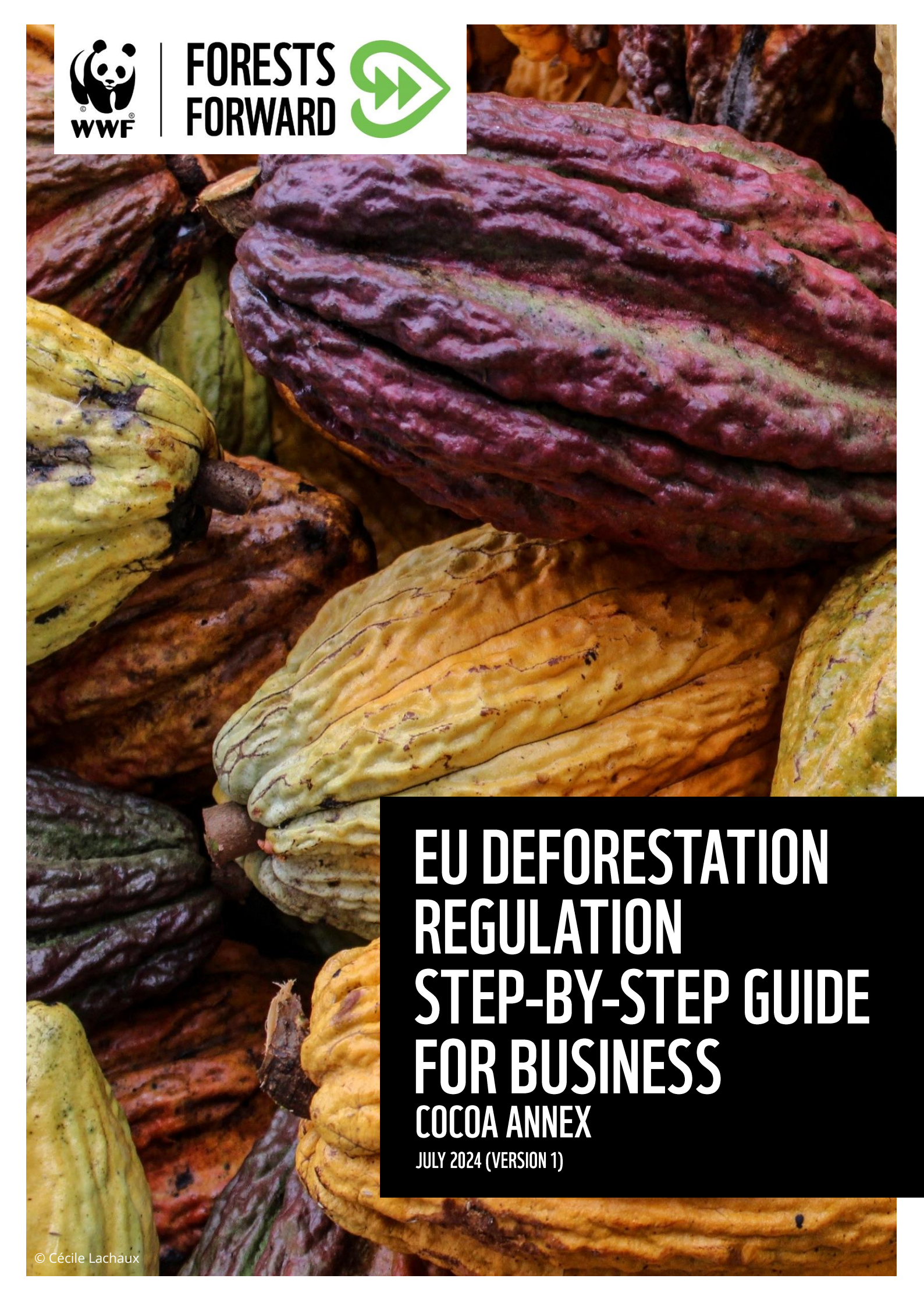




**FORESTS
FORWARD**

A close-up photograph of several cocoa beans, showing their characteristic bumpy, ribbed texture. The beans are in various stages of ripeness, with colors ranging from bright yellow to deep reddish-brown.

EU DEFORESTATION REGULATION STEP-BY-STEP GUIDE FOR BUSINESS

COCOA ANNEX

JULY 2024 (VERSION 1)

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ABOUT THIS ANNEX

This document is a supplement to WWF's commodity-generic EU Deforestation Regulation (EUDR) Step-by-Step Guide for Business. It provides guidance for companies wishing to comply with requirements related to cocoa products (e.g., chocolate, paste, butter, fat, oil, shells, powder, beans, etc.), but it is not limited to compliance alone; it also includes recommendations for leadership practices that reflect high levels of ambition. It is thus intended as a resource not only for staff tasked with regulatory compliance, but also for those responsible for corporate social responsibility more broadly.

This Annex is provided for informational purposes only; it is not intended as legal advice and may not be relied upon as such. The Annex is provided “as is,” and WWF makes no representations or warranties (and expressly disclaims all statutory warranties) regarding the Annex or its use. Users should always consult their own legal counsel in determining legal compliance obligations.

The landscape of supporting resources is evolving rapidly and we anticipate that this Annex will also evolve. Users should therefore pay attention to the publication date.

The EUDR introduces new requirements related to traceability, risk assessment, and risk mitigation. While WWF views the EUDR as a significant milestone in progressing toward the goals of halting deforestation and forest degradation, eliminating forest-related crime, and transitioning to sustainable agriculture and forestry, it does not in all cases represent what WWF considers best practices. We therefore urge companies to use EUDR not as an end goal but rather as a stepping-stone towards higher-level ambition.

For these reasons, the guidance in this document is provided at three levels:

1. first, that of compliance – where an action is explicitly required by the Regulation, we cite the relevant article in brackets in **[red bold face text]**
2. second, that of good practice for actions that are advisable or, in some cases, necessary to achieve compliance – these are offered but are not highlighted
3. and third, WWF-recommended leadership practice – recommended actions that that go above and beyond basic good practice and are flagged in **green bold face text**

For more information on leadership practices, see Appendix 1 of the Step-by-Step Guide.

BACKGROUND: COCOA'S ENVIRONMENTAL & SOCIAL IMPACTS

Chocolate is big business—in 2020, the global market was worth approximately \$138 billion and is expected to reach \$200.4 billion by 2028, growing at a Compound Annual Growth Rate (CAGR) of 4.8%¹. Each year, the world consumes close to five million tons of chocolate and other cocoa products.² Most of the world's chocolate is manufactured and consumed in Europe and North America, far from the fields in West Africa where the majority of cocoa is grown.

Cocoa production is beset by complex economic, social, and environmental problems, including poverty, child labour, and deforestation. Governments, non-profits, manufacturers, and others have endeavoured to tackle these issues—and none have wholly succeeded yet.

Environmental Impacts

Cocoa production is a driver of deforestation in all cocoa growing regions of the world, but especially in West Africa. It has contributed to a significant loss of biodiversity and soil degradation, and jeopardises water security and agricultural crops in the region. [Côte d'Ivoire](#) lost 94% of its forest cover from 1990 to 2015 with at least a third due to cocoa farming. A study conducted by Ohio State University found that more than 90% of seven different protected areas in Côte d'Ivoire had been converted to cocoa farms. In Ghana, the situation is very similar. Furthermore, rainforests in Indonesia, the Amazon Basin, and the Congo Basin are all under pressure from encroaching cocoa farms.

Planting on virgin forestland is attractive because of the accumulated soil fertility and the absence of weeds. As long as new land is available, the expansion of the cocoa production area into them is, for most farmers, a better economic option than the replanting of old fields and intensifying cultivation practices in existing fields. Young farmers especially see expansion of land for cocoa cultivation as a long-term investment and as a means to establish land ownership.³

Additionally, pesticides are routinely applied by cocoa farmers to enhance production. Pesticides are destructive to the functioning of our natural environment and catastrophic for biodiversity. The detrimental effects extend to the health of cocoa farmers themselves, as they are regularly exposed to these hazardous substances. Disturbingly, children's exposure to pesticides in cocoa is rising. The number of child labourers exposed to harmful pesticides increased from 10% in 2014 to 27% in 2019.⁴

Social Impacts

Most cocoa farming families live in extreme poverty. In the Ivory Coast, an estimated 87% of cocoa-growing households earn below a living income⁵. Farmers are in poverty due to the lack of a living income, which leads to unsustainable farming practices and to irresponsible labour practices including child and forced labour. In Ghana and Ivory Coast, 1.56 million children work under illegal conditions because their parents are unable to earn enough⁶. The root causes of poor cocoa prices, poor infrastructure, low productivity and poor transparency

¹ FIORMARKETS, May 2021

² Chocolate's dark secret, Mighty Earth, 2017

³ F.O. Ruf. The myth of complex cocoa agroforests: The case of Ghana. *Human Ecology*, 39 (3) (2011), pp. 373-388

⁴ NORC. NORC Final Report: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana; Final Report 2018/2019; University of Chicago.

⁵ [Rainforest Alliance](#), 2023

⁶ NORC, 2020

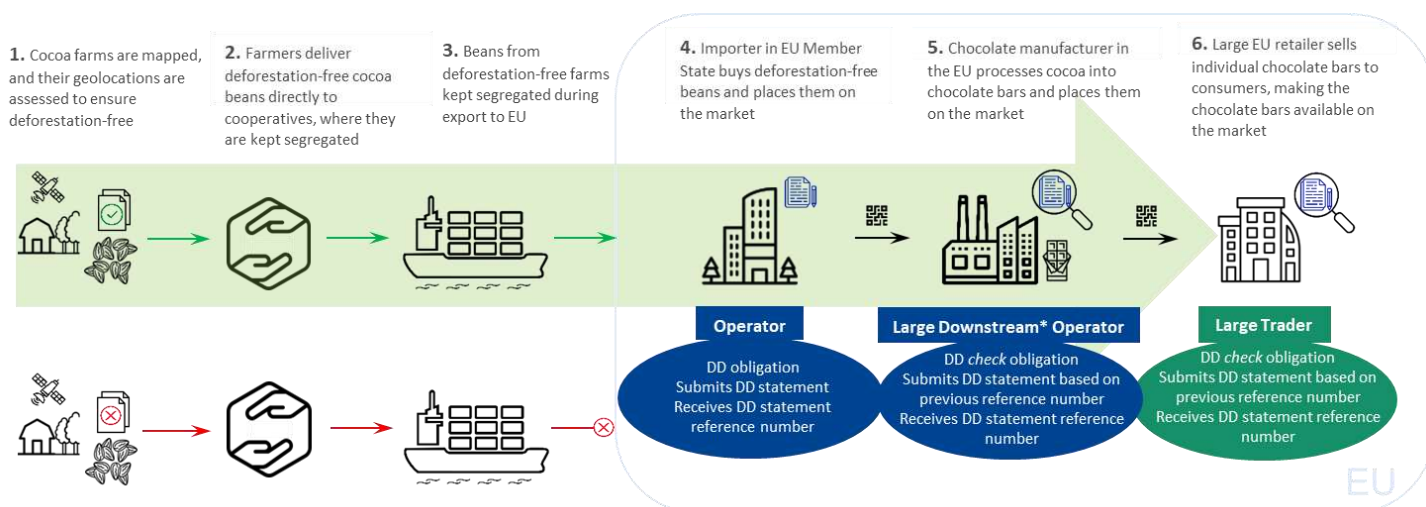
remain unaddressed by the industry. Cocoa farmers' poverty persists also because of the unequal bargaining power between cocoa farmers and both large multinational companies and governments.

BACKGROUND: COCOA & THE EUDR

The EUDR's goal is to ensure that products made from the commodities covered by the Regulation that are placed on the EU market are legal and that their production does not contribute to deforestation or forest degradation worldwide. The placing of cocoa products on the EU market that are linked to deforestation or degradation that has occurred after 31 December 2020 are prohibited. In addition, to be compliant with the EUDR, cocoa must have been produced in accordance with the relevant legislation of the country of production (national laws or national laws referring to international conventions etc.).

The scope of cocoa-based products that are subject to the EUDR is wider than is the case for many of the other commodities. It includes not only primary products (e.g., HS code 1801 - Cocoa beans, whole or broken, raw or roasted and 1802 - Cocoa shells, husks, skins and other cocoa waste) but also value-added products such as 1803 - Cocoa paste, whether or not defatted; 1804 - Cocoa butter, fat and oil; 1805 - Cocoa powder, not containing added sugar or other sweetening matter; and 1806 - Chocolate and other food preparations containing cocoa.

The graphic below⁷ is a conceptual diagram of a supply chain that delivers EUDR-regulated commodity cocoa beans to the EU market and transforms them into chocolate for retail sale. The importer is the first operator and is therefore subject to due diligence obligations to ensure the product is deforestation-free. The cocoa beans are purchased by a large downstream operator who is obliged to check the due diligence procedures of the first operator before using the beans to make the relevant product available on the market, in this case chocolate bars. The value chain ends with the large (non-SME) trader who also checks the due diligence procedures of the upstream operators before purchasing the chocolate bars. For more information on the EUDR's obligations of operators and traders, see Section 2 of the Step-by-Step Guide, table 1 and figure 2; for recommendations on how to ascertain that due diligence has been exercised by upstream operations, see Section 3, sub-section H.



⁷ Based on source: European Commission Expert Group/Multi-Stakeholder Platform Deforestation, supply chains infographics slides presented at the 12th meeting 30 January 2023

DUE DILIGENCE

The EUDR requires three fundamental elements to be implemented which together form the continuous process of due diligence (DD).



- **Information gathering** is the collection of information, documents and data which inform risk assessment and/or demonstrate that relevant products comply with the Regulation's requirements.
- **Risk assessment** uses information gathered to determine if products cannot be deemed no or negligible risk, and therefore require risk mitigation.
- **Risk mitigation** is any of a variety of actions that allow a determination of no or negligible risk to be reached.

Following are recommendations for information gathering, risk assessment and risk mitigation that are specific to cocoa-based products. See the Step-by-Step Guide for general recommendations that apply to all in-scope commodities.

INFORMATION GATHERING

Companies should, and in some cases are required to, gather the following information about products, suppliers, and supply chains:

Products

Quantities

The EUDR requires gathering information on the quantity of products for which DD is being conducted based on mass, volume, or weight **[Article 9b]**. Generally, cocoa products will be measured by weight. WWF recommends that as part of this step companies associate weight information to a meaningful level of geolocalisation so that it may be used later on in the risk assessment step (see below) to evaluate risk of mixing from unknown sources, based for example on typical yields consistent with weights being traded & reported.

Origin

Companies placing relevant products on the EU market must collect information showing the geolocation of all plots of land where commodities were produced. **[Article 9.1(d)]** Geolocations of plots larger than 4 hectares need to be identified by enough latitude and longitude points to describe their boundaries in the form of

polygons; for plots smaller than that, a single latitude and longitude point suffices. **However, given that the majority of cocoa producers operate on plots smaller than 4 hectares, as a leadership practice WWF advises companies to gather polygons for all cocoa farms from which they source.** Knowing the geolocation of source farms will help companies drill down to the more granular level needed to enable effective risk assessment and regulation.

Companies should ask suppliers if they are providing the geolocations of the *specific* plantations or farms of origin for the material in a product – i.e., “strict traceability” -- or if they are providing a list of *potential* origins, i.e., a “declaration in excess.” Pursuant to the [FAQ](#) released in December 2023, declarations in excess are allowed under certain circumstances. *WWF strongly opposes the widespread use and acceptance of declarations in excess as this will absolutely defeat the purpose and undermine the effectiveness of the EUDR’s traceability requirements.* See the Step-by-Step Guide Step 2.F. for further discussion on this topic.

Leadership practice is to avoid the use of “declarations in excess” and implement strict traceability to the greatest extent possible.

Certification/Verification

While not required by the Regulation, WWF recommends that as part of the information gathering step, companies find out if products are certified under a third-party certification scheme for cocoa. See the Risk Mitigation section for more information on certification.

Indigenous Peoples

While not required by the Regulation, WWF recommends that as part of the information-gathering step, companies investigate whether Indigenous Peoples are present in the area of source farms/plantations. In gathering information at the country of production level, we recommend investigating if consultation of indigenous peoples is required by national law, and how it is controlled.

Documentary Evidence of Legality

The Regulation requires that companies gather “adequately conclusive and verifiable information that the relevant commodities have been produced in accordance with the relevant legislation of the country of production, including any arrangement conferring the right to use the respective area for the purposes of the production of the relevant commodity.” **[Article 9.1(h)]** A common practice is to gather evidence in the form of supply chain documentation for each shipment of products that will be placed on the EU market. A complete set of supply chain documentation will demonstrate the full sequence of legal ownership of the cocoa product from the plot or country of origin to the finished product. Each country has different legal requirements for the harvesting, transportation, and export of goods and documentation varies accordingly.

Deforestation/Degradation

Once a product’s origin is established and if the country of production is classified under the EC benchmarking as Standard or High Risk⁸, using remote sensing to check source regions, supply areas, and/or geolocations of plots for signs of deforestation or degradation occurring after the 31 December 2020 cut-off date is one way to obtain information. Remote sensing data and services available via a number of “satellite monitoring tools”⁹ can

⁸ The European Commission is going to benchmark (classify) countries into one of three categories: Low Risk, Standard Risk, and High Risk. Products originating in Standard and High Risk countries will face more requirements than products from Low Risk countries.

⁹ E.g., EU Forest Observatory, Planet.com/LiveEO, Starling, Satelligence, Copernicus, Global Forest Watch (see Appendix 1 of the Step-by-Step Guide). Global Forest Watch, for example, compiles different datasets, including deforestation and fire alerts, which can help identify and

be used to indicate where deforestation – and in some cases, forest degradation – has occurred over various time periods in the specific supply areas that provide cocoa used in your products¹⁰. This could also be considered part of the risk assessment phase of due diligence and deferred accordingly – see below.

Suppliers & Supply Chains

For each product, it is best to develop complete supply chain maps that identify all suppliers and sub-suppliers up the various tiers to source farms. If it is not possible to discover the specific identities of all companies in the supply chain because suppliers or sub-suppliers are unwilling to share the information, it is important at minimum to establish each supply chain actor's role (e.g., grinder, primary manufacturer, secondary manufacturer, distributor, etc.) and the country in which they are located so as to provide a basis for the assessment of the risk of unacceptable material being introduced into the supply chain as required by the Regulation (see below). **[Article 9.1(h)]**

There are a number of digital supply chain management tools that are designed to support the gathering and management of information on products, suppliers and supplying chains, among other functions. For more information on these tools, see Appendix 1 of the Step-by-Step Guide.

RISK ASSESSMENT

Products

Origin

The starting point for assessment of origin risk is at the level of the country of production. In addition to deforestation, forest degradation and illegality, the Regulation requires investigation of “concerns in relation to corruption, prevalence of document and data falsification, lack of law enforcement, violations of international human rights, armed conflict or presence of sanctions imposed by the UN Security Council or the Council of the European Union.”

If there is a determination of risk at the country level, then you will need to establish traceability and assess risk at a more granular level based on the information available. There are a variety of methods for doing this. For example, the Accountability Framework's [OPERATIONAL GUIDANCE](#) on Supply Chain Management offers the below recommendations to ensure that the origins of materials in supply chains are sufficiently known such that risk can be assessed and, where needed, mitigated. Though not tailored to EUDR requirements, these recommendations remain useful:

Buyers at any stage of the supply chain must institute a sufficient level of traceability through one or more of the following methods:

1. *tracing materials back to the production or processing units of origin; [i.e., the plots]*
2. *tracing materials back to an intermediate supplier that itself has effective control mechanisms in place to ensure that its supplies are traced to the production or processing units of origin, and can provide sufficient evidence of this to the buyer;*

monitor the risk of deforestation, and Global Forest Watch Pro allows companies to upload their own georeferenced data to monitor risk and alerts in a secure interface. It is important to note that when monitoring deforestation and seeking to address cases of deforestation through any of the preceding means, alerts should be verified on the ground to confirm exactitude and causes of deforestation.

¹⁰ Of course, this implies that you will need to know who primary manufacturers located in High and Standard risk countries are through supply chain mapping.

3. *utilizing credible assurance systems (e.g., credible certification systems) capable of linking raw material supplies with production units having specific compliance or performance attributes; or*
4. *tracing materials to jurisdictions or landscapes where it has been demonstrated that performance with regard to specific social or environmental issue(s) is adequate to fulfil the buyer's commitments on the corresponding issue(s).* [i.e., negligible risk of deforestation, degradation, illegality, etc. in the jurisdiction in question]

Deforestation/Degradation

Combining the cocoa farm geolocation with geospatial data on the extent of forested lands at the cut-off date can provide a first level of evidence that cocoa is deforestation-free. This can be layered with boundary maps of protected areas like national parks and forest reserves to determine whether cocoa was produced in accordance with the producer country's laws on land-use and protected areas.¹¹

In addition, to assess and manage deforestation risks, including the risk of leakage (protection of forests in one area leading to deforestation in another), other types of data and tools could be used. These include, for instance:

- Recent land-use or land cover change maps
- Deforestation risk maps
- Forest disturbance alerts
- Digital supply chain management tools (see Appendix 1 of Step-by-Step Guide)
- Independent observer reports from Civil Society Organizations in producer countries

There are many resources available to assess risk of deforestation/degradation. For example, WWF's [Deforestation Fronts](#) report identifies 24 areas of significantly increasing deforestation. And, as noted above, remote sensing data and services available via providers of "satellite monitoring tools" can be used to identify where forest degradation and deforestation has occurred over various time periods in the specific supply areas from which the cocoa in your products originates.

As a leadership practice, use the cut-off date of January 1st, 2018 as defined by the Cocoa Forest Initiative (CFI) and following Accountability Framework guidance that states if a sector-wide cut-off date exists, companies should reference and use it in their own commitments and supply chain management.

Indigenous Peoples

The EUDR requires companies to assess "the presence of indigenous peoples in the country of production or parts thereof," "the consultation and cooperation in good faith with indigenous peoples in the country of production or parts thereof," and "the existence of duly reasoned claims by indigenous peoples based on objective and verifiable information regarding the use or ownership of the area used for the purpose of producing the relevant commodity." **[Article 10.2 (c,d,e)]** As noted previously, in gathering information at the country of production level, we recommend investigating if consultation of indigenous peoples is required by national law, and how it is controlled. Where it is, then you can require that suppliers provide this evidence.

¹¹ The EUDR defines 'relevant legislation of the country of production' as 'the laws applicable in the country of production concerning the legal status of the area of production in terms of: (a) land-use rights; (b) environmental protection; (c) forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting; (d) third parties' rights; (e) labour rights; (f) human rights protected under international law; (g) the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples; (h) tax, anti-corruption, trade and customs regulations'.

Where it is not, then assess whether individual companies, groups of companies, trade associations, and/or government authorities are able to furnish evidence that this requirement is being met.

WWF-recommended leadership practice is to verify that FPIC was secured with any Indigenous Peoples living in the production area prior to any operation.

Suppliers & Supply Chains

Suppliers

As a general practice, companies should research if there are any recorded legality or ethical concerns regarding suppliers and sub-suppliers, e.g., via an internet search. We recommend subjecting companies located in countries where corruption / illegality risk is high to scrutiny. Other indicators and information sources for assessing supplier risk include:

- Supplier unwillingness to provide requested information, consent to audits, and/or participate in training, and
- The lack of a formal due diligence system
- NGO assessments & reports
- The [Chocolate Scorecard](#)

Supply Chains

Regardless of the risk designation of the country of production, supply chains must be assessed for risk related to complexity, potential circumvention of the Regulation's requirements, and/or the mixing of compliant and non-compliant materials. **[Article 10.2 (i,j)]** A supply chain is characterized by all of the companies involved in the manufacturing and distribution of a product, as well as the countries and regions where they are located. Generally, the risk of circumvention or laundering increases if the supply chain passes through a country with weak governance. The decrease in national cocoa pricing and currency devaluation are perceived as significant contributing factors to the surge in cocoa smuggling into neighbouring countries. Cross-border smuggling is already predominant in West Africa.

Additionally, the risk of laundering increases when supply chains are complex and unstable (characteristics that are common in international trade):

- manufacturers or traders who mix products from numerous suppliers increase risk and the difficulty of traceability
- stable supply chains where the companies at different tiers don't change are less risky than more fluid ones where companies buy from different sources at different times.

There are several points in the supply chain when non-compliant cocoa may be laundered, with the highest risk being at the farm level. To mitigate this risk, robust safeguards must be implemented to prevent cocoa blending. This entails, for instance, ensuring that farmer cooperatives conduct assessments of the production area they cover, including checking yields on a seasonal basis and double checking volume information in sale receipt. Moreover, companies procuring cocoa from cooperatives should ensure strict segregation of fermentation systems, drying processes, and storage facilities to uphold integrity throughout the supply chain.

RISK MITIGATION

Effective risk assessment will result in a classification of products, suppliers and supply chains by the degree of risk: those found to be not "no or negligible risk" must be flagged for risk mitigation.

The EUDR requires that operators adopt “procedures and measures that are adequate to achieve no or only a negligible risk” **[Article 11.1]** and provides general examples of what these could include (e.g., additional information gathering, audits, surveys). It also requires “adequate and proportionate policies, controls and procedures” and “model risk management practices, reporting, record-keeping, internal control and compliance,” **[Article 11.2]**.

What follows are either recognized good practices and in some cases WWF-recommended leadership practices, but none of them are a “green lane” for compliance.

- **As a leadership practice, require that products be certified under the leading international cocoa certification schemes.** (See Appendix 1 of the Step-by-Step Guide, section on “Credible Certification”). **We recommend that companies employ certification schemes that are either ISEAL Code Compliant (ideal) or ISEAL Community Members (at minimum). Thus, for cocoa, we recommend the use of Rainforest Alliance segregated as well as Fairtrade segregated.**
- These standards incorporate safeguards within their segregated and identity-preserved models, effectively reducing the risk of cocoa mixing and consequently, the presence of non-compliant products entering into the EU market. These schemes also require their members to implement mitigation measures, particularly through the development of farm management plans based on farm-level risk assessment tools.
 - As noted, EUDR does not recognize certification as “green lanes” for compliance: just because a product is certified, does not mean that it is automatically deforestation- and forest-degradation free and legal. However, the controls built into these schemes (e.g., third party auditing, stakeholder consultation) provide a higher level of assurance than do many other mitigation measures.
- **As a leadership practice, require that suppliers use collaborative approaches that can catalyse a unified process and concerted effort towards establishing traceability systems and safeguards aimed at minimising the risk of cocoa mixing.** (see Appendix 1 of the Step-by-Step Guide, sections on “Collective Action” and “First Mile Approaches”)
- In the cocoa sector, there has been a proliferation of transparency instruments, including databases, traceability platforms, interactive maps, and independent monitoring organisations (see Appendix 1 of the Step-by-Step Guide, section on “Digital Supply Chain Management Tools”). **Use of the more robust tools can be a leadership practice** (see this [study](#)¹² published by FCCI and Nitidae which presents the different solutions that cacao-producing peers have in the market to comply with the EUDR). Cocoa and chocolate companies have mapped numerous geographic locations from which they directly source their cocoa. Simultaneously, national monitoring and traceability systems are nearing completion stages in both Ghana and Côte d’Ivoire, with Cameroon also making notable progress in mapping cocoa farmers. **As a leadership practice, it is imperative for the industry to foster collaboration with governments of producing countries and contribute data to these national systems. Recognizing the invaluable role of farmers, it is also essential that they receive compensation for sharing their data and ensure they possess both access to and ownership of their data.**

¹² Benchmarking Traceability and EUDR Compliance Solutions for Cocoa. Fine Cocoa and Chocolate Institute and Nitidae, April 8, 2024

- Require that suppliers make available the traceability of the invoices, the points of purchase, the buyers (cooperatives or individual buyers), the place of purchase, and the plantation of origin of the purchased product. Verifiable payments are an important part of increasing transparency, which could help farmers and cooperatives comply with EUDR traceability requirements.
- Require that suppliers and sub-suppliers have robust due diligence systems and conduct or commission checks that they are being implemented. Conduct or commission your own field audits of suppliers' or sub-suppliers' facilities or hire a qualified party to conduct audits on your behalf. There are numerous providers who offer these services outside of the context of certification.
- Conduct desk-based checks of COC document sets to confirm that the information they provide is consistent and logical. Documents can be analysed to see if they provide evidence that the supply chain nodes connect back to the farms of origin. There are a number of providers of services related to the analysis and validation of COC documentation.
- **As a leadership practice, employ a robust supply chain management tool to follow product flows and manage documentary evidence through supply chains (see Step-by-Step Guide, Appendix 1), or develop your own.** Some supply chain management tools integrate satellite monitoring.
- **As a leadership practice, employ “first mile” approaches not included above and support their development (see Step-by-Step Guide, Appendix 1).**
- **As a leadership practice, offer support for the adoption of mechanisms that enable payments to cocoa farmers for providing sustainability data (e.g., mapping, land titles) and demonstrating progress towards EUDR compliance (e.g., no forest clearance to establish new or expand existing cocoa plantations).**
- **As a leadership practice, only work with suppliers that report publicly and have third-party verified procedures.**
- **As a leadership practice, ensure that your suppliers have public-facing grievance mechanisms in place that are accessible and anonymous, and check that they are being used.**

ADDITIONAL LEADERSHIP PRACTICES

Challenges and recommendations:

- The cocoa supply chain is complex, with many intermediaries and indirect supplies. This makes information collection and data flow along supply chains difficult, especially for geolocation data and for the “first mile” traceability between the farm and the “primary supplier:”

→ **WWF recommends that traders and operators share their geolocation information polygon maps with producer country governments and agree on how to financially contribute to national traceability systems and national EUDR information campaigns.**

→ **These challenges reinforce the relevance of “first mile” approaches that address an entire landscape or jurisdiction to tackle the root causes of deforestation at scale and/or to invest in shared traceability and monitoring outside of current farms/supply chains.**

→ Mapping should not be confined to just the farms but should include mapping of remaining forests outside of existing farms. This is necessary to be able to monitor and report on deforestation-free cocoa, as well as providing the necessary data to be able to remunerate farmers for environmental services provided for keeping forests or restoring degraded forests through agroforestry.

- Small-scale cocoa farmers, who constitute a significant portion of the industry, may not have the technical or financial capacity to meet all requirements.

→ WWF recommends that primary suppliers and their downstream customers offer financial support and capacity-building initiatives to intermediaries and farmers to help them mitigate risks effectively. Additionally, it is crucial for companies to ensure that smallholders are rewarded for sustainable and regulatory compliance.

- Despite the wide array of ecological benefits that can be achieved with cocoa agroforestry systems, the global transition from mono-cropping cocoa to diverse agroforestry systems still has a long way to go. As suggested by [Sanial](#) (2019), despite numerous tree distribution campaigns in Côte d'Ivoire, the survival rate of distributed trees is less than 2%. The [chocolate scorecard](#) also reveals that 44% of companies are still not sourcing any cocoa grown in an agroforestry setting.

→ WWF recommends that companies source from agroforestry systems and actively support the transition from full-sun monoculture to diversified agroforestry systems.

→ WWF recommends that companies provide sufficient investment (monitoring, training, education, etc.) to support farmers within the supply chain to transition to diverse agroforestry systems and train them in the latest best agro-ecological practices (for additional information, please refer to the [Cocoa Agroforestry Library](#)).

- Child Labour Concerns: The EUDR does not explicitly mention absence of child labour as a criterion for qualifying cocoa beans for their markets, except where it is illegal¹³. However, the EUDR's scope encompasses labour rights and human rights protected under international law, which includes child labour.

→ WWF recommends the design and implementation of a Child Labor Monitoring & Remediation System (CLMRS) to cover the entire supply chain. A CLMRS is only credible if a company publicly reports annually on

- Number of households covered by the CLMRS (absolute numbers, as well as percentage of total sourcing, both direct and indirect);
- Number of children in the CLMRS (absolute numbers, as well as percentage of total sourcing, both direct and indirect);
- Number of cases identified in (worst forms of) child labour;
- Number of children no longer in (worst forms of) child labour after one and two follow up visits;

¹³ Operators will need to identify which elements of the legal framework in each country of production are relevant for cocoa to be legally produced. [This report](#) (EFI, Cocoa Insight Feb 2024) highlights the status of ratification of international conventions and national provisions related to child labour and human rights in Cameroon, Côte d'Ivoire and Ghana. It also provides a list of possible documentation showing compliance with these obligations.

- **Type of support provided.**

- Calculation of the Living Income Reference Prices (LIRP). Many of the world's approximately six million cocoa smallholders live below the poverty line. Some cocoa companies do not pay farmers a fair price allowing them to earn a living income. Smallholders should be incentivized and rewarded to operate under EUDR's compliance requirements for zero deforestation.

→ WWF recommends that companies commit to a time-bound, gender-sensitive action plan to bridge the living income gap, which includes the implementation of a living income reference price system. The principle of a LIRP is that the farm gate price is supplemented by additional payments direct to farmers that bridge the remaining living income gap. This living income reference price system must be based on realistic variables (such as cost of production, yield per hectare, farm size, other sources of income, household size, and the relevant living income benchmark). This system must provide a clear breakdown between that part of the premium that goes to cover the farmer's living income gap, and those parts that cover compliance costs and running of cooperatives.

→ WWF recommends that companies regularly review and amend the level of a LIRP when circumstances change. It is recommended for companies to ensure their purchasing practices are aligned with the [Good Purchasing Practice report](#) developed by the Voice Network.

When gathering information, ask your upstream suppliers if they:

- have introduced the practice of paying living income reference prices at farm gate level.,
- provide farmers with long-term asymmetrical contracts (providing farmers more rights, while putting more responsibilities on the shoulders of the purchasing companies).
- are transparent and accountable about their purchasing practices.
- support efforts to bring farmers financial benefit, e.g., via mobile money banking, with the added benefit of major traceability improvement by tracing the money as well as the cocoa.

For additional leadership practices in the cocoa sector, WWF has developed Key Asks to [Operators](#) and Key Asks to [Retailers](#) to achieve tangible results at the pace and scale required to curb the current destruction of ecosystems and human right abuses taking place in the cocoa sector.