



Zero Child Labor

Eradicating child labor



Our goal

By 2025, we will eradicate child labor from our supply chain.

Our approach

Barry Callebaut sources cocoa from regions where child labor, defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development⁷, occurs, mostly on family-owned farms. In line with the United Nations Guiding Principles on Business and Human Rights⁸, the solution lies not in terminating sourcing activities from these regions, but in assessing, monitoring and remediating on the ground the risk of children becoming involved in child labor. This means understanding which farming communities are most at risk, and providing these farming communities with the necessary support through a combination of poverty alleviation, access to quality education and adequate social infrastructure, and awareness raising. Abandoning a region because of the challenges it faces would only worsen its economic and human rights situation.

Barry Callebaut's approach to fighting child labor is based on child-centered systems, strengthening and applying data-driven risk analysis capabilities under an overarching human rights due diligence framework modeled after **OECD Due Diligence Guidance for Responsible Business Conduct**. Our compa-

ny efforts need to be coupled with cocoa sector collaboration as well as public intervention to bring about a structural solution to child labor. In June 2021, a report published by the European Commission on ending child labor in Côte d'Ivoire and Ghana stated that there is a need for high-level collaboration among implementers at the local level and a need to improve overall institutional structures and collaboration. In addition, it noted that current efforts to eliminate child labor are not sufficiently and structurally embedded within a functioning institutional support system and called for a wider systems-based approach⁹.

hand in hand with the due diligence legislation currently being debated in consuming countries, which can only be fully effective if sector-wide traceability is established and effective systems are set up to identify, prevent, mitigate and remediate adverse effects of business activities on human rights and the environment. In this context, Barry Callebaut welcomes the **EU proposal for a Corporate Sustainability Due Diligence Directive** and, together with other stakeholders, we are engaging in a constructive dialogue with regulators to ensure that the resulting legislation is effective and fit for purpose.



We believe that enforcement of a strong regulatory framework to protect human rights in origin countries should be part of a broader effort to strengthen an enabling environment for sustainable cocoa farming. Such an approach would go

7 As defined by the International Labour Organization. Available from <https://www.ilo.org/ipec/facts/lang-en/index.htm>
8 Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework. Available from https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
9 Full report available from <https://euagenda.eu/publications/ending-child-labour-and-promoting-sustainable-cocoa-production-in-cote-d-ivoire-and-ghana>

In 2021/22, we formalized our due diligence approach in regard to child labor in conformity with the OECD Due Diligence Guidance for Responsible Business Conduct. This year, we also elaborated our procedures and policies if a reasonable suspicion of forced labor is identified. Besides developing a due diligence approach and, as a top priority, setting up forced labor response and forced labor investigation protocols, we created and conducted detailed training on forced labor, reaching Barry Callebaut sustainability coaches in Côte d'Ivoire, Ghana, Cameroon and Nigeria. Through our partnership with **Verité**, an NGO that specializes in preventing and remediating labor rights violations, we can benefit from insights and proven models from other supply chains and apply them to ours. In the coming year, we plan to improve our grievance procedure to ensure that allegations or concerns can be expressed safely while further building on our strong collaboration with local authorities. In addition, mandatory human rights training for all sourcing and sustainability employees was established and launched in the past fiscal year. This was an action point raised by **Barry Callebaut's internal Human Rights Committee**. This cross-functional committee has formal authority to oversee the coordinated integration of human rights policies, procedures, and actions across the business.

Our data-driven risk analysis follows the **United Nations Guiding Principles on Human Rights** (UNGPs), which state that "to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable".

We believe the highest risk for child labor in our supply chain stems from the cocoa we source from Ghana and Côte d'Ivoire, where an estimated 1.56 million children were

involved in child labor for cocoa cultivation back in 2018/19¹⁰, primarily on family-owned farms. The most prevalent types of child labor are children working on family-owned farms at too young an age for too many hours or working in hazardous conditions.

In 2021/22, we continued to monitor and identify cases of child labor in our cocoa supply chain in West Africa by further expanding our child labor monitoring and remediation systems based on the industry practice as developed by the **International Cocoa Initiative (ICI)**.

For other ingredients and regions, we use different approaches that are often based on the **Maplecroft Child Labour Index**. In addition, we also conducted human rights impact assessments in Ecuador and Indonesia, combining the resulting information with what we already know from the Maplecroft Child Labour Index to determine what actions would best address the human rights and child rights risks for ingredients sourced in these countries. In Brazil, the implementation of our newly developed child labor monitoring system and remediation protocols has continued, and the resulting data will be audited in the coming fiscal year for the first time.

Once the risk is assessed and cases of child labor are identified, the next and most important step is focusing on remediation and prevention.

In West Africa, where potential cases of child labor are reported via our Child Labor Monitoring and Remediation Systems (CLMRS), we work very closely with ICI to remediate these cases. Our approach to remediation is focusing on education, social and gender issues. Remediation activities include the provision of school kits and birth certificates, a requirement to enable attendance at school, as well as supporting families and communities with education and training on child labor awareness, and follow-up visits to the home.

Additionally, Barry Callebaut is partnering with Nestlé as one of the implementers of the **Nestlé income accelerator program** in Côte d'Ivoire, piloting new methods of incentivizing school enrollment through direct cash payments.

Given the scale of child labor in West Africa, it is not possible to tackle the issue of child labor case by case alone. Therefore, we have and will continue to advocate a wider community development approach, for which **Embode**, a social protection and human rights consultancy, continues to be an important thinking partner. Our approach is child-centered and starts at the local level, engaging with children, parents, families and community leaders to create empowered communities that guide their own development and make lasting change for the future. This approach relies on a framework of collaborative action from all stakeholders. It includes developing community action plans, building the capacity of local authorities to better support families, and stepping up local and regional advocacy to increase farmer empowerment. As such, in 2021/22, we expanded our work with Child Protection Committees (CPCs) as well as Human Rights Committees (HRCs) in cocoa farming communities in Côte d'Ivoire, Ghana, Cameroon and Indonesia. This program brings district and/or local-level government agencies, social welfare specialists, community planners, teachers, and local religious leaders together in a spirit of partnership, for the purpose of preventing child labor and protecting child rights. Since these groups are composed of trusted community members, they are in a unique position to engage with families. Our community-based approach focuses on training CPC and HRC members to identify and

10 NORC Report (2020), *Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana*. Chicago: University of Chicago.

support children at risk of being engaged in child labor and to support remediation and referral processes in collaboration with local public authorities. In 2021/22, through the Cocoa Horizons program and other customer sustainability programs, we also continued funding Village Savings and Loan Associations (VSLAs), which help cocoa farming women and men obtain financing, manage household cash flow, respond to life-cycle events or invest in alternative income-generating activities. VSLAs are low-cost financial services providers that serve poor households with an irregular income and that are therefore considered too risky, even for microfinance institutions. In Ghana, some of the VSLAs started to invest not only in individual projects but also in community projects and several VSLAs collected enough money to be able to open more secure bank accounts. In 2021/22, the majority of the 1,169 VSLAs were funded by the Cocoa Horizons Foundation, with a key focus on promoting income-generating activities for women to help them build leadership skills in their homes and enterprises. 71% of VSLA participants were women.

Raising awareness of child labor issues is another key aspect of our strategy. In Cameroon, we launched a radio program which we plan to expand to more districts within Cameroon in the coming fiscal year. After a more than 2-year break due to COVID-19, the Cocoa Horizons truck finally hit the road again in early 2022. The Cocoa Horizons truck is a multi-purpose mobile unit that sensitizes farmers on multiple topics including child protection and organizes medical visits with local health authorities directly in the cocoa communities. In total, 100,743 farmers received training on child labor.

We believe that human rights issues in our supply chain can be tackled only in collaboration with all stakeholders and **Good Beyond**, a purpose-driven consultancy, have helped us shape our approach of working together with other stakeholders in the cocoa sector. Education and children's well-being are an integral part of Barry Callebaut's child-centric approach to human rights due diligence. We are therefore also proud to support **CLEF (Child Learning and Education Facility)**, an innovative public-private partnership focused on scaling investments to systemically improve access to quality education in Côte d'Ivoire. Scaling education is an essential tool to promote children's rights and combat child labor. The partnership brings together government officials from Côte d'Ivoire, cocoa and chocolate industry representatives, and philanthropic organizations including the Jacobs Foundation.

Our measured impact

We continue to monitor and identify cases of child labor rigorously and with intent. In 2021/22, we identified 25,235 (+18.7%) cases of child labor. This increase in cases compared to the previous year is mainly due to the larger number of communities we now cover with our monitoring and remediation systems, including 275 (+16.0%) farmer groups, representing 253,269 farmers (+14.7%) in Côte d'Ivoire, Ghana, and Cameroon.

The percentage of the farmer groups that are part of our direct supply chain¹¹ and with whom we undertake child labor monitoring, and remediation activities is 80.6% compared to 61.4% in prior year.

While the total number of child labor cases identified has risen due to our increased community coverage, we were also impactful in remediating cases during the past fiscal year, with 41,794 (+63.9%) of the reported cases from previous years now under remediation.

Implementing individualized remediation interventions for a specific child and family takes time – both to build a relationship with the family and determine the best course of action to address the case of child labor. According to ICI recommendations, a case can only be considered remediated when two consecutive on-site inspections have shown that the child is no longer subjected to child labor. If a child is found to be engaged in child labor during any of these visits, we will revisit the remediation plan where appropriate and continue following up on the case. The total process of identification, remediation and two follow-up visits takes at least twelve months.

This fiscal year, the number of identified child labor cases considered remediated on the grounds that the child was not found performing child labor during two consecutive monitoring visits amounted to 2,844 cases (+685.6%).

After refining our methodology last year and aligning it with a higher threshold of risk level as defined by the Maplecroft Child Labour Index methodology, we now believe that the risk of child labor is adequately addressed with respect to 22.6% of the cocoa and non-cocoa volumes we source from third-party suppliers compared to 24.5% in prior year. The drop is mainly due to updates in the Maplecroft Child Labour Index.

Key Metric

25,235

Number of child labor cases identified

41,794

Number of child labor cases in the process of being remediated

Enabling KPIs

81%

Farmer groups in our direct supply chain have systems in place to prevent, monitor and remediate child labor¹¹

23%

Cocoa and non-cocoa volume sourced from third-party suppliers covered by equivalent child labor monitoring systems

Our commitment to the UN SDGs



¹¹ In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering more than 12,000 farmers from our indirect supply.