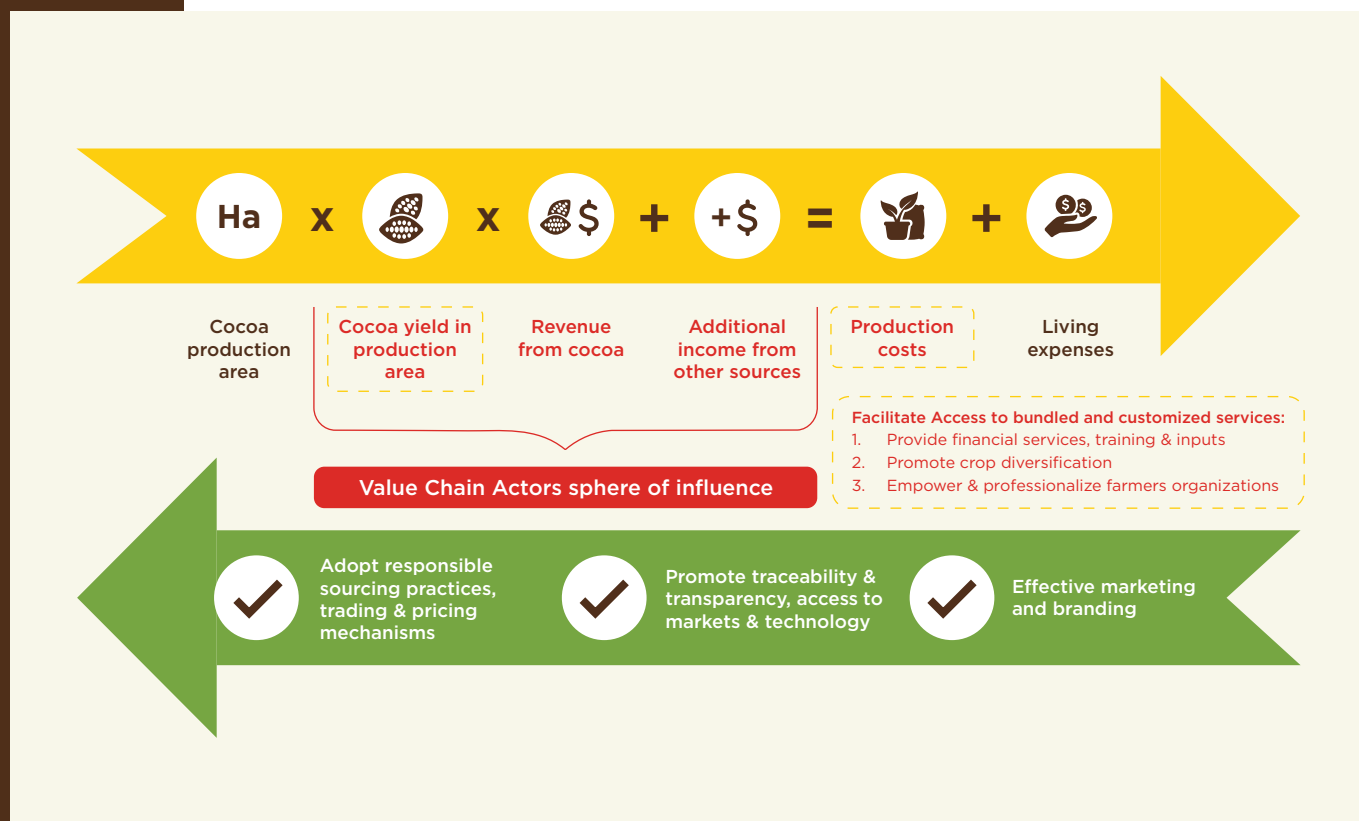
5. Number of cocoa growers involved (on the farm)
 - a) Such data on numbers of beneficiary participants must be disaggregated by gender.
 - b) Gender equality shall be supported and monitored.
6. Total cost of the scheme / project and sources of funding
 - To the extent possible, the cost information will be disaggregated per main intervention area (leverage used).
7. Number of tons of cocoa sourced from the cocoa producers participating in the schemes.
8. For those projects/schemes targeting secured living income (or at least very significant improvements towards such living income), it is recommended to target significant and measurable improvements within maximum 5 years⁸ of launching the scheme. The following data shall be registered:
 - a) Number of farmers
 - b) Average % of living income secured at base line assessment (in 2019 or when entering such scheme) – baseline average assessed per group of participants at entering the scheme.
 - c) Estimated and real rate of success of securing a living income:
 - i) Number of farmers having significantly increased their income (secured income increases corresponding to at least 25% of their baseline income)
 - ii) % of living income secured at closure of the scheme or at the latest by 2030
 - iii) average income improvement, expressed in % of living income
9. The schemes leading towards secured living income for cocoa producers shall, to the extent possible, also include mechanisms that support gender equality, decent work and healthy child development. The actors (and BC Members) involved shall report on the effectiveness of such combined ambitions.

Remark: the overall outcome, expressed in improved cocoa growing household income, for all initiatives combined, will be reported under indicator 3.

8. The idea behind the 5 years is that any such scheme, project or programme should at least convincingly target significant improvements in living income of the participating cocoa growers within 5 years.



2.2 Components related to the living income model (linked to indicator 3)



2.2.1 Overview of leverages influencing cocoa growers' living income

This part of the AME-framework allows tracking contributions and efforts undertaken by Beyond Chocolate members to further the provision of a living income (or at least significant income increase moving towards a living income) for cocoa farmers.

The AME Component E and F complement the information obtained through indicator 3 and through AME Component D, presented above.

- The indicators 3 and 3.bis focus on the ultimate outcome with respect to the living income ambition (the 3rd overall commitment) of Beyond Chocolate.
- The AME Component D, E and F (and their sub-components and corresponding data), allow to keep track of the volume, implementation progress and effectiveness of the projects, sustainability mechanisms or company schemes that should contribute to securing a living income for cocoa farmers; working on one or more leverages of the living income formula.



2.2.2 AME Component D: Price paid to farmer in comparison with prevailing farm gate price

1. The price paid to the farmer (farm gate price paid) is an important factor influencing the cocoa farmer's revenue from cocoa and thus essential for the farmer's capacity to reach a living income.
2. Data, with respect to this AME Component D, is to be provided, per chocolate producer and per cocoa production area/community, where the cocoa is being sourced from.
 - a) Price, per ton of cocoa, paid to farmer
 - b) Number of tons of cocoa sourced from the area/community (at this price).
 - c) Comparison of price paid to farmer with the prevailing farm gate price for the quality purchased, at time of purchase.
 - d) Data on premiums paid to the farmer, included in the above price
 - i) Types of premium
 - ii) Amount of premium, per ton of cocoa
 - iii) Number of farms benefitting
 - iv) Number of cocoa growers benefitting (to the extent possible to be disaggregated by gender)
 - v) Particularities of the premium (if any)

Remark: premiums that are not paid to the farmer but to a cooperative (for example as a contribution to infrastructure development, productivity increase efforts, or for funding other project activities) are to be reported under AME Component E and not under this AME Component D. Indeed, such premiums are not part of the price paid to the farmer, but rather a mode of allocating funding for development support initiatives by a third party (such as the cooperative).

- e) Premium paid to cooperative for other than productivity improvement efforts (schooling, health...).

Remark: if this line is used, then the same information as "cost of the effort" should not be provided under "AME Component H.1 - Efforts targeting decent work and child development". In other words, any double counting should be avoided; financial efforts reported under this line should thus not be counted again as the cost of a broader effort fostering decent work and child development, reported under Component H.



2.2.3 AME Component E: Efforts targeting increased productivity in cocoa farming

This AME Component E uses the following data and information.

1. Reference name / number of the project, mechanism or scheme
2. Information to be provided per intervention area:
 - a) Cocoa production area (surfaces in ha):
 - i) Cocoa production area increases targeted: yes / no

Remark: normally the projects or schemes should target enhanced cocoa production per ha and not an increase in cocoa production area. Enhance cocoa production per ha may however be combined with a decrease of the cocoa production area, for example in combination with crop diversification.
 - ii) Cocoa production area decreases targeted: yes / no
 - iii) # hectares at baseline (+ year)
 - iv) Average # hectares per farm - at baseline (+ year)
 - v) # hectares at intermediary assessment, reporting or closure (+ year)
 - vi) Cost of support - if any
 - b) Cocoa yield per hectare
 - i) Cocoa yield improvement targeted: yes / no
 - ii) Number of farms involved
 - iii) Average cocoa yield per hectare: at baseline (+ year) and at intermediary assessment, reporting or closure (+ year)
 - iv) Type of support provided / type of measures used to enhance productivity in cocoa farming
 - v) Outcomes in reducing production costs per ton of cocoa (if any)
 - vi) Cost of support provided
 - c) Information on access to finance / funding mechanisms of farm-level investments
 - d) Data on other leverages used (if any) to improve productivity of cocoa farming
3. The project level M&E and outcome measurement shall be disaggregated by gender and allow for gender sensitive results management and cost-effectiveness appreciation.

2.2.4 AME Component F: Efforts targeting on farm income diversification by cocoa farmers

This AME Component F uses the following data and information.

1. Reference name / number of the project, mechanism or scheme
2. Information to be provided per intervention area:



- a) Crop diversification
 - i) Type of alternative crop promoted – multiple choices possible
 - ii) *Following data may be provided several times, once per alternative crop, if the project promotes several alternative crops for further crop diversification*
 - iii) Alternative production area increases targeted: yes / no
 - iv) # hectares: at baseline (+ year) and at intermediary assessment, reporting or closure (+ year)
 - v) Alternative crop yield improvement targeted: yes / no
 - vi) Average alternative crop yield per hectare: at baseline (+ year) and at intermediary assessment, reporting or closure (+ year)
 - vii) Introduction of other alternative income generation initiatives for the farmers:
 - 1. Yes / No
 - 2. If yes, please describe
 - viii) Cost of support provided
 - b) Information on access to finance / funding mechanisms of farm-level investments
 - c) Data on other on farm diversification activities (if any) to ensure sustainable contribution to significant increases in farmers' income.
3. The project level M&E and outcome measurement shall be disaggregated by gender and allow for gender sensitive results management and cost-effectiveness appreciation.

2.3 Components related to forest preservation and restoration (linked to indicators 2 and 4)

2.3.1 AME Component G: Efforts targeting forest preservation and restoration

- 1. Reference name / number of the project, mechanism or scheme.
- 2. This AME Component G fits in the ambition of further aligning BC's AME framework, with the M&E (or MEL⁹) approaches of the other platforms (GISCO, SWISSCO and upcoming DISCO). The idea is having ***a tool to monitor, and document efforts undertaken (by BC signatories and their partners in the field) to preserve and restore forests***. This reporting tool would then be applicable to all BC partners, whether or not they are CFI signatories.
 - a) Typical CFI parameters could be used, such as:
 - i) %, # and area of cocoa farms mapped (CFI);
 - ii) # of multipurpose trees distributed to farmers for on-farm planting (CFI);

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- iii) area (ha) of cocoa agroforestry systems planted/established;
 - iv) tons and % of cocoa traceable to farm level;
 - v) acceptable assurance that cocoa is legally sourced;
 - b) Other efforts made and leverages used to contribute to forest preservation and restoration.

Other efforts, such as participation in landscape approaches or initiatives that foster community-based forest preservation, are considered essential and will be explicitly considered and reported on.
3. BC-signatories are invited:
- a) to explain, before November 2020, what their strategies are for contributing to forest preservation and restoration in cocoa producing areas,
 - b) to plan and commit (pledge) for the efforts they will undertake,
 - c) to report on efforts actually undertaken.
4. Those BC partners who are also CFI signatories may simply refer to their CFI company action plans. However, as the AME praxis of the BC partnership develops further, one may envisage forms of peer review and/or external expert challenging of the effectiveness of the company strategies and/or ongoing efforts.
5. Remark: while this AME Component G tracks efforts targeting forest preservation and restoration, indicator 4 will monitor and account for corresponding outcomes and impact.

2.4 Components related to additional Beyond Chocolate ambitions

2.4.1 AME Component H: Fostering decent work and child development

1. Additional commitments and targets with respect to decent work and child development.
- a) The Beyond Chocolate Partnership document comprises several goals and ambitions with respect to eliminating forced labour, extending schooling and ending (worst forms of) child labour in the cocoa value chain. However, these goals do not appear explicitly in the 2025 and 2030 commitments, even though they seem implicit in the 'living income'-related commitment.
 - b) The BC 'working group on youth and decent work' therefore proposed to add the following additional intermediate commitment/target for 2025: *"Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms"* (= new intermediary target, text from SDG 8.7). The working group also proposed to align with the corresponding upcoming DISCO targets.



- c) This AME Component H links to such ambition. As no agreement was reached with respect to adding an additional overall commitment on decent work and child development, the BC signatories are invited to formulate their individual commitment in terms of efforts they will undertake and/or outcomes they would like to reach related to decent work and child development in cocoa producing areas/commitments
- 2. AME Component H.1 - Efforts targeting decent work and child development
 - a) Reference name / number of the project, mechanism or scheme.
 - b) Type of activity, initiative or effort
 - c) Description of the extent of the effort
 - d) Cost of the effort
- 3. AME Component H.2 - Decent work and child development score
 - a) The “decent work and child development score” is proposed as a potential tool to monitor progress and outcomes in the efforts to foster decent work and adequate child development in cocoa producing communities.
 - b) Scoring system:
 - i) Score -2: cocoa producing areas where forced labour, modern slavery, human trafficking and/or worst forms of child labour are rampant and community sensitisation, reporting and remediating initiatives are completely absent.
 - ii) Score -1: cocoa producing areas where forced labour, modern slavery, human trafficking and/or (worst forms of) child labour occur often and where the community is not (or insufficiently) engaged in decent work and child development and where sensitisation, reporting and remediating initiatives are only in their initial stages.
 - iii) Score 0: cocoa producing areas where forced labour, modern slavery, human trafficking and/or (worst forms of) child labour do occur and where the community is somewhat sensitized; with reporting and remediating initiatives being present but the community still insufficiently engaged in decent work and child development
 - iv) Score 1: cocoa producing landscape/community significantly engaged in eliminating forced labour (including modern slavery and human trafficking) and worst forms of child labour with some effective sensitisation, reporting and remediating initiatives.
 - v) Score 2: cocoa producing landscape/community strongly engaged and demonstrating effectiveness in eliminating forced labour (including modern slavery and human trafficking) and worst forms of child labour; while also improving working conditions for cocoa workers and extending literacy and life skills of all children present in



the community (including for children participating in any remaining, other than worst forms, of child labour).

- vi) Score 3: meeting the requirements of score 2 and demonstrating effectiveness in ending child labour in all its forms (as prohibited according to the ILO definition), in establishing the conditions for decent work of cocoa growers and in extending effective schooling and healthy development of all children present in the community.

If the need to do so arises, a number of sub criteria, potentially a scoring sheet, will be developed to assist in assessing such score per landscape/community. Using these scores will be part of a joint learning process.

- c) Information to be provided, per chocolate producer and per cocoa producing area/community, that they are sourcing from, or where they would like to foster positive outcomes with respect to decent work and child development

- Number of tons of cocoa sourced from landscapes/communities with scores -2, -1, 0, 1, 2, and 3.

4. Proposed outcome and impact targets:

- a) The targeted ambition would be to transform cocoa producing areas with a negative score for decent work and child development into areas with a positive score.
- b) The outcome targets are still to be defined based on the basis of the (individual) outcome pledges to be made by the BC signatories (*cf. the pledging mechanism already presented above*).

2.4.2 AME Component I: Level of progress and achievement of other individual commitments by BC signatories

1. Most individual commitments expressed by BC signatories are already covered by the key performance indicators 1 till 4 and/or by the AME Components A till H, presented above. However, some BC Members have also expressed other individual commitments.
 - a) The AME Component I, presented here, allows the AME-framework to capture progress vis-à-vis the implementation and attainment of such other individual commitments.
 - b) It should be noted here that Beyond Chocolate continues to accept new signatories and those can (but are not obliged to) formulate individual commitments (in addition to the joint commitments of the BC partnership). Such individual commitments are then progressively incorporated in the AME framework.
2. Information to be provided with respect to additional individual commitments.
 - a) List and short presentation of each commitment
 - i) Short description of commitment expressed in terms of resources committed, progress milestones and outcomes.



- ii) This implies inviting all Beyond Chocolate Members, including retailers and actors to explain how they will further the achievement of BC's overall commitments, in addition to what is already covered under the proposed key performance indicators 1 till 4 and/or by the AME Components A till H.
 - b) If a BC signatory has multiple other commitments to be reported under this AME Component I, then it may be considered to allocate a weight to each commitment; with one commitment having a standard weight 1 and other individual commitments having a relative weight corresponding to that individual commitment. If no weighting is allocated, then each additional commitment will have the same weight.
 - c) For each commitment – provide a % score of progress and achievement for the year, compared to the ambition level for the past year
 - i) Shortly explain and justify the score given
 - ii) If more than one individual commitment, calculate the weighted average score of progress and achievement vis-à-vis the additional individual commitments of the Partner
 - d) Total cost of resources invested in pursuing these individual commitments
3. Points of attention.
- a) It is essential to further define the contributions and commitments of all BC signatories, in particular for those BC signatories whose own roles and contributions towards achieving the overall BC ambitions are not really being tracked by the key performance indicators 1 till 4 and/or by the AME Components A till H of BC's AME framework. To the extent possible, this should be done by end April 2020 and included in a new (more detailed) version of BC's AME framework. Potential annual updates will allow for additional specific individual commitments.
 - b) An analysis of the type of commitments listed by BC's members of the related resources, outputs, milestones and outcomes will allow to further develop Beyond Chocolate's AME framework. This may include the definition and usage of additional AME Components that are recurring and thus pertinent for the BC partnership as a whole as well.



Annex B: University of Ghent

Report on the state of the Belgian chocolate sector

Overview of the Belgian chocolate and cocoa sector and its current sustainability state

*Heidi Vandenhoute,
Xavier Gellynck*

The chocolate and cocoa sector is characterized by a complex value chain with many actors operating in between cocoa smallholders and consumers, among them traders/grinders, chocolate manufacturers and retailers. In order to map this complicated sector, a desktop study was performed.

In a first phase, public sources were consulted and official statistics were retrieved from Eurostat and Statbel for the years 2018 and 2019 (depending on availability at the time of writing) and from ICCO (2018/19), whereas stakeholders' websites and annual (sustainability) reports provided company-specific information. Next, to extend the initial data collection, and in order to fill the data gaps, key stakeholders were contacted from all levels of the cocoa supply chain. Interviews took place with chocolate (couverture) manufacturers, retailers and certification organizations.

Data collection was facilitated by Choprabisco, the royal Belgian association of chocolate, pralines, biscuit and confectionery industry. As a sector federation, Choprabisco informs, supports and advises its members on legislation, trade relations, food safety and sustainability in addition to protecting and promoting the image of "Belgian chocolate". With over 170 members, both artisanal businesses, SME's and multinationals, Choprabisco represents 90% of the sector's turnover. Two third of the members are active in the (European) chocolate sector, among them a significant number of companies that co-signed the *Beyond Chocolate* partnership. However, not all *Beyond Chocolate* signatories are member of Choprabisco, e.g. Baronie and Tony's Chocolonely.

1. KEY FIGURES

Belgium is worldwide known for its chocolate (couverture). The Belgian cocoa industry, i.e. all economic actors who produce (semi-processed) chocolate products, is of great importance for the Belgian economy. The industry is, according to the statistical classification of economic activities in the European Community, abbreviated as NACE, categorized under code 10.82 "Manufacture of cocoa, chocolate and sugar confectionery". Comprising over 250 companies¹⁰ and employing over 8000 people, the sector has a turnover of almost 5 billion euros, accounting for 9,4% of the Belgian food and beverage industry (FOD Economie, 2018). The yearly production volume is roughly 700

¹⁰. Self-employed companies not included



000 tonnes of chocolate products (including white chocolate), both semi-processed, couverture and consumer cocoa products (Statbel, 2018).

However, *Beyond Chocolate* partnership's commitments go wider than the chocolate produced in Belgium and concern the entire sector. All chocolate sold in Belgium will also have to comply with the sustainability commitments, which is not to be underestimated, as Belgian consumers have an approximate chocolate consumption of 6 kg per capita per year.

2. BEYOND CHOCOLATE

2.1 Chocolate

The production of chocolate requires the interaction of many actors, mastering certain skills and techniques. At one end of the cocoa value chain, (small-scale) farmers harvest cocoa pods from the trees and carry out the first processing steps: fermentation and drying of the cocoa beans. The dried beans can be stored and are sold either directly or via cooperatives and/or traders to cocoa grinders (e.g. Olam, Ecom). Next, roasting, breaking and winnowing of the fermented and dried cocoa beans yields cocoa nibs. Grinding the nibs creates cocoa paste, part of which is pressed for the separation into cocoa butter and cocoa powder (Oxfam, 2018).

Cocoa paste, butter and powder are referred to as semi-finished cocoa products and considered basic ingredients for the production of chocolate (couverture) by chocolate manufacturers (often also grinders, e.g. Barry Callebaut and Cargill). Mixing, refining and conching are the next processing steps to manufacture chocolate (couverture). After blending the ingredients, which depend on the type of chocolate being produced, the chocolate mass is refined and conched to obtain the required mouth feel and texture. Lastly, by tempering the chocolate, the right melting properties are being selected (Belcolade, n.d.; VisitFlanders, 2015).

The main difference between chocolate and chocolate couverture is its fat content; being higher for couverture, making it easier to manipulate. Industrial chocolate couverture is sold to both large chocolate producing companies and small chocolatiers (often in different shapes), turning chocolate couverture into their own (branded) chocolate products for the retail market and finally chocolate consumers. In comparison to this multi-actor supply chain, bean-to-bar is defined as the concept of processing cocoa beans into chocolate in a single facility and/or by a single manufacturer (Giller, 2017).

2.2 Belgian chocolate

Before analysing the Belgian chocolate sector, a clear definition of Belgian chocolate is required. Within the Beyond Chocolate partnership, Choprabisco's definition of Belgian chocolate is used:

“Belgian chocolate” is chocolate processed entirely in Belgium from cocoa beans or from cocoa paste, cocoa butter and cocoa powder (including mixing, refining and conching). It is then sold and/or used as Belgian couverture chocolate to produce chocolate bars, assorted filled chocolates (pralines) or other finished products.



In order to fully understand what is covered by this definition, it must be clear what is meant by the different terms used – more information is provided at the end of this section.

From the above definition, it becomes clear that chocolate products are considered ‘Belgian’ if they are produced with Belgian chocolate couverture. The Belgian chocolate couverture market is commanded by three companies, Barry Callebaut, Cargill and Puratos. More than 90% of Belgian chocolatiers (either artisanal or industrial) therefore purchase chocolate couverture from Barry Callebaut, Cargill or Puratos and produce Belgian chocolate.

In addition, a few Belgian chocolate makers start directly from cocoa beans instead of chocolate couverture and produce bean-to-bar chocolate, which according to the definition is also Belgian chocolate. Lastly, some smaller Belgian chocolatiers use chocolate couverture from non-Belgian companies, e.g. from the French manufacturer Valrhona, and do not produce Belgian chocolate.

2.3 Sustainability

Belgian chocolate becoming more sustainable is the centrepiece of *Beyond Chocolate*: “By 2025 at the latest, all the chocolate produced and/or sold in Belgium shall comply with a relevant certification standard and/or shall be manufactured from cocoa-based products covered by a corporate sustainability scheme”. The relevant certification standards are Fairtrade, Rainforest Alliance/UTZ and Organic/EKO certification; the approved corporate programs are *Cocoa Horizons* for Barry Callebaut, *Cacao-Trace* for Puratos, *Cocoa Promise* for Cargill and *Cocoa Life* for Mondelez.

However, ‘certified cocoa’ and ‘sustainable cocoa’ are different things. Becoming sustainable requires more than being certified, although certification is an important step (Fountain and Hütz-Adams, 2018). The contribution of voluntary sustainability standards to farmers achieving a living income is limited and poverty persists. While Fairtrade offers cocoa farmers a minimum price and a fixed premium, UTZ and Rainforest Alliance operate without protecting farmers from unfortunate market developments and focus on environmental issues. Despite many advantages, the shortcomings of certification standards cannot be denied (Oxfam 2018; TDC, 2019b). In recent years, several companies (e.g. Mondelez) choose to develop their own in-house sustainability programs (e.g. *Cocoa Life*) instead of setting certification goals. They take a holistic approach to improve farmers livelihoods rather than relying on third party organizations (Fountain and Hütz-Adams, 2018).

The volume share of **Fairtrade** chocolate tablets, confectionery and couverture in Belgium amounted to 4,6% in 2018, and is expected to have increased in 2019 (Fairtrade Belgium, 2019). As for **organic** chocolate and cocoa-based products, the volume share in Belgium was 1% in 2019 and doubled since 2016 (GfK). Roughly 20 000 tonnes of organic certified beans were imported in 2018, with Dominican Republic as main country of origin (Timmermans and Van Bellegem, 2019).



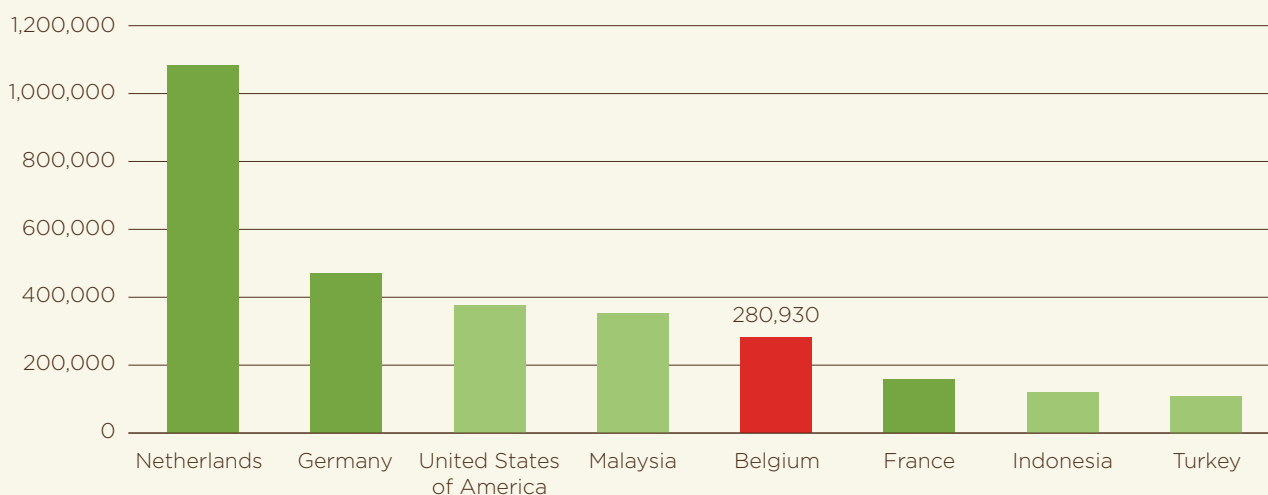
UTZ and **Rainforest Alliance** certification data are only available on a global level: 23% of global cocoa sourcing is currently certified UTZ or Rainforest Alliance. Both companies merged in January 2018. Their new certification program is still under development, until then the current Rainforest Alliance and UTZ programs continue to run in parallel (Rainforest Alliance, 2020).

3. INTERNATIONAL TRADE

The Belgian chocolate sector requires the import of large amounts of cocoa beans and/or semi-processed cocoa products for its production. In 2019, roughly 280 000 tonnes of cocoa beans were imported (Eurostat), making Belgium the 3rd largest importer of cocoa beans in the European Union after the Netherlands and Germany (Figure 1).

Figure 1. Leading countries importing cocoa beans, 2019 (in tonnes)

Eurostat, ITC Trade Map



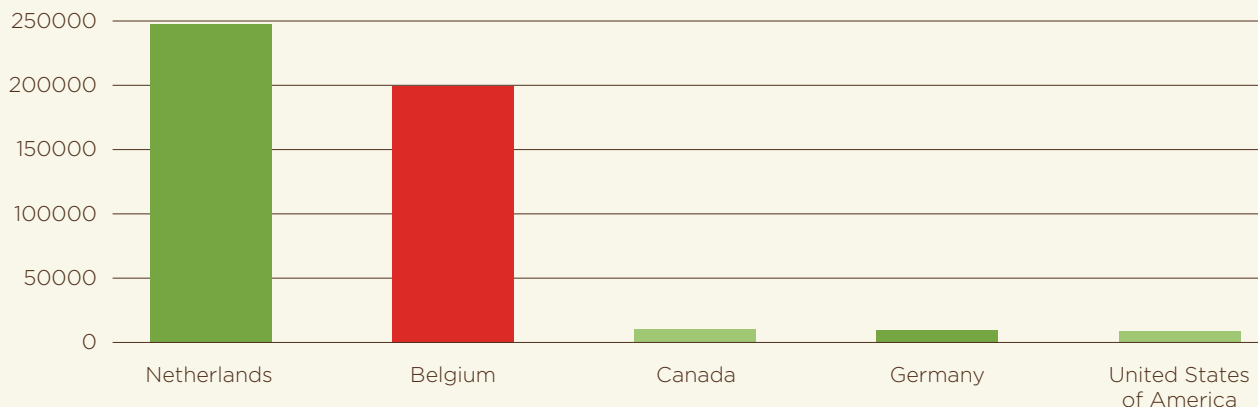
However, the majority (71%) of the cocoa bean imports by Belgium are re-exported, i.e. entered and left the country without undergoing any processing. In 2019, only the Netherlands has re-exported more tonnes of cocoa beans compared to Belgium, but amounting to no more than 23% of its imports. The main destination countries for Belgian cocoa bean re-exports are Germany (47%), France (26%) and the Netherlands (12%) (Eurostat), which is where the major grinding companies are located.

Re-exports are particularly large in countries with an international sea port and often referred to as a 'port effect'. The port of Antwerp (Belgium) and Rotterdam (the Netherlands) serve as entry ports of cocoa beans for the north European market (Duprez, 2014). Re-exports distort trade statistics – successively exporting cocoa beans leads to double counting – and are insufficient to trace the origin of cocoa beans processed in Belgium. The cocoa origin can only be traced on the basis of company-specific data.



Figure 2. Leading countries re-exporting cocoa beans, 2019 (in tonnes)

Eurostat, ITC Trade Map

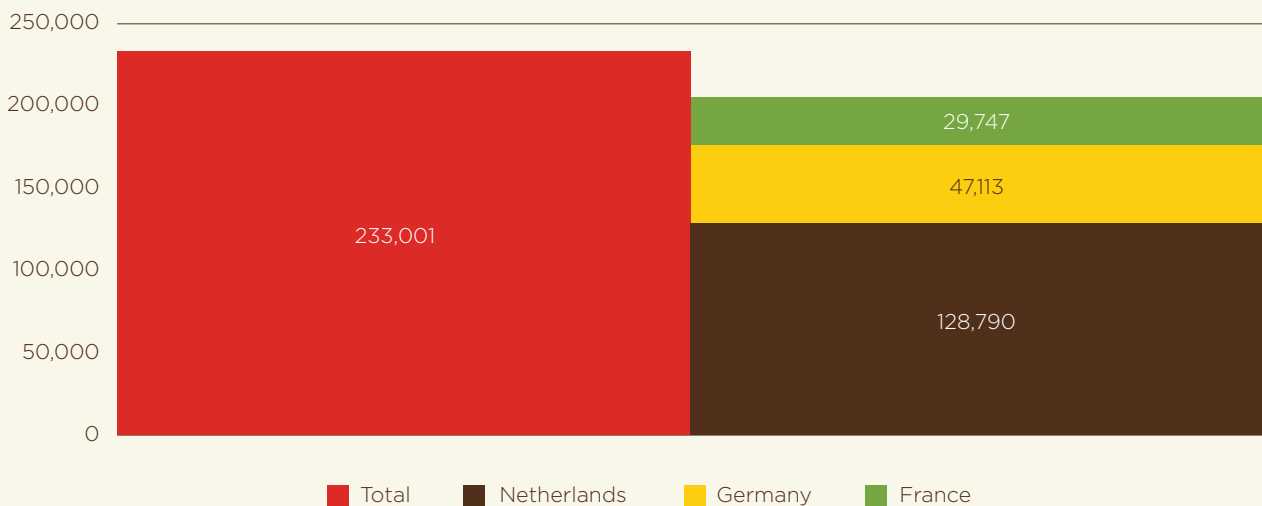


About 80 000 tonnes of cocoa beans remained in Belgium for grinding (net import), which is insufficient to produce all Belgian chocolate couverture – roughly 590 000 in 2019 (Statbel). Barry Callebaut is the only chocolate manufacturer starting from cocoa beans in Belgium for part of its production, the Belgian bean-to-bar chocolate makers left aside. Cargill has grinding facilities in both France and the Netherlands; cocoa beans purchased by Puratos are processed largely in the Netherlands into cocoa paste, butter and powder. The production of chocolate couverture in Belgium mainly starts from semi-processed cocoa products instead of cocoa beans. Therefore, in order to achieve the massive production volumes of chocolate couverture, the import of semi-processed cocoa products by the three major chocolate couverture producers is required. Hence, a substantial share of the cocoa beans re-exported by Belgium flows back from its neighbouring countries in the form of semi-processed cocoa products. In 2019, 230 000 tonnes of semi-processed cocoa products were imported into Belgium with the Netherlands (55%), Germany (20%) and France (13%) as main supplying countries and around 7% originating from cocoa producing countries (Figure 3) (Eurostat).



Figure 3. Leading countries supplying semi-processed cocoa products to Belgium (tonnes), 2019

Eurostat



Net import of semi-processed cocoa products has to be considered and converted to bean equivalents in accordance with the conversion factors of the ICCO¹¹, in order to estimate the total volume of cocoa processed into Belgian chocolate. In 2019, net import of semi-processed cocoa products accounted for 185 000 tonnes (Eurostat), corresponding to 240 000 tonnes of cocoa bean equivalents. By adding this volume to the 80 000 tonnes of net imported cocoa beans, the volume of cocoa in bean equivalents used for chocolate production in Belgium can be estimated as 320 000 tonnes.

4. ORIGIN

In order to trace the origin of cocoa beans processed into Belgian chocolate, the origin of both net imported cocoa beans and net imported semi-processed cocoa products (in bean equivalents) have to be considered. Several assumptions are made as information about the origin of the bean re-exports and semi-processed imports is lacking:

- The origin of bean re-exports of a country is equal to the origin of bean imports of that country
- The origin of semi-processed exports of non-producing countries is equal to the origin of bean imports of that country
- The origin of bean/semi-processed exports of producing countries is the country itself
- Semi-processed imports from producing countries are partly re-exported
- Semi-processed imports from non-producing countries are not re-exported

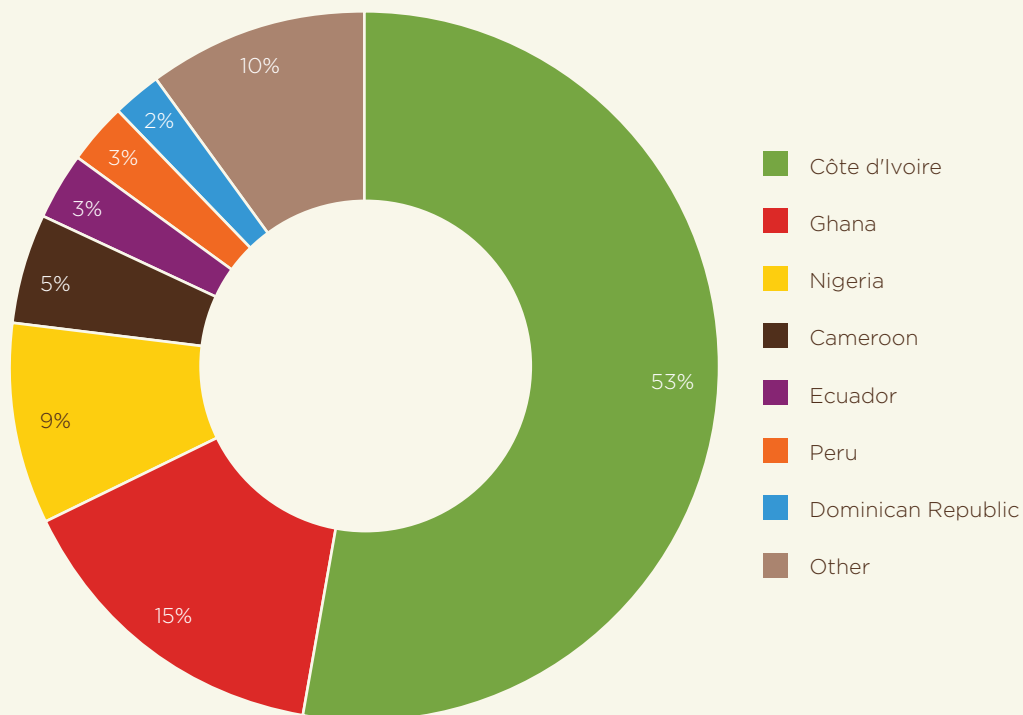
11. Conversion factor of 1,33 for cocoa butter (1804); 1,25 for cocoa paste/liquor (18031); 1,18 for cocoa powder and cake (1805, 18032).



Taking into account the above assumptions, the origin of cocoa in bean equivalents imported by Belgium in 2018 was calculated and is visualized in Figure 4 (Eurostat). More than 80% of cocoa is imported from West Africa, with Côte d'Ivoire as the largest export country.

Figure 4. Origin of cocoa in bean equivalents imported by Belgium, 2018

Eurostat



5. INDUSTRIAL MARKET

5.1 General

In 2019, 590 000 tonnes of Belgian chocolate couverture were produced (Statbel). Company-level production volumes and market shares of the three leading companies were not released due to confidentiality. However, Barry Callebaut is the largest manufacturer and covers, together with Cargill, most of the market; Puratos, with its Belcolade brand, is much smaller in terms of chocolate couverture production.



5.2 Sustainability

Beyond Chocolate's first upcoming goal is to make 100% of the chocolate produced and/or sold in Belgium certified, i.e. in compliance with a certification standard (UTZ, Rainforest Alliance, Fairtrade and organic) and/or covered by their corporate sustainability scheme (*Cocoa Horizons*, *Cocoa Promise* and *Cacao-Trace*). However, this does not automatically lead to cocoa smallholders earning a living income. The share of the different labels or corporate programs within certified volumes is currently not specified. Even if this information was shared, the interpretation would require caution as products can comply with both certification standards and corporate schemes. For example, Belgian chocolate couverture produced by Cargill covered by its corporate program *Cocoa Promise* is also externally certified, mainly UTZ.

The production of certified chocolate (i.e. in compliance with a certification scheme/corporate program) couverture requires the sourcing of certified cocoa. Regarding the cocoa sourcing of the three Belgian chocolate couverture producers, supply chain traceability (including farm mapping) is at present primarily pursued at the global company level. The origin of cocoa beans processed in Belgium is therefore unknown, making it impossible to trace Belgian chocolate couverture to the level of cocoa farming families.

Barry Callebaut reports for the fiscal year 2018/2019 47% of its cocoa volume being sourced in compliance with the following sustainability programs and certification standards: *Cocoa Horizons*, customers' own programs, UTZ, Rainforest Alliance, Fairtrade and organic. With its *Forever Chocolate* plan, one of the main ambitions of Barry Callebaut is to have 100% of ingredients in all its products sourced via the respective sustainability certification scheme (see above for cocoa) by 2025 (Barry Callebaut, 2019).

Related to Cargill, 48% of its cocoa was (third party) certified in the fiscal year 2017/2018. 85% of the certified beans were sourced through direct networks in West Africa, the remaining 15% through third party sourcing. *Cocoa Promise* is Cargill's commitment for a more sustainable cocoa sector for future generations. The company is engaged to source 100% of chocolate ingredients in line with its sustainability program by 2030. For cocoa this implies third party certified by one of the trusted certification schemes for cocoa sustainability, i.e. Fairtrade, Rainforest Alliance and UTZ (Cargill, 2019).

As Puratos is active in the bakery, patisserie and chocolate sectors, their sustainability commitments go beyond cocoa-related aspects and sustainability figures related to cocoa sourcing are not published. In addition to sourcing UTZ, Rainforest Alliance, Fairtrade and organic certified cocoa, Puratos is sourcing increasingly through its own cocoa sustainability program *Cacao-Trace*.



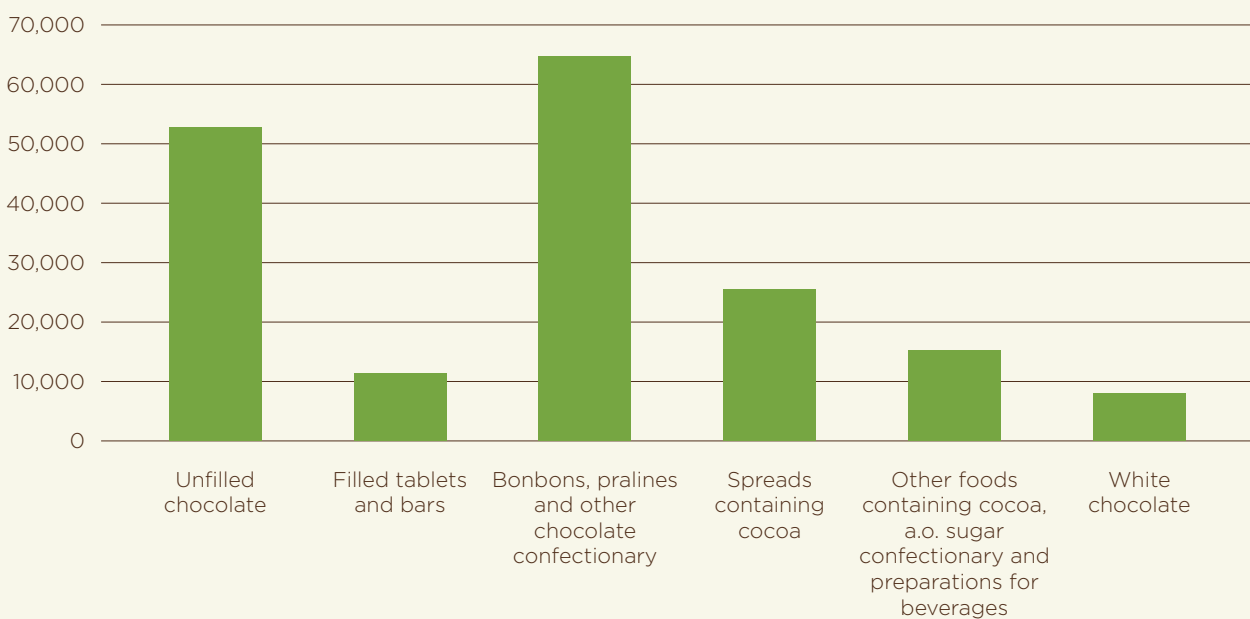
6. CONSUMER MARKET

6.1 General

Roughly 535 000 tonnes of Belgian chocolate couverture were produced in 2018 (Statbel). As a net-exporter of chocolate couverture, Belgium exported 420 000 tonnes and imported 110 000 tonnes in 2018 (Eurostat). The remaining 225 000 tonnes of chocolate couverture is not all processed into chocolate and cocoa products for the consumer market. Bakeries, biscuit companies and ice cream companies also require significant volumes of chocolate couverture for their business activities. 180 000 tonnes of consumer chocolate were produced in Belgium in 2018 (Statbel), along the classification in Figure 5, which shows clearly the importance of Belgian praline production.

Figure 5. Manufacture of chocolate and food preparations containing cocoa other than in bulk forms by Belgium (tonnes), 2018

Statbel



In terms of export, and disregarding white chocolate, Belgium was the second largest exporter of chocolate and cocoa products for both the industrial and consumer market in 2018, only Germany exported more (Eurostat). The European market was the destination of 83% of Belgian chocolate exports, with the largest customers being the neighboring countries; only 17% was exported outside the European Union in 2018 (Eurostat).

Belgium is also importing chocolate products, as some types of products are not produced within the country, e.g. Mars' brands. An overview of the chocolate retail market and the top companies will be provided later on.

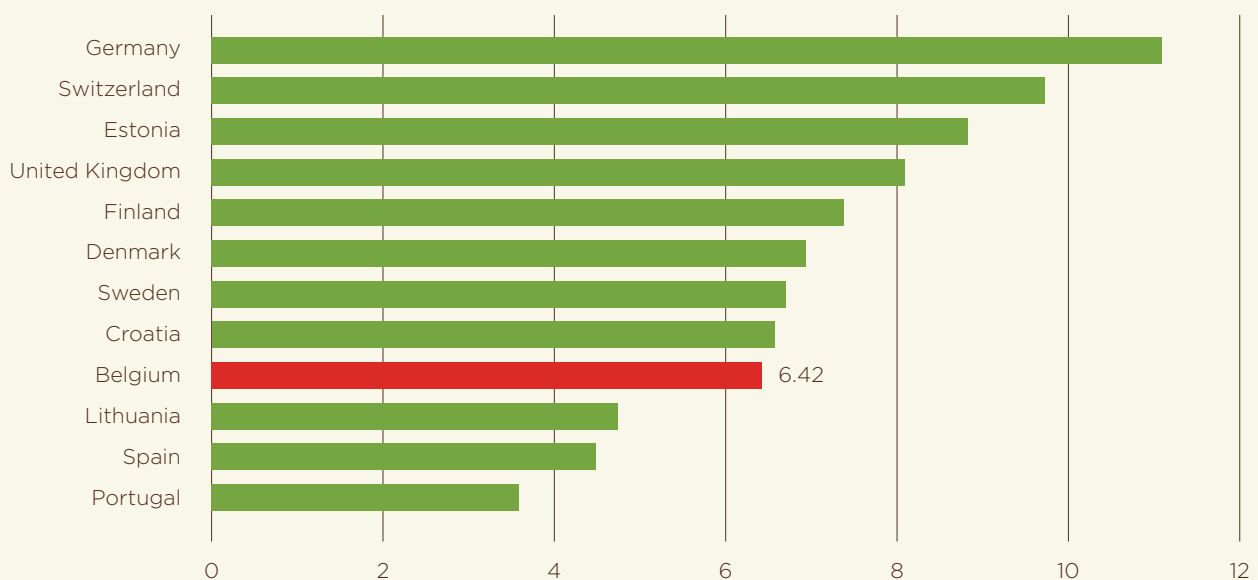


6.2 Consumption

Data on actual chocolate consumption is not available. Therefore, apparent consumption is calculated according to the following formula: Production + Imports - Exports = Consumption. Stocks are not considered in the formula, which might explain significant variations in between years. When comparing per capita figures (2017) for consumption of chocolate and cocoa products (including white chocolate) between European countries, the ranking below is obtained (Figure 6). Germans have the largest apparent chocolate consumption, while Belgians rank 9th with 6,42 kg per person in 2017 (CAOBISCO, 2019). Caution is required when interpreting apparent consumption figures as for certain product categories data is confidential, which may lead to distorted results.

Figure 6. Chocolate consumption per capita by country (kg/head), 2017

CAOBISCO



6.3 Sustainability

In order to gain some insights in the sustainability of the consumer market in general, the share of Belgian chocolate – produced with Belgian couverture – on the Belgian consumer chocolate market was determined by reasoning as follows, disregarding white chocolate:

- In 2018, Belgium imported around 86 000 tonnes of chocolate couverture (Eurostat), which is assumed to be processed into consumer chocolate in Belgium, however this not considered Belgian chocolate as this couverture is not produced by one of the three Belgian couverture producers. As a result, only 84% of chocolate produced in Belgium is Belgian chocolate.



- In 2018, Belgium imported around 126 000 tonnes of consumer chocolate (Eurostat), which is assumed to be 7% Belgian chocolate, based on the import of Belgian chocolate couverture by the main supplying countries of consumer chocolate to Belgium.
- Production (170 000 tonnes) and import added up to 296 000 tonnes of consumer chocolate intended for both export and consumption and assumed to be **51% Belgian chocolate** in 2018.

7. DISTRIBUTION AND RETAIL MARKET

7.1 General

Table 1 shows the top 15 chocolate confectionery companies in 2018 according to sales level (at retail value), with their corresponding relevant chocolate brands (and products) (Euromonitor International, 2019). Six companies in the top 15 co-signed the *Beyond Chocolate* partnership.

Table 1. Top 15 chocolate confectionery in 2018

Beyond Chocolate members are highlighted.

Company		Chocolate brands (and products)
1	Mondelez International Inc	Côte d'Or (e.g. tablets, Mignonette, Bouchée), Milka (e.g. tablets, Leo), Toblerone, Lu (e.g. Cha-cha)
2	Ferrero Group	Ferrero (Ferrero Rocher, Mon Chéri, Raffaello) Kinder (e.g. Surprise, Schoko-Bons) Nutella
3	Leonidas SA	
4	Mars Inc	e.g. Mars, Snickers, Twix, Maltesers, Bounty, Milky Way, M&M's, Celebrations
5	Pladis Ltd	Godiva
6	Nestlé SA	e.g. Lion, KitKat, Galak, Smarties, Nestlé L'Atelier
7	Baronie-De Heer BV	e.g. Jacques, Duc d'O
8	Neuhaus NV	
9	Galler Chocolatiers SA	
10	August Storck KG	e.g. Merci
11	Lindt & Sprüngli AG	e.g. Excellence, Lindor
12	NewTree SA	
13	Lotte Group	Guylian
14	Oxfam International	
15	Dolfin SA	Dolfin, Tohi



Furthermore, Belgium is known for its specialist chocolatiers and **artisanal chocolate products**. The retail value of artisanal chocolate confectionery in Belgium reached approximately 140 million US dollar in 2018 and hence the craft sector would be ranked second if considered as one single market player (Euromonitor International, 2019).

Roughly 75% of chocolate confectionery distribution is through supermarkets, hypermarkets and discounters; the channel of specialty stores accounts for only 8% of total distribution of chocolate confectionery in Belgium in 2018 (Euromonitor International, 2019).

An overview of the most frequently sold chocolate confectionery **brands** through retail channels in Belgium at present is presented in Table 2.

By considering the five retailers below (Colruyt Group, Delhaize, Carrefour, Aldi, Lidl), 83% of the Belgian retail market is covered. Albert Heijn, Louis Delhaize Group (including Cora), Makro/Metro, Intermarché, Alvo and Lambrechts (including Spar) have a combined market share of less than 12% (Gondola Academy, 2019) and are therefore disregarded. The same applies for Jumbo, who entered the Belgian retail market in November 2019 and with only three stores at present has a negligible market share.

Table 2. Overview of chocolate confectionery in Belgian retail at present (spring 2019)

Beyond Chocolate members are highlighted.

Company	Chocolate brands (and products)	Colruyt Group	Delhaize	Carrefour	Aldi	Lidl
Mondelez	Côte d'Or, Milka, Toblerone, Lu	X	X	X	X	X
Ferrero	Ferrero, Kinder	X	X	X	X	X
Mars	Mars, Snickers, Twix, Maltesers, Bounty, Milky Way, M&M's, Celebrations, Balisto	X	X	X	X	X
Pladis	Godiva		X			
Nestlé	Lion, KitKat, Galak, Quality Street, Smarties, Rolo, L'Atelier, After Eight	X	X	X		
Baronie	Jacques, Duc d'O	X	X	X		
Galler		X	X	X		
Storck	Merci	X	X	X	X	
Lindt	Excellence, Lindor, Creation	X	X	X		



Company	Chocolate brands (and products)	Colruyt Group	Delhaize	Carrefour	Aldi	Lidl
New Tree			X			
Lotte Group	Guylian	X	X	X		
Oxfam Fairtrade		X				
Dolfin	Dolfin, Tohi	X	X	X		
Libeert	Libeert, Super Choc	X	X	X		
Tony's Factory BV	Tony's Choclonely	X	X			
Belvas	Belvas, Bel&Bio	X	X	X		
Alfred Ritter	Ritter Sport	X	X			

Some remarks have to be added. Supermarkets Colruyt Group, Delhaize and Carrefour often sell the full brand range of the chocolate confectionery companies in its stores, while discounters Lidl and Aldi focus mainly on private label sales and only have few premium brands of the companies available in their fixed product range. However, they occasionally sell additional branded products through limited time offers, often during holiday periods.

In addition to the above listed chocolate brands, supermarkets often sell a select number of chocolate products from less well-known brands and small chocolatiers. In doing so, they expand their product range with chocolate in gift boxes, seasonal chocolate products, chocolate with specific sustainability labels or chocolate with certain health/nutrition claims. A few examples: gift boxes with pralines by Confiserie Elise (Delhaize); seasonal chocolates by Hamlet (Delhaize); organic and Fairtrade certified chocolate by Ethiquable (Carrefour), by Belvas (Delhaize, Carrefour, Bioplanet) and by Klingele's Chocolates From Heaven (Bioplanet); lactose-free chocolate by Montserrat's Wiloco (Bioplanet, Delhaize) and sugar-free chocolate by Cavalier (Colruyt).

The Belgian chocolate confectionery market is fragmented as follows. The top five chocolate confectionery companies collectively hold roughly 50% of retail value sales, while the remaining companies completing the top ten hold only 10% of value sales. With private label accounting for around 12% of the chocolate confectionery market's sales value, all other players, including local and artisan chocolate makers, hold the residual 28% of value sales (Euromonitor International, 2019).

Based on this fragmentation of the chocolate confectionery market, the sustainability of the sector will be assessed.



7.2 Sustainability

Top companies: rank 1 to 5 (50% of value sales)

With three times the value share of Ferrero Group, **Mondelez International**, with renowned brands as Côte d'Or and Milka, is by far the company with the biggest sales of chocolate confectionery in Belgium (Euromonitor International, 2019). Mondelez International is committed to have, by 2025, all its chocolate brands source their cocoa through *Cocoa Life*, the company's own sustainability program. At the end of 2018, 43% of its chocolate was sourced through *Cocoa Life* (Mondelez International, 2019), one of the corporate schemes complying with *Beyond Chocolate* (www.cocoalife.org).

Ferrero Group is the second largest player on the chocolate confectionery market in Belgium and owner of the brands Kinder and Ferrero Rocher. In order to achieve the sustainability ambitions for all its ingredients, the company launched tailored *Ferrero Farming Values* programs. The commitment with regards to cocoa is to source by end of 2020 100% cocoa beans with the certification standards Fairtrade, UTZ or Rainforest Alliance. In the last two years, Ferrero increased its certified cocoa sourcing from 50% in August 2016 to 70% in August 2017, and reached 77% certified cocoa in August 2018 (Ferrero Group, 2019).

With its mission to make high-quality pralines accessible to everyone, **Leonidas** is selling Belgian chocolate in over 1000 Leonidas shops worldwide. The cocoa used for the company's tablet range is sourced from the *Cocoa Horizons* program (Leonidas, n.d.).

Mars Wrigley is Mars' confectionery division with leading brands such as M&M's and Snickers. In 2018, Mars launched its *Cocoa for Generations* strategy with its ambition to source 100% responsible cocoa by 2025, i.e. cocoa obtained from sources complying with the company's *Responsible Cocoa Specification*, building on and going beyond the existing certification requirements from Fairtrade and Rainforest Alliance (Mars Incorporated, 2019). While transitioning the current certified volumes to *Responsible Cocoa* volumes, approximately 50% of Mars' globally sourced cocoa volumes remains to be Fairtrade or Rainforest Alliance certified.

Since it was founded in Brussels in 1926, the Belgian premium chocolate brand **Godiva**, under the roof of Pladis, a company of Yıldız Holding, has grown into a global brand with presence in over 100 countries. Godiva has committed to source 100% sustainable cocoa by 2020, however without providing information on its cocoa certification nor publishing figures on the progress towards its goal (Godiva, n.d.).

Top companies: rank 6 to 10 (10% of value sales)

Both L'Atelier and KitKat are **Nestlé** brands with 100% of their cocoa sourced through *Nestlé Cocoa Plan*, the company's sustainability program (Nestlé, n.d.). In 2019, Nestlé sourced 44% of its cocoa through the *Nestlé Cocoa Plan*. Recently, Nestlé revised its sustainability plans and announced its objective to source 100% of cocoa for Nestlé confectionery through Nestlé Cocoa Plan by 2025 (Nestlé, 2020).

For **Baronie**, its well-known brand Jacques uses only UTZ certified cocoa for its chocolate products (Jacques, n.d.).



Neuhaus, founded by Jean Neuhaus, inventor of the praline, is producing 100% UTZ certified chocolate in its ateliers in Brussels. Moreover, more than 25% of its chocolate is produced using cocoa directly sourced from its own cocoa farm, which they claim guarantees a sustainable livelihood for the farmers employed (Neuhaus, n.d.).

Galler is selling its wide range of pralines, (mini) bars, (mini) tablets and other delicacies in both Galler boutiques and supermarkets. Galler is one of the *Beyond Chocolate* signatories.

With its chocolate confectionery brand Merci, the German company **Storck** is closing the top ten. A clear sustainability strategy is not available.

Private label (12% of value sales)

The five signatory supermarket chains of the *Beyond Chocolate* partnership ensure 100% certified chocolate in all their private label chocolate-based products by 2020.

Discounters Lidl and Aldi, with a combined market share of 18,1% have roughly 90% own-brand products in their retail offer (Gondola Academy, 2019). Concerning their chocolate-based products, all are either Fairtrade, UTZ or Rainforest Alliance certified. Colruyt Group, Ahold Delhaize and Carrefour Belgium have a combined market share of 66,4%. These supermarkets offer both own-brand products and branded products to their customers, however their sustainability commitments related to cocoa certification are limited to private labels. Remark: percentages reported by retailers refer to numbers of product references, not to volumes.

The private label cocoa-based products of **Aldi** (Belgium and Luxemburg) are 100% certified since 2018 (Aldi, n.d.), of which 97,2% is UTZ certified and 2,8% is Fairtrade certified. Organic certification is always combined with Fairtrade or UTZ certification: 1,1% of its chocolate products is organic Fairtrade, 1,7% organic UTZ. Aldi's assortment is around 95% own-brand products, its private label certified chocolate brands include Ambiente and Château.

Since 2017, **Lidl** is using 100% certified cocoa in all its own-brand products (Lidl, 2019). At present, the certification standards relate as follows: 25% Fairtrade and 75% UTZ certified. As Lidl is strongly committed to Fairtrade, the discounter is gradually switching part of its chocolate range to Fairtrade cocoa. For the private label brands Favorina (seasonal chocolate) and Fin Carré, the transition to Fairtrade is done, private label products from Coeur d'Or, Belgix and Le Pâtissier are in the process of transition (Lidl, n.d.).

Colruyt Group is committed to have all its own-brand products containing cocoa certified either UTZ, Fairtrade or organic by 2020 (Colruyt Group, 2019). Own-brand products include products from its private labels Boni Selection and Everyday. In 2019, 90,3% of its private label cocoa-based products were certified, of which 97,6% were UTZ certified, 2,0% organic combined with Fairtrade certification and 0,4% organic only. As the calculations were carried out more extensively and precisely than before, the share of certified own-brand chocolate products declined compared to 2018.

With the 2020 target at 100%, **Ahold Delhaize** has 84% of own-brand products containing cocoa certified against UTZ, Rainforest Alliance and Fairtrade standards in 2019 (Ahold Delhaize, 2020). Next to its private labels Delhaize and 365, Delhaize also sells the private label Delicata of its sister company



Albert Heijn. Delicata's chocolate products are both UTZ certified and complying with Tony's Open Chain sourcing principles, aiming at making the chocolate sector 100% slave free (Delicata, n.d.).

As **Carrefour** Belgium co-signed the *Beyond Chocolate* partnership, its ambition is to have 100% certified own-brand chocolate-based products by 2020.

Other (28% of value sales)

The companies completing the top 15 are Lindt & Sprüngli, NewTree, Guylian, Oxfam and Dolfin. **Lindt & Sprüngli** has sourced 86% of its cocoa beans through its corporate *Farming Program* in 2018 (Lindt & Sprüngli, 2019), 92% in 2019 with the ambition to reach 100% by 2020. Sourcing from Lindt & Sprüngli *Farming Program* ensures both traceability and external verification of the cocoa beans, but involves no collaboration with relevant certification schemes (Lindt & Sprüngli, n.d.).

Belgian chocolate maker **Guylian**, known for its famous sea shell chocolates, is committed to use 100% sustainable cocoa by 2025 (Guylian, n.d.).

All chocolate products from **NewTree**, **Oxfam** and **Dolfin's** brand Tohi are Fairtrade and often organic certified. With their position in the top 15, these (Belgian) companies show there is a significant demand for certified chocolate by Belgian consumers. **Belvas** and **Tony's Chocolonely**, both signatories of *Beyond Chocolate*, complement the list of Fairtrade chocolate producers. All chocolates of the Belgian company Belvas are organic and Fairtrade certified. Tony's Chocolonely makes Fairtrade chocolate bars, but goes beyond certification. In order to achieve its goal to eradicate 'slavery' from the chocolate industry, the company introduced five sourcing principles to help establishing a living income for cocoa farmers, e.g. traceable cocoa beans (Tony's Chocolonely, 2019).

Belgian companies and *Beyond Chocolate* members with lower sales levels are Libeert and Kim's Chocolates. For all its chocolate, which are mainly seasonal hollow chocolate figures, **Libeert** is using 100% of cocoa that is either UTZ certified, Fairtrade certified or sourced through the *Cacao-Trace* program, as part of *The Family Recipe* (www.libeert.com/en/family-recipe). Libeert intends to establish its own sustainability program in the future, similar to what **Kim's Chocolates** has done by launching its *Cocoa for Schools* project. The project aims at improving the livelihood of cocoa farming families in Mbeya, Tanzania, primarily by investing in education (www.cocoaforschools.be).

As stated before, artisanal chocolate confectionery holds a significant share of values sales. The Belgian chocolate sector is characterized by many small and local chocolatiers offering customers artisanal chocolate confectionery in elegant packaging. A few of these small chocolate makers, referred to as bean-to-bar producers, start their chocolate production directly from the cocoa bean. They aim to control the entire process, including the purchase of often personally selected cocoa beans, directly from farmers. In their search for unique flavours, bean-to-bar producers establish close relationships with cocoa growers and are frequently linked to more extended traceability and fairer prices (TDC, 2019a). Pioneer of the bean-to-bar approach is Pierre Marcolini, other bean-to-bar chocolatiers are Benoit Nihant, Cédric De Taeye, Van Dender, Mike & Becky, The Chocolate Line and Mi Joya (Kellens, n.d.). *Beyond Chocolate* signatory ZOTO, a Belgian consultancy company specialized



in cocoa-related projects, acts as facilitator in the bean-to-bar supply chain by offering services to both cocoa farmers (training on post-harvest processing steps, market access) and chocolate makers (cocoa beans selection, enabling direct trade) (ZOTO, n.d.).

From the above enumeration, it appears that many companies are committed to making their chocolate more sustainable, often by increasing the share of third party certification. Some chocolate producers have achieved 100% certification, while for others, information is limited to future sustainability goals. When the share of currently certified chocolate is reported, it is not clear how this relates to the company's sales in Belgium. It is therefore not possible to draw conclusions about the share of chocolate complying with a certification scheme/corporate program in the Belgian retail market.

8. DEFINITIONS AND NOMENCLATURE

From Directive 2000/36/EC, we learn that:

Chocolate designates the product obtained from cocoa products and sugars which contains not less than 35% total dry cocoa solids, including not less than 18 % cocoa butter and not less than 14% of dry non-fat cocoa solid. However, where this name is supplemented by the word 'couverture', the product must contain not less than 35% total dry cocoa solids, including not less than 31% cocoa butter and not less than 2,5% of dry non-fat cocoa solids.

The main difference between chocolate and chocolate couverture is the fat content, being higher in couverture. This is also the case for milk chocolate (>25% fat content) compared to milk chocolate couverture (>31% fat content), where fat content includes both cocoa butter and milk fat.

Furthermore, cocoa and its derivative products can be categorised based on two systems of classification, the Combined Nomenclature (CN) and PRODCOM. The CN chapters are used for international trade, while the PRODCOM codes focus on industrial production. Both classification systems are related, making it possible to compare external trade and domestic production, however not all product types find their equivalent in the other classification system (Table 3) (PRODCOM, 2017).



Table 3. Overview of the chocolate nomenclature

PRODCOM	CN	Product description
10.82		Cocoa, chocolate and sugar confectionery
	18	Cocoa and cocoa preparations
	1801	Cocoa beans, whole or broken, raw or roasted
10.82.11	1803	Cocoa paste, whether or not defatted
10.82.12	1804	Cocoa butter, fat and oil
10.82.13	1805	Cocoa powder, not containing added sugar or other sweetening matter
	1806	Chocolate and other food preparations containing cocoa
10.82.14	1806 10	Cocoa powder, containing added sugar or other sweetening matter
10.82.21	1806 20	_ in blocks, slabs or bars weighing more than 2 kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg
10.82.21.30	1806 2010 1806 2030 1806 2050	_ containing $\geq 31\%$ by weight of cocoa butter (and milkfat) _ containing $\geq 25\%$ but $< 31\%$ by weight of cocoa butter and milkfat _ containing $\geq 18\%$ but $< 31\%$ by weight of cocoa butter
10.82.22.33	1806 31	Filled tablets & bars
10.82.22.35 10.82.22.39 10.82.22.55	1806 3210 1806 3290 1806 9039	Unfilled chocolate
10.82.22.43 10.82.22.45 10.82.22.53	1806 9011 1806 9019 1806 9031	Bonbons, pralines & other chocolate confectionery
10.82.22.70	1806 9060	Spreads containing cocoa
10.82.22.60 10.82.22.80 10.82.22.90	1806 9050 1806 9070 1806 9090	Other foods containing cocoa, a.o. sugar confectionery and preparations for beverages
	17	Sugars and sugar confectionery
10.82.23	1704	Sugar confectionery (including white chocolate), not containing cocoa
18.82 23.30	1704 9030	White chocolate



Several remarks related to the interpretation of the categories have to be considered:

- White chocolate is grouped with sugar confectionery instead of chocolate and cocoa preparations in both classification system, however, by definition, white chocolate contains at least 20% cocoa butter (Directive 2000/36/EC). Furthermore, both CN and PRODCOM do not make any distinction between couverture/ bulk and consumer white chocolate, only one classification code is allocated to white chocolate. We assume in this report a volume breakdown of 90% industrial and 10% consumer white chocolate.
- Cocoa paste (10.82.11/1803), cocoa butter (10.82.12/1804) and unsweetened cocoa powder (18.82.13/1805) are grouped as **semi-processed cocoa products** for analyses and discussions in this report. Sweetened cocoa powder is classified differently in CN than it is in PRODCOM. Import and export statistics (CN) categorize sweetened cocoa powder (1806 10) under chocolate and cocoa preparations, while production statistics (PRODCOM) group it under semi-processed cocoa products, nevertheless with unknown volume.
- **Chocolate couverture** is covered by CN 1806 2010, however, only trade data is available for this code. Production data is available for PRODCOM code 10.82.21.30, which not only covers chocolate couverture. We assume all **industrial chocolate** (10.82.21/1806 20) in bulk packages of more than 2 kg is chocolate couverture to fully map the Belgian chocolate sector. Both terms will be used interchangeably.
- PRODCOM code 10.82.22 and CN 1806 31/32/90 cover all types of **consumer chocolate**, i.e. chocolate in consumer packaging (< 2 kg).
- Not all products with cocoa are covered by PRODCOM code 10.82; e.g. sweet biscuits, waffles and wafers completely or partially coated or covered with chocolate or other preparations containing cocoa are under PRODCOM code 10.72.
- **Compound** chocolate is beyond the scope of *Beyond Chocolate* as it has a limited cocoa content and is not considered chocolate. The main ingredients of compound chocolate are cocoa powder and vegetable fats (Blommer, 2011). The production of compound chocolate is not linked to Belgium nor to Belgian chocolate.



Definitions of the Partnership's terms

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1. LIVING INCOME

We will first start with defining 'Living Wage', as 'living income' is directly derived from it. The Living Wage concept is derived from international conventions (Fountain and Hütz-Adams, 2014), including

- i) The International Labour Organisation (ILO) who, in 1919 declared the necessity for a *payment adequate to maintain a reasonable standard of living that is understood in their time and country*;
- ii) The Universal Declaration of Human Rights (1948), which states *just and favourable remuneration to be a basic right for the labourer as well as his/her family*;
- iii) The UN International Covenant on Economic, Social and Cultural Rights (1966), calling for a *decent living for themselves and their family*.

In 2011 the *Global Living Wage Coalition* (GLWC) was founded, which brought together, amongst others, Fairtrade International and Rainforest Alliance, in partnership with the ISEAL Alliance (global membership association for credible sustainability standards), and which aimed at improving quality of knowledge on a 'living wage'. At around the same time, the ILO proposed a general consensus on the definition of living wage:

A Living Wage is:

"The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events." (Anker, 2011).

From the latter definition, it becomes clear that living wage is a locally specific concept. More specifically, a living wage in one country will be different from that of another country. In order to estimate country-specific living wages, GLWC proposes a methodology in which first of all the cost of a basic but decent lifestyle for a worker's family in a particular country is estimated. The latter cost includes costs¹² for

- i) Food
- ii) Housing
- iii) Other essential needs
- iv) Small margin for unforeseen events.

Subsequently, cost is divided by the number of workers per family to obtain a *net living wage* per worker. *Gross living wage* per worker is then obtained by adding payroll deductions and taxes.

12. For details on the methodology, see: <https://www.globallivingwage.org/about/anker-methodology/>



Applying this method to cocoa workers, it must first of all be clear that the vast majority of cocoa workers are in fact independent cocoa smallholders (certainly in West Africa). This means that the income of the (West African) cocoa farmer does not depend on a (fixed) wage paid by an employer, but rather is the result of the productivity of his farm, which in turn depends on his/her (families') farm labour and inputs applied, as well as on cocoa market prices.

UTZ/Rainforest Alliance, which in 2017 had a share of around 70 % of certified cocoa globally (Fountain & Hütz-Adams, 2018) uses living wage as a concept in their sustainability program and define it as stated above by GLWC (of which they were co-founders). **Fair Trade International** apply the same definition, but have replaced 'living wage' by 'living income' and use the concept as a basis for calculation of a 'Living Income Reference Price' which is understood as the cost of decent living + cost of sustainable production divided by production volumes (viable land area x sustainable yield) (Veldhuyzen, 2019). Whereas the Living Income Reference Price is out of the scope of the Beyond Chocolate partnership, it shows that living income is best understood as a net income (i.e. gross income minus farming costs).

We therefore conclude that the Beyond Chocolate Partnership understands 'Living Income' as proposed by The Living Income Community of Practice (<https://www.living-income.com/>), which builds on the work of the Global Living Wage Coalition and which is a partnership between The Sustainable Food Lab, GIZ and the ISEAL Alliance.

Living income is the net income a household would need to earn to enable all members of the household to afford a decent standard of living. Elements of a decent standard of living include: food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events.

Based on this understanding of living income, it is important to establish living income benchmarks as a basis on which to compare actual cocoa farmer incomes and to assess living income gaps. Depending on assumptions made and concepts applied, living income benchmarks can be determined in several ways. Apart from the Anker methodology mentioned above, the latter include Survival Threshold, Livelihood Protection thresholds and/or the Minimum Expenditure Basket (MEB) (Grillo & Bush, 2019). Following the Anker methodology, the KIT Royal Tropical Institute set a living income benchmark at US\$ 6517 and US\$ 4712 for male-headed households in Côte d'Ivoire (Tyszler *et al.*, 2018a) and Ghana (Tyszler *et al.*, 2018b), respectively.



2. COCOA SMALLHOLDERS

Desktop research revealed that the Belgian cocoa sector; i.e. all economic actors who produce (semi-finished) chocolate products in Belgium, yearly produce **590,000 tons of industrial chocolate** (= chocolate couverture). Using the international conversion factor of 0.4 (i.e. 400 g of cocoa beans required to produce 1 kg of finished chocolate product) proposed by ICCO, it implies the annual Belgian chocolate production is produced from **236,000 tons** of cocoa beans (round number). Using import and export statistics of cocoa beans and cocoa liquor, butter and cake (or powder), we found a net bean **equivalent¹³ import of 320,000 tons** of cocoa beans (round number) (of which we assume they have all been processed into chocolate products in Belgium). Differences between these two figures can be linked to stocks, volumes not accounted for in the different statistics, or statistical data errors.

According to FAO (www.fao.org/faostat), cocoa bean yield per ha in 2018 was 444 kg globally, but with much variation between cocoa producing countries: 489 kg in Côte d'Ivoire, 530 in Ghana, 281 kg in Nigeria, 410 kg in Cameroon, 556 kg in the Dominican Republic, 469 kg in Ecuador and 840 kg in Peru. In order to obtain a reliable yield figure for the cocoa beans that are eventually processed in Belgium, we summed the above yield data multiplied by the respective countries of cocoa origin shares in the Belgian chocolate sector (53 % from Côte d'Ivoire, 15 % from Ghana, 9 % from Nigeria, 5 % from Cameroon, 3 % from Ecuador, 3 % from Peru, 2 % from the Dominican Republic, and 10 % from the rest of the world (for which we used the average global yield figure of 444 kg of dry cocoa beans per ha). Using the latter method, we estimate that average yield of cocoa beans produced for the Belgian cocoa sector is **479 kg per ha**.

This means that the agricultural surface area required to produce these cocoa beans is between **492,693 ha** and **668,059 ha**.

More than 90 % of cocoa produced globally is produced by smallholders. In West Africa, this is almost the case for 100 % of cocoa production. No clear figures exist on the precise size of a cocoa smallholder size. Ranges vary from 0.25 to 5 ha (Ameyia *et al.*, 2018; ECA, 2011; ICCO, 2012; Kongor *et al.*, 2018; Vaast & Somarriba, 2014; Wessel *et al.*, 2015). Averaging the averages of all ranges found in literature, we found an average cocoa smallholder farm size of **3.5 ha**.

As a result, the Belgian cocoa sector is supplied by between **140,769** and **190,874 cocoa farming families**.

However, own research in Ghana (Kongor *et al.*, 2018) has cast doubt on the reliability of the official FAO statistics. Whereas the FAO claims average cocoa bean yield in Ghana to be 530 kg per ha, Kongor *et al.* (2018) surveyed 731 cocoa farmers from various districts in all six cocoa growing regions in Ghana and report average cocoa yield on these farms of just 234 kg per ha. Furthermore, contrary to their cocoa production estimates, cocoa farmers' reports on their cocoa land surface size are usually less accurate. Survey data on yield per farm, rather than per ha will therefore be a more reliable basis for

13. For conversion, we used the factors proposed by ICCO, i.e. 1.33 kg of cocoa beans needed to produce 1 kg of cocoa butter, 1.25 kg of cocoa beans linked to the production of 1 kg of cocoa liquor and 1.18 kg of cocoa beans linked to the production of 1 kg of cocoa powder/cake (taking into account that butter and powder are the joint output of a certain mass of cocoa liquor).



the number of cocoa farmers involved in producing a certain amount of cocoa beans. In Ghana (Kongor *et al.*, 2018), it was found that cocoa growers annually produce 1000 kg of cocoa beans per farm. If the latter (low) yield data would apply to all cocoa farms that supply the Belgian cocoa sectors, it would mean that much more cocoa farming families are involved than the numbers presented above. However, more scientifically sound data from a wider range of cocoa production regions and countries is required to obtain a reliable estimate of the real number of cocoa farming families that supplies the Belgian chocolate sector.

***In 2019, the Belgian cocoa sector was supplied
by at least 140,769 cocoa farming families***

3. (COCOA) SUSTAINABILITY

Sustainability, or more precisely, sustainable development is most commonly understood as it was described by the World Commission on Environment and Development (WCED), in the report *Our Common Future*, better known as the *Brundtland Report*:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

It is now widely accepted that sustainable development builds on three pillars: social, environmental and economic (Purvis *et al.*, 2019).

ISEAL¹⁴, the global membership association for credible sustainability standards, provides details on what is covered under each pillar according its members:

- *Social*: could include labour rights, gender rights, cultural rights, social services including education, health care, clean water, etc.
- *Environmental*: including but not limited to water use/treatment, soil/land impact, protection of biodiversity, responsible use of natural resources, carbon and other energy considerations.
- *Economic*: including income considerations, such as minimum or living wage, considerations of enterprise resilience, productivity/profitability, market access and security considerations, guaranteed pricing, etc.

In May 2019, ISO published the first International Standards for sustainable and traceable cocoa. It was developed by stakeholders from all sectors of the cocoa industry, including representatives from countries where cocoa is grown and markets where it is consumed and aims to *encourage the professionalization of cocoa farming, thus contributing to farmer livelihoods and better working conditions*.

However, Ghana and Cote d'Ivoire have recently (early 2019) decided to pull out of the ISO certification as they believe it would worsen the already challenged situation of cocoa farmers in their countries, because the compliance costs of the ISO-standards are passed on to the farmer, leaving

14. <https://www.isealalliance.org/>



them little room for improving their livelihoods. Instead, both countries are developing their own **sub-regional cocoa sustainability standards**. The African Organization for Standardization (ARSO) oversees a consultation process with industry and other stakeholders on these new standards. They largely build on the global ISO standards, but include some changes particularly regarding premium payments, implementation at the farm/cooperation level, traceability, audits and data collection. To facilitate stakeholder consultation, ARSO has established National Mirror Committees (NMC) in several cocoa producing countries. At the end of the consultation process, country-level implementation details will be developed in individual “country implementation guides.”

In Cote d'Ivoire and Ghana, the same groups who were involved in the ISO/CEN cocoa process are convening the NMC: the Côte d'Ivoire Normalisation Organization (CODINORM) and the Ghana Standards Authority (GSA).

The Swiss platform for Sustainable Cocoa (SWISSCO) and the German Initiative on Sustainable Cocoa (GISCO) have defined how each of the three sustainability pillars could be applied to the cocoa sector. GISCO defines sustainable cocoa as cocoa that is produced in accordance with economic, ecological and social requirements, which means that its production is economical, environmentally friendly and socially responsible, without compromising the ability of future generations to satisfy their own needs.

GISCO works towards a sustainable cocoa sector by (GISCO, 2020)

- future-oriented economic action by all actors along the value chain leading to the enablement of a living income for cocoa farmers.
- preserving natural resources, especially forest resources with their biodiversity.
- ensuring that human rights are respected along the value chain and, in particular, eliminating the worst forms of child labor.

GISCO, SWISSCO and Beyond Chocolate are currently discussing to align cocoa sustainability definitions used by the different platforms to propose a **joint cocoa sustainability definition**. The platforms are currently also **benchmarking cocoa sustainability standards** against a selection from a set of around 800 crop sustainability criteria which the WTO-UN International Trade Centre (ITC) (<http://www.intracen.org/>) has mapped for a number of third party cocoa standards (including Fairtrade, UTZ and EU Organic (Bio)). Private sector cocoa sustainability standards will be included in the benchmark process.

4. NATURAL RESOURCES

The partnership aims at promoting the sustainable use of natural resources. The latter are those elements of the environment that provide use benefits to humankind through the provision of raw materials and energy used in economic activity (or that may provide such benefits in future) and that are subject primarily to quantitative depletion through human use (Alfieri & Havinga, 2003). The United Nation's System of Environmental-Economic Accounting (SEEA, <https://seea.un.org/>) distinguish 4 natural resource categories i) mineral and energy resources, ii) soil resources, iii) water resources, and iv) biological resources. Particularly the soil, water and biological resources can be affected by cocoa production (Ntiamoah & Afrane,



2008). Soils under cocoa cultivation, particularly those in full-sun monoculture systems, are subjected to erosion and nutrient depletion (Tondoh *et al.*, 2015). Pesticides used in cocoa cultivation can pollute local water resources (Fosu-Mensah *et al.*, 2016). Notoriously, cocoa production is linked with adverse land use change. Cocoa is the fastest expanding export-oriented crop across sub-Saharan Africa at a rate of 132,000 ha per year (Ordway *et al.*, 2017). New cocoa plantings are often done in primary or secondary forest, where plants initially grow well as a result of the highly fertile forest soil. Most forest trees and shrubs are then cut down whereas some of the largest original forest trees are left as shade trees. When in subsequent years, yield starts to decline due to soil nutrient depletion, shade trees are cut down (to reduce competition for nutrients) resulting in increasing pest and disease problems due to ecological imbalances. When cocoa yield decreases to a level where cocoa cultivation can no longer be profitably sustained, farmers encroach new forest land to start a new cocoa cultivation cycle (Ruf *et al.* 2015). This typical so-called cocoa boom-and-bust cycle (Clough *et al.* 2009) is a significant contributor to deforestation in Ghana and Côte d'Ivoire.

5. DEFORESTATION

Following definitions are extracted from the Accountability Framework Initiative, which is a set of common norms and guidance for establishing, implementing, and demonstrating progress on ethical supply chain commitments in agriculture and forestry. They were developed through a participatory process by a consortium of environmental organizations.

Deforestation includes the loss of natural forest as a result of

- i) either conversion to agriculture or other non-forest land use;*
- ii) or conversion to a tree plantation;*
- iii) or severe and sustained degradation.*

- *This definition pertains to no-deforestation supply chain commitments, which generally focus on preventing the conversion of natural forests.*
- *Severe degradation (scenario iii in the definition) constitutes deforestation even if the land is not subsequently used for a non-forest land use.*
- *Loss of natural forest that meets this definition is considered to be deforestation regardless of whether or not it is legal.*

Forest

Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or other land use. Forest includes natural forests and tree plantations. For the purpose of implementing no-deforestation supply chain commitments, the focus is on preventing the conversion of natural forests.

- *Quantitative thresholds (e.g., for tree height or canopy cover) established in legitimate national or subnational forest definitions may take precedence over the generic thresholds in this definition.*



- *Natural forests should be distinguished from tree plantations for the purpose of conducting forest inventories and quantifying forest loss and gain. This will facilitate comparability between government forest monitoring and the tracking of supply chain commitments focused on human-induced conversion of natural forests.*

Natural forest

A forest that is a natural ecosystem.

Natural forests possess many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function. Natural forests include:

- **Primary forests** *that have not been subject to major human impacts in recent history*
- **Regenerated (second-growth) forests** *that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has attained much of the species composition, structure, and ecological function of prior or other contemporary natural ecosystems.*
- **Managed natural forests** *where much of the ecosystem's composition, structure, and ecological function exist in the presence of activities such as:*
 - *Harvesting of timber or other forest products, including management to promote high-value species*
 - *Low intensity, small-scale cultivation within the forest, such as less-intensive forms of swidden agriculture in a forest mosaic*
- *Forests that have been partially degraded by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where degradation does not result in the sustained reduction of tree cover below the thresholds that define a forest or sustained loss of other main elements of ecosystem composition, structure, and ecological function.*

Restoration

(In relation to environmental harms): The process of assisting the recovery of an ecosystem, and its associated conservation values, that has been degraded, damaged, or destroyed.

- *The term “restoration” is also used in the context of remediation of human rights harms, for which restoration may come in many forms (e.g., restoration of benefits, employment, or access to lands).*

In the Cocoa & Forests Initiative commitments, the forest definition that is referred to, is the national definition, complemented by the High Carbon Stock and High Conservation Value definitions. HCV or HCS maps are not available yet. However some companies and organizations are currently working on the development of HCS maps in specific landscapes.



High Carbon Stock (HCS):

The approach on HCS is a methodology that distinguishes forest areas for protection, from degraded lands with low carbon and biodiversity values that may be developed. The methodology is being developed since 2015 with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitment to halt deforestation in the tropics, while ensuring that the rights and livelihoods of local peoples are respected. Guidelines for the application of the HCS approach in countries with high forest cover are being developed for the agricultural sector.

Source: <http://highcarbonstock.org/the-high-carbon-stock-approach/>

High Conservation Value Forests:

High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of **outstanding significance or critical importance**. The HCV concept was originally developed by the Forest Stewardship Council (FSC) to help define forest areas of outstanding and critical importance - High Conservation Value Forests (HCVF) - for use in forest management certification.

Today, the HCV approach is now widely used (since 2007) in agricultural products' standards and norms. Guidelines for the application of the HCV approach have been developed for the forest sector in Cameroon.

Source: <https://hcvnetwork.org/>





6. CHILD LABOUR

All children occasionally help out at home. Child labour becomes problematic when it deprives children from normal childhood development. The International Labour Organization (ILO) uses a definition¹⁵ of child labour which is currently used globally and can be applied in the context of Beyond Chocolate, where the need to eliminate child labour is acknowledged. ILO distinguishes the worst forms of child labour from all child labour in general. The Beyond Chocolate Partnership document explicitly refers to the UN Sustainable Development Goals (SDGs) as a framework for its vision statement. Under the SDG 8 “Decent Work and Economic Growth”, thematic area 8.7 calls to *Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.*

It is therefore proposed that Beyond Chocolate considers the entire child labour definition proposed by ILO:

Child Labour refers to work that deprives children (any person under 18) of their childhood, their potential and their dignity, and that is harmful to their physical and/or mental development. It refers to work that is mentally, or morally dangerous and harmful to children; and/or interferes with their schooling by:

- *depriving them of the opportunity to attend school*
- *obliging them to leave school prematurely*
- *requiring them to attempt to combine school attendance with excessively long and heavy work.*

In its most extreme forms, child labour involves children being enslaved, separated from their families, exposed to serious hazards and illnesses and/or left to fend for themselves on the streets of large cities – often at a very early age.

Whether or not particular forms of “work” can be called “child labour” depends on the child’s age, the type and hours of work performed, the conditions under which it is performed and the objectives pursued by individual countries.

15. <https://www.ilo.org/ipec/facts/lang--en/index.htm>



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ANNEX C: Beyond Chocolate signatories

CHOCOLATE SECTOR





RETAILERS



KNOWLEDGE INSTITUTIONS



NGOs



CERTIFICATION STANDARDS





PUBLIC SECTOR

Enabel 

BIO 
Development
Through Investment

 **Belgium**
partner in development

SOCIAL IMPACT INVESTORS

alterfin 



INCOFIN CVSO
Micro-finance

KAMPANI
Investing in family farming

L i T A .co
Live. Impact. Trust. Act
ex IOIPACT

 **OIKO**
CREDIT
investing in people

TRADE UNIONS



 **ACV-CSC METEA**

OTHER

 **Port of
Antwerp**

**THE
SHIFT**



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