BROCHURE

Business Handbook on Due Diligence in the Cocoa Sector

ADDRESSING CHILD LABOUR AND FORCED LABOUR

This brochure introduces the Business Handbook on Due Diligence Cocoa Sector: Addressing Child Labour in the and Forced Labour, developed by the OECD Centre for Responsible Business Conduct and the International Cocoa Initiative (ICI).







Supported by:



Federal Ministry for Economic Cooperation and Development

Why a Handbook?

Businesses operating in the cocoa sector are at risk of being linked to adverse impacts, in particular child labour and forced labour, through their supply chains and business relationships.

While businesses are generally aware of the need to respect human rights and support responsible business conduct through risk-based due diligence, many still find it challenging to operationalise these expectations within their cocoa supply chains. The Handbook has been designed to help companies identify, prevent and address both risks and actual impacts relating to human rights in the cocoa sector, focusing on child labour and forced labour. Business can use this Handbook to translate responsible business commitments into action using OECD risk-based due diligence.

The Handbook:

- Promotes a common understanding of risks and impacts in cocoa supply chains, to help companies meet voluntary and mandatory standards on due diligence and commitments on child labour and forced labour.
- Provides clarity on how to operationalise existing OECD recommendations on due diligence in complex and fragmented supply chains in the cocoa sector.
- Provides sector-specific considerations, tips and examples for business to implement due diligence, including for small and medium sized enterprises (SMEs).
- References existing resources available to companies that can be used to support due diligence, and address child labour and forced labour in the sector.

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You can download the Handbook here.

Child labour and forced labour in the cocoa sector

Globally, 90% of cocoa is produced by smallholder farms ranging from five hectares or less (ICCO, n.d.)¹. About 70% of the world's cocoa originates from Africa, with Côte d'Ivoire and Ghana being the leading producers accounting for 44% and 16% of global cocoa production respectively, in 2019-2020 (ICCO, 2022)². The cocoa supply chain is often highly complex and fragmented, and much of the world's cocoa is grown in countries with high levels of poverty, a lack of access to quality essential services and infrastructure such as education, healthcare, and social protection, and challenges with enforcing legal and regulatory frameworks.

¹ ICCO Cocoa Economy Information, <u>https://www.icco.org/economy/</u>

2 ICCO Production Statistics: https://www.icco.org/statistics/#tab-id-6

The latest estimates on child labour indicate:



Source: ILO, UNICEF, Child Labour: Global estimates 2020, trends and the road forward: <u>https://www.ilo.org/ipec/Informationresources/WCMS 797515/lang--</u> <u>en/index.htm</u> NORC: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana: <u>https://www.norc.</u> <u>org/PDFs/Cocoa%20Report/NORC%202020%20Cocoa%20Report English.pdf</u>

In cocoa, a significant majority of these children are involved in hazardous work such as:



CARRYING HEAVY LOADS e.g carrying wood during land clearing, gathering and heaping cocoa pods, or carrying fermented cocoa beans



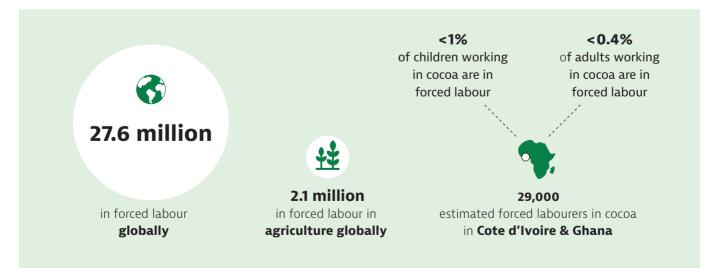
USING DANGEROUS TOOLS e.g using machetes or cutlasses for weeding or breaking cocoa pods with a knife or a sharp object/tool.



EXPOSURE TO PESTICIDES

e.g being present on the farm during pesticide spraying or within 12 hours of it being sprayed or carrying water for spraying

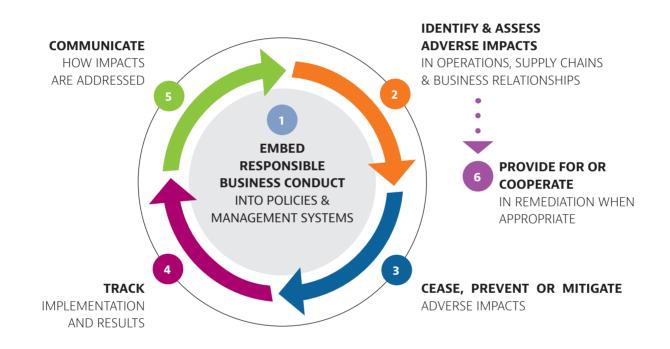
Forced labour is another salient risk in the cocoa sector. The latest estimates indicate:



Source: ILO, WalkFree, IOM: GLobal Estimates of Modern Slavery 2022: <u>https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/</u>, WalkFree, Tulane: The prevalence of forced labour and child labour in the cocoa sectors of Côte d'Ivoire and Ghana, 2018: <u>https://www.cocoainitiative.org/</u><u>knowledge-hub/resources/walk-free-foundation-study-prevalence-forced-labour-and-child-labour-cocoa</u>.

Due diligence in the cocoa sector

The OECD has developed a risk-management framework for companies to identify, prevent, mitigate and account for how they address actual and potential adverse impacts, including on human rights, associated with their operations, supply chains and business relationships.



Source: OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct, <u>http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf</u>

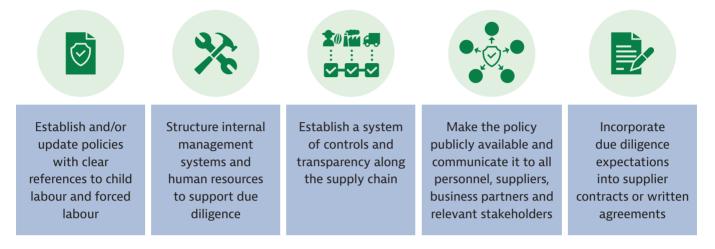
OECD risk-based due diligence

Understanding the steps of the framework

The Handbook explores each step of the OECD framework to illustrate how companies operating in the cocoa sector can implement, or adapt as needed, the due diligence process to prevent and address adverse child labour and forced labour impacts. It includes practical actions that companies can take to progressively improve due diligence and promote and protect human rights in cocoa supply chains. In practice the process of due diligence is ongoing, iterative and not necessarily sequential. Several steps may be carried out simultaneously with results feeding into each other.



EMBED RESPONSIBLE BUSINESS CONDUCT AND DUE DILIGENCE INTO POLICIES AND MANAGEMENT SYSTEMS



Step 1 of the OECD due diligence framework is about having robust policies and corporate management systems in place. The Handbook outlines what this means for companies undertaking due diligence in cocoa supply chains in relation to human rights impacts, such as child labour and forced labour.



IDENTIFY, ASSESS AND PRIORITISE CHILD LABOUR AND FORCED LABOUR RISKS IN THE SUPPLY CHAIN



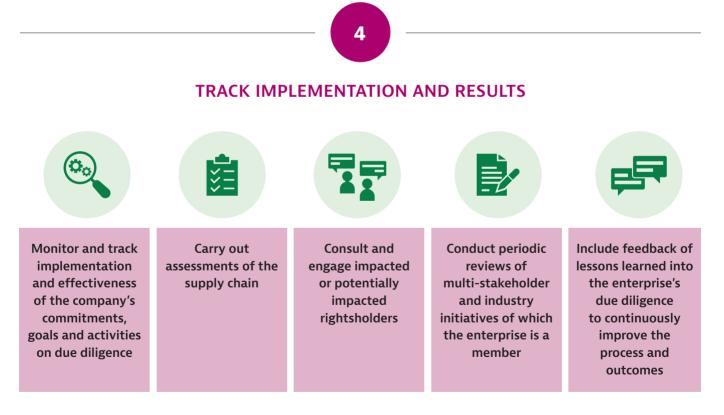
In line with Step 2 of the OECD due diligence framework, the Handbook explains how companies can develop a complete picture of their cocoa supply chain to identify, assess and prioritise potential and actual adverse human rights impacts, especially child labour and forced labour.



CEASE, PREVENT AND MITIGATE CHILD LABOUR AND FORCED LABOUR IMPACTS



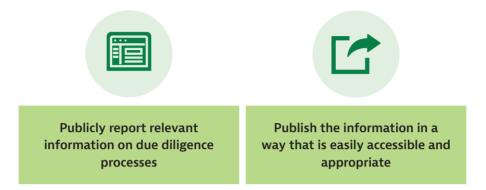
Step 3 is about adopting risk management and mitigation measures and implementing a strategy to address risks and impacts. The Handbook illustrates how companies can design a fit-for-purpose strategy to prevent and address child labour and forced labour risks and impacts in the cocoa supply chain.



Step 4 of the OECD due diligence framework is about making sure that your due diligence activities are effective. The Handbook describes how companies in the cocoa sector can track the effectiveness of measures implemented to prevent and mitigate human rights risks and impacts such as child labour and forced labour, in their supply chains.



COMMUNICATE AND REPORT ON DUE DILIGENCE



Step 5 provides recommendations on how to externally communicate relevant information on due diligence polices, processes and activities conducted to identify and address actual and potential impacts, including the findings of these actions.



PROVIDE FOR OR COOPERATE IN REMEDIATION WHEN APPROPRIATE

The provision of a remedy is a separate, critical process that due diligence should enable and support. The Handbook describes different ways a company in the cocoa sector can provide for or cooperate in remediation in the case of child labour and forced labour risks and impacts when appropriate.



You can download the Handbook here.

Read together

- OECD Guidelines for Multinational Enterprises
 https://doi.org/10.1787/9789264115415-en
- OECD Due Diligence Guidance for Responsible Business Conduct
 https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm
- OECD-FAO Guidance for Responsible Agricultural Supply Chains
 https://doi.org/10.1787/9789264251052-en

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