

# Tony's Serious Questions and Answers Book



**July 2018**



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## **Introduction**

Welcome to the big Tony's Serious Questions and Answers Book! Here you will find the answers to questions people might ask and questions you yourself might have about the more serious side of Tony's. It is meant for internal use only. Feel free to refer to it, but please don't copy and paste from it. Learn it by heart, so you have the knowledge at the ready. Then, if someone questions you over a drink, on the phone or on the train, you have all the right answers. Of course, you can always refer them to the Impact team as well. 😊

# Tony's cocoa supply chain

## What cooperatives do you work with?

Ivory Coast	Ghana
Kapatchiva	ABOCFA
ECAM	Suhum Union*
Ecojad	
Socoopacdi	

\*update: since Oct 2017 we are non-buying partners with Suhum Union, as they have lost their Fairtrade certificate and we cannot buy cocoa from them anymore. Although we are not buying we are supporting the management with local partners and the communities with the Foundation

In Ivory Coast we work with Ecookim, a union of 23 cocoa cooperatives. Ecookim has an export license. Kapatchiva and Ecojad are members of Ecookim; the others supply their cocoa through the Ocean SA export company.

We have grown tremendously in recent years.

	2014/2015	2015/2016	2016/2017	'17/'18
<i>No. of cooperatives</i>	3 cooperatives	5 cooperatives	6 cooperatives	5 cooperatives
<i>Tonnes of beans</i>	805	2,050	5,500	+/- 7000
<i>Premium paid</i>	€139,618	€406,946	(+/-) €1.2 million	€2.5 million
<i>No. of farmers</i>	930	3,200	4,500 (or more)	+/- 5.500

## How do the cocoa beans from the farmers end up in your bar?

The farmers deliver their cocoa beans to the cooperative warehouse, where the beans are put into the well-known sacks. The sacks are then transported by truck to the exporter's warehouse. In Ghana the exporter is Kumankoma; in Ivory Coast it's Ecookim or Ocean. Our international exporter, Hubert Hoondert at CocoaSource, then arranges for the sacks to be loaded into containers in the ports of Accra, Abidjan and San Pedro and to be shipped to Antwerp. In Antwerp the sacks are stored in large warehouses, until Barry Callebaut uses the beans to make couverture chocolate (liquid chocolate) for us. The couverture chocolate then goes to the factories of Althaea and of Kim's Chocolates where the actual bars are made and wrapped. Our cocoa beans are kept separate throughout this process. This ensures that the cocoa in our bars is fully traceable.



## Why do you choose to work with Barry Callebaut, when it is one of the major players that is part of the problem?

Our mission is to make 100% slave free the norm in chocolate. Not just our chocolate. No. All chocolate worldwide. To achieve this, we have to change the chocolate industry from within. And the fastest way to do it is by involving the major players and developing a scalable supply chain model. Barry Callebaut is the world's largest cocoa processor. Setting the right example with Barry Callebaut means that other players in the industry have no excuse. If we can do it, other large companies that work with Barry Callebaut can do it too. So, working with Callebaut is very much in line with our roadmap.

Through our productive and constructive partnership with Barry Callebaut, we are slowly getting them to make changes. We are also trying to inspire them to get the rest of the

industry to follow suit. The installation of our own cocoa butter tank in the factory in 2016 was a major milestone. A few months later, Barry Callebaut launched its Forever Chocolate sustainability strategy, which aims to lift more than 500,000 cocoa farmers out of poverty and eradicate child labor from its supply chain by 2025. In setting these targets, Barry Callebaut is following Tony's example. We hope to join forces in this endeavor in years to come. It's an important step in the right direction. In the meantime, we continue to keep a critical eye on Barry Callebaut.

### **Why don't you produce the chocolate or semi-finished cocoa products in Africa? Wouldn't that be better for the local economy?**

As far as we are concerned, local chocolate production is not an option. Firstly, because chocolate melts. So it would require massive cooling systems in the factory and refrigerated transport. This would consume a ridiculous amount of energy, which is bad for the environment. The heat would also have a negative effect on the quality of the chocolate.

Local production of semi-finished cocoa products (such as powder for the chocolate milk) is a more realistic option, but it is not as straightforward as it might seem. In Africa, these kinds of factories are often owned by Barry Callebaut and Cargill, and then situated in tax-free zones. So they generate little, if any, additional income for the local economy. Not only that, because cocoa processing is labor extensive, it doesn't generate much employment.

Having said this, in season 2017-2018 we have succeeded to produce the our full volume of the semi-finished cocoa cocoa butter in Abidjan, Ivory Coast. The added value in this is that we use mid-crop beans, that farmer normally cannot sell for premium prizes. Now they can. This means that we extent the season there therefore the income period of the farmers.

### **Help! There are warnings of a cocoa shortage. What are your thoughts on this?**

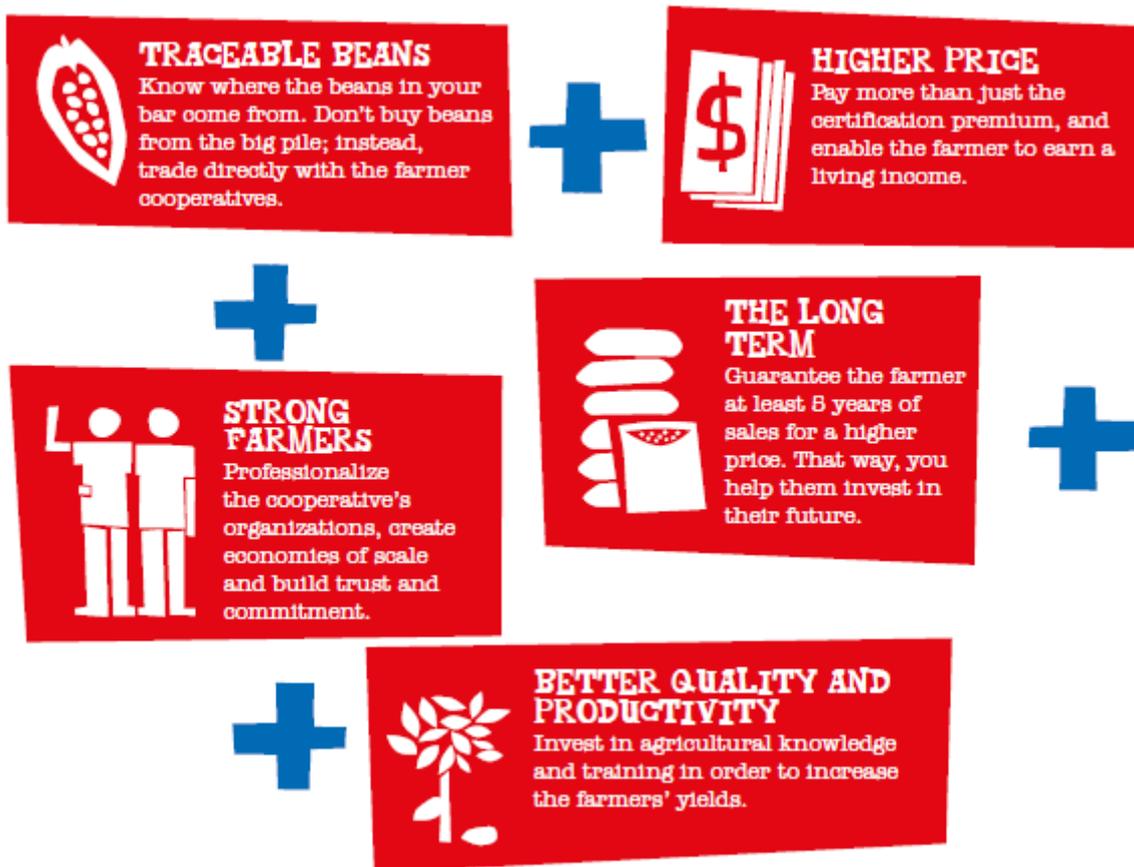
Firstly, there are two sides to the story. Demand for cocoa is growing worldwide as more chocolate is being eaten in emerging economies such as China.

But it's difficult for cocoa farmers to increase production. Many of them are elderly and the cocoa trees on their plantations are old. There's a great deal of poverty and very little knowledge of better farming methods. Soil erosion and climate change increase the risk of poor harvests. And all this is compounded by the fact that it's impossible to earn a decent living from cocoa, since the price paid for it is too low. So few members of the next generation see cocoa farming as an appealing career prospect.

However, we hope the situation has now reached a point where it can no longer remain unaddressed. It's time to take action. Hopefully, the trends in the market will force the major players to be more proactive, because their own cocoa supply is at stake. We are glad to see climate change increasingly being taken into account. But climate change initiatives have yet to have any real impact. We believe more is needed. So we have developed 5 Principles of Cooperation: pay a fair price, trace the cocoa bean, stand stronger together as farmers, improve quality and productivity, and go for the long haul. Paying a fair price is essential, because at the moment farmers don't have viable business prospects

**But don't worry: there won't be an acute shortage. There is a large enough supply of cocoa beans (at the port of Amsterdam and in other places) to bridge any shortages in years to come.**

## How do you work with the cooperatives? (How do the 5 Principles of Cooperation work in practice?)



### **Traceability: do you know the exact origin of the beans in all of your chocolate bars?**

No. It is not possible to work out which farmer supplied the beans for a particular bar. But we do know that all of our beans come from cooperatives with which we have long-term relationships. And that the farmers benefit from our principles. Our software system Beantracker tell us which cooperative the beans in each container come from. In the future, Beantracker will also contain social and productivity data, so we can see at a glance where our cocoa comes from and what the conditions are like for the farmers who grow it. That way we will also know where we need to be especially alert to the risk of child labor. This is very important, because it will enable us to create a fairer supply chain. In January 2017, we started implementing the Child Labor Monitoring and Remediation System (CLMRS) developed by ICI and Nestlé, so we can monitor the risk of child labor more closely at the partner cooperatives and intervene more effectively. The CLMRS is currently running in all communities that we source cocoa from. Should any case of child labour be found, the CLMRS also ensures immediate remediation.

## **Are you the first or only chocolate maker that can trace the origin of the beans in its bars?**

No. There are other bars out there made with traceable cocoa. Most are niche products (sold for example by specialist shops and chocolatiers), organic chocolate and bars made with South American cocoa. But ours are the first bars made with a blend of traceable Ghanaian and Ivorian cocoa sold in Dutch supermarkets. We want to show that it is possible for 'mainstream' chocolate to be produced in the right way. We also source our cocoa as certified beans that are kept separate from non-certified beans (this is referred to as 'segregation'), rather than using the 'mass balance' approach. Mass balance means that when you buy a bar of chocolate labelled as certified, you know that somewhere in the world a cocoa farmer sold the equivalent quantity of certified cocoa beans. But they were not all used to make your bar, which might also contain non-certified cocoa beans. The argument is that it makes no difference to the cocoa farmers; they are able to sell their cocoa as certified cocoa. We don't agree with this. We believe in assuming responsibility for the whole supply chain, rather than just buying from the big pile. So we maintain direct, long-term relationships with the cocoa farmers we work with and we have a segregated supply chain, so our cocoa is traceable throughout the chain. However, we are the first chocolate maker to sell bars made with traceable cocoa butter in supermarkets.

## **Strong farmers: How do the cooperatives work? Can any farmer become a member?**

There are several advantages to being a member of a cooperative. It represents the interests of the members as a whole and gives them a louder voice in the market. The members of a cooperative also benefit from economies of scale, such as pooling of production resources, facilitation of training, and regulation of payments received by the farmers.

A good cooperative is democratic. It is run by a board of experienced and successful cocoa farmers elected by the farmers, and there is a manager who is responsible for daily operations. Once a year, the cooperative organizes an annual meeting to review progress in the last year, present prizes to the best (young) farmers, and explain the finances and the allocation of the premium. The members have an opportunity to ask questions. Needless to say, there is always a delegation from Tony's present at these annual meetings.

A cooperative is only as strong as its board and members. Sometimes the farmers elect board members who have no experience and little, if any, education, so they are not capable of running the cooperative. However, because we have a long-term relationship with the cooperatives, we are able to monitor this. We also support the board members through local partners (such as SED Consult in Ghana and the regional Fairtrade office in West Africa), who educate them in management and finance.

Things are far more difficult for cocoa farmers who are not members of a cooperative. They do not benefit from economies of scale, they are not recognized in the market, and they are forced to sell to the first buyer, so they may receive a far lower price for their cocoa.

**Long term: How do you determine whether a cooperative is a suitable partner with which to forge a long-term relationship?**

When we start working with a new cooperative, we treat the first cocoa season as a trial period. If everything goes smoothly and we see sufficient potential for effective collaboration, we issue a 5-year contract.

Incidentally, we don't only maintain long-term relationships with the cooperatives we work with. We also seek to build long-term relationships with our suppliers and local consultants.

**There is widespread corruption in countries such as Ghana and Ivory Coast. How do you deal with this? How can you be certain that the money ends up in the right hands?**

Because we build long-term relationships with the cooperatives and have a great deal of direct contact with them, we get to know them well. We visit the cooperatives we work with around 8 times a year and are the only chocolate maker that does this. It makes it easier to prevent corruption and/or fraud. For example, traders sometimes use weighing scales that have deliberately been tampered with, so farmers receive less than they should for their cocoa. So the weighing scales used by the cooperatives we work with are inspected and calibrated on a regular basis. And we pay frequent visits, so, in principle, the scales are always correctly balanced. If a pair of scales is not correctly balanced, it's not long before we find out and address the matter with the farmers and traders so it doesn't happen again.

On top of that, the payment of the premium is celebrated with a ceremony at the cooperative that all the farmers can attend. The allocation of the premium is explained at the annual meeting where the farmers can ask questions and express their opinions.

We do this to ensure that everyone knows how the premium is being used. It also ensures that the farmers are involved. In 2017-2018 around 2,5 million euros of additional premium will be paid. That is a huge amount of money, and therefore we are working together with Fairtrade, the certification body that is auditing the cooperatives anyway, to see if they can do an additional check on the allocation of the Tony's premium.

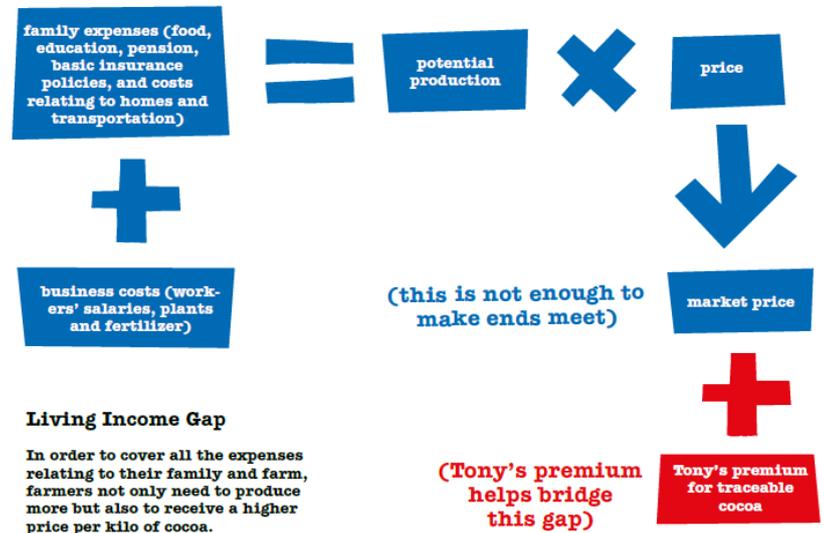
## **Higher price: You say you pay ‘a fair price’. How does that work?**

In both Ghana and Ivory Coast the cocoa industry is regulated by the government. This means that the government is buying the cocoa from farmers, and selling it on the international market.

The farmers are guaranteed a fixed price for their cocoa. This is the standard ‘farmgate’ price set by the Ghanaian and Ivorian authorities, which differs from one season to the next. For the ‘17/‘18 season, the farm gate price per kilo of cocoa

Ghana: \$1,91 (\$1.910 per ton), 8,59 Ghanaian cedi

Ivoorkust: \$1,27 (\$1.270 per ton), 700 CFA (NB: compared to last year this is a direct decrease of the farmer income by 37%!)



The farm gate price is the basic price that a farmer will get guaranteed for his cocoa. In addition to this, the farmer may receive a premium such as the Fairtrade premium.

The farm gate price is based on the market price, which fluctuates according to the world market. This year there was a sharp drop in the market price for cocoa. As a result, the farm gate price in Ivory Coast is around 37% lower than it was last year. The authorities officially announce the farm gate price every year on 1 October.

In addition to the market price, we pay a premium for *each tonne* (= 1,000 kilos) of cocoa. This premium consists of 2 components: a \$200 Fairtrade premium and an additional, flexible Tony's premium.

The Tony's premium is based on the principle of a living income, because we believe cocoa farmers should be able to make a decent living. It is flexible, because every year, we have a critical discussion on if the premium still covers a living income for the farmer in the coming season. Should variables change in the living income model, this might affect the amount of the additional Tony's premium.

We developed the model we work with in consultation with experts. They supply the input that enables us to calculate a living income in Ghana and Ivory Coast. Once we've done that, we can calculate our premium. The model is constantly being refined. For example, now we know that farm gate price in Ivory Coast is significantly lower, we will adjust to factor this into our model. And the other way around.

The premium is allocated in a number of ways. A certain percentage is issued to the farmers in cash, because we believe the farmers should derive direct benefit from producing cocoa for Tony's. The rest goes to the cooperative, which invests the premium in ways that indirectly benefit the farmers. It might be used to provide training on how to increase productivity, or it might be used to purchase production materials or new cocoa plants that go straight to the

farmers. The cooperative also helps the farmers by using the premium to buy fertilizer in bulk and to make medical care and education more accessible.

### **What do the farmers get paid per bar?**

Approximately 10% of the retail price of a bar of Tony's Chokolonly goes straight to the farmers – as direct payment and in the form of support provided to the cooperative and projects run by the Chokolonly Foundation. Now that we are using traceable cocoa butter, the additional Tony's premium has increased, so the percentage that the farmers receive is slightly higher. This is why, at the beginning of 2017, we increased the price of our bars for all our resellers. (These changes have not yet been reported in our annual FAIR report.) The overall cost price of our cocoa beans also includes payments to local and international traders, taxes and things such as transport and storage. It costs approximately 16.5% of the retail price of a bar to turn the cocoa beans, sugar, milk powder and inclusions into the most fabulous wrapped chocolate bars. On average, 53% of the retail price goes to Tony's Chokolonly and the reseller. In the breakdown, our gross margins are combined with theirs, since we don't know their breakdown of costs and profit margin percentages, but we do know ours. (Stands to reason, doesn't it?) Our overall costs include development of new flavors, taxes and expansion into new markets. Last year, 3% of the net profit on the average retail price of a bar sold in the Netherlands went to Tony's Chokolonly.

Having said all this, it is important to note that a milk chocolate bar 'only' contains 32% cocoa. So the amount the farmers receive per bar is not really the best indicator. The additional premium we pay for the cocoa beans gives a better idea of the extra we pay the farmers, because we pay it directly to the cooperative, so it doesn't involve all of the other factors mentioned above.

### **Productivity: Are the farmers who supply cocoa for Tony's actually living above the poverty line?**

Not necessarily. There is responsibility on both sides. The farmers need to be paid more for their cocoa but they also need to increase their productivity. At the moment, on average, cocoa farmers produce approximately 40% to 50% of what they could produce with the right knowledge and resources. We believe that, with the right motivation, knowledge and resources, farmers can produce 800kg/ha, and our premium is calculated accordingly. But, in reality, many farmers are not doing this. So, even with our premium, they are not yet earning a living income. That's why, at the moment, increasing productivity is our top priority, and we are encouraging the cooperatives to use the premium primarily to increase productivity. Investing in production resources, teaching the farmers how to use chemical fertilizer and prune cocoa trees, and planting new cocoa trees will improve quality and productivity. And, hopefully, that will motivate the farmers. Of course, we know this won't happen overnight: that's why we build long-term relationships.

### **How do you ensure that the cocoa beans you buy are always of the right quality?**

In principle, our cocoa beans always come from the same place and the flavor is very similar from one year to the next. Inferior cocoa beans are filtered out during quality inspections at source. There is no premium for this. Random samples from sacks of cocoa stored in the warehouses are inspected in Ghana and Ivory Coast and by Barry Callebaut in Belgium. Our recipe uses a specific ratio of Ghanaian and Ivorian cocoa beans. For example, our cocoa

butter is extracted from 100% Ivorian beans, while our cocoa mass contains approximately 70% Ivorian and 30% Ghanaian beans. This ratio can be adjusted if, for example, the harvest in either country is disappointing. At each step of the processing operations there are quality standards that have to be met. Among other things, the cocoa must be properly dried after fermentation.

**Isn't it true that the best cocoa comes from South America rather than Africa? You say you are crazy about chocolate and want to make the best-tasting chocolate..**

Well there's no accounting for taste. ;) And yes, there are different varieties of cocoa. Products produced for the mainstream market are generally made with hybrids (crosses of different varieties). Hybrids often have a less pronounced flavor. But, actually, the flavor of chocolate depends more on the care with which it is made than the variety of cocoa you use. When chocolate has been made with care, you can taste it. In other words, the way the beans are milled to create cocoa mass and pressed to create cocoa butter affects the flavor just as much as the variety. In dark chocolate you can taste the difference more than in milk chocolate because it contains a higher percentage of cocoa.

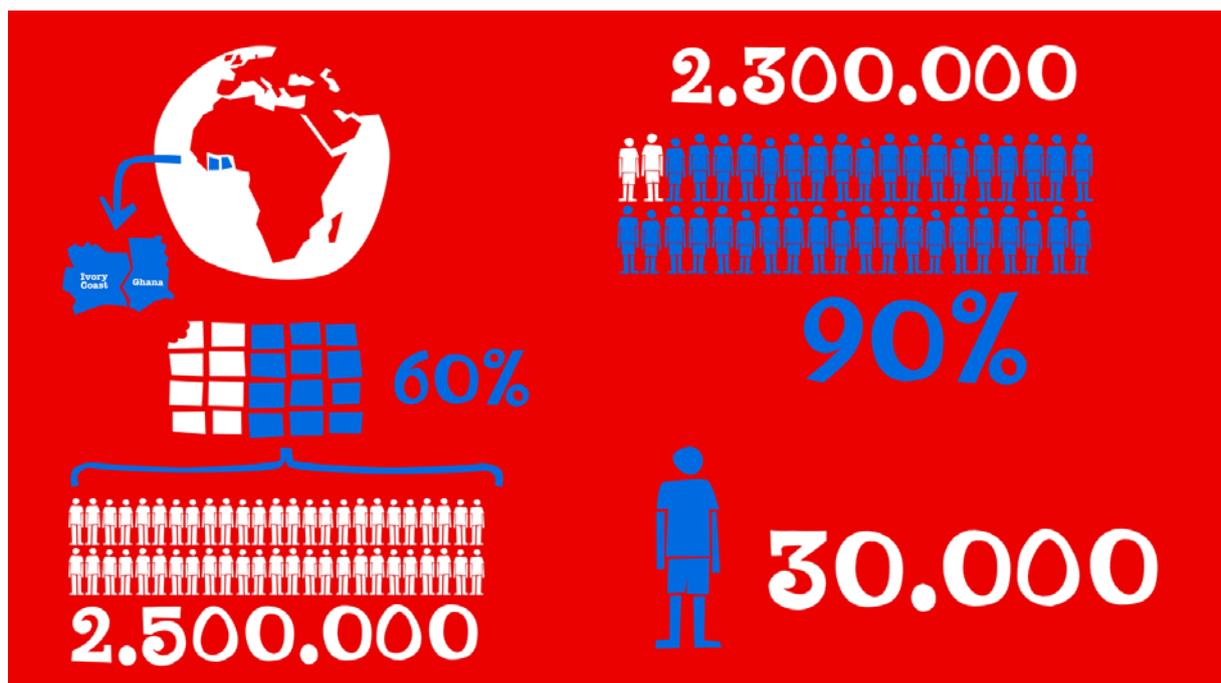
# Slavery and child labor

## How do you define slavery?

We regard all forms of forced labor and exploitation, including the worst forms of child labor\* (which are not acceptable under *any* circumstances), as modern slavery. \*For the experts, that is any child outside of the immediate family.

Since there is no international consensus on the definition of slavery, we have come up with our own working definition, which is based on definitions used internationally. Whenever we talk about slavery, this is the definition we use. The figures in the following illustration are simply an estimate. There have been no detailed studies on the situation in the cocoa industry for a long time. So via the Chocology Foundation we have helped Tulane University in Louisiana and the Walk Free Foundation conduct research on modern slavery and child labor in the cocoa industry. The results were published in July 2018:

<https://www.miragenews.com/high-forced-labour-risk-in-cocoa-industry-needs-to-step-up/>



## Do you guarantee that your chocolate is 'slave free'?

While we are doing everything we can to prevent slavery and child labor, we are also realistic. We cannot guarantee that our chocolate is '100% slave free'. Firstly, we cannot be there to monitor the cocoa plantations 24/7. Besides, we don't believe in that kind of monitoring. And our ambition extends beyond our own bar: we want to change the whole industry. Only then can we talk about '100% slave free'. So we chose the problem.

We could also have chosen the easy way out. To easily claim that we are 100% slave free, we could leave West Africa and source cocoa from other areas where there are no bad conditions and where exploitation is not an issue, or we could start or own, fully controlled plantation. However, then nothing would change for the 2.5 million cocoa farmer families that are being exploited in Ghana and Ivory Coast.

But walking away is not an option for us. So we continue to work in areas where problems with illegal child labor and modern slavery are the biggest, and also where the big choco-giants buy their cocoa. We show that making chocolate can be done differently. Tony's Open Chain is a scalable business model with 5 sourcing principles. We have direct, long term and equal business relations, in which we pay a higher price and work together on professionalization and increasing quality and productivity. By now we know that there are no recent cases of modern slavery found at our partner cooperatives, but illegal child labor remains an issue.

The only route towards our mission of a 100% slave free chocolate is not only our own chocolate, but all chocolate world wide. System change is needed for that. The current system is driving inequality and does not fit anymore. We need to get together and set the new rules of the game with all players in the cocoa industry. In order to make 100% slave free and no child labor the norm in the chocolate sector, and not the exception as it currently still is. We cannot do this alone, but together we can. Everyone in the chain has a responsibility to take.

Needless to say, we keep a close eye on our supply chain. With the CLMRS, Fairtrade certification, direct, personal and long-term relations we can monitor how things are going at our partner farmers.

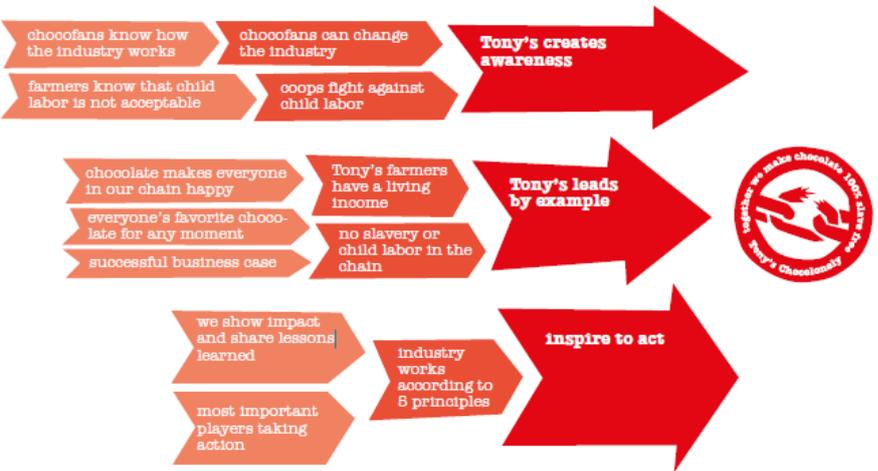
We are confident that there is no forced labor within the cooperatives we work with. While many signs suggest that forced labor is still an issue, especially in the region of Ivory Coast where the farmers we work with are located, it does not occur within the partner cooperatives. From the CLMRS we learn that child labor is still an issue at our partner cooperatives. However, this might sounds strange, but we are happy that the system is finding child labor. Often it is hidden, but only if you manage to find child labor, you can take responsibility and do something about it.

**How are you working toward a slave free chocolate industry? → our roadmap**

Our roadmap points the way to a slave free chocolate industry.

Tony's creates awareness

We want to make all chocolate lovers aware of inequality in the cocoa sector. If retailers and consumers make demands and actively



ask for fair chocolate, chocolate makers are more likely to take responsibility for making it happen.

### Tony's leads by example

We lead by example and prove that it is possible to make chocolate differently. We invest in long-term relationships with cocoa farmers, make fairer price agreements and train cocoa farmers to improve their crop yields and their organizations. We make chocolate with traceable cocoa.

### Inspire to act

We inspire others to take action, and we are actively looking for partners to follow our model. We are increasing the pressure on the industry through dialogue with politicians, NGOs and science.

Our roadmap is described in detail at the back of our annual FAIR report.

### **What do you mean when you say 'together we make chocolate 100% slave free'?**

Our mission is to make 100% slave free the norm in chocolate. Not just our chocolate. No. All chocolate worldwide. To achieve this, we need to change the industry. Making our own chocolate bars is not an end in itself, but a means to show that it is possible to make slave free chocolate and still be a successful growing company. We have developed an inspiring scalable model and are leading by example. But we can't get others to follow our example on our own – we need chocolate fans, retailers, the media, politicians and many other stakeholders to join the fight. Hence the slogan 'together we make chocolate 100% slave free'.

### **When will you change the wording on the label to '100% slave free'?**

As explained above, before we can change the wording on the label, we need to be certain that the problem no longer exists anywhere in the industry.

### **The beans used for your chocolate are grown by your 'own' farmers, so why isn't it '100% slave free'?**

See the answer to the second question in the section on Slavery and child labor.

### **Isn't your slogan a bit naive and more of a marketing tool than a core value?**

Tony's Choclonely was founded by the makers of 'Keuringsdienst van Waarde', a Dutch television program that features critical investigative journalism. The program exposed the fact that slavery is still common in the cocoa industry. The makers of the program decided to fight slavery in the cocoa industry. This led them to set up this chocolate company. In other words, Tony's is only a means to achieve the goal of 100% slave free chocolate. Our slogan might come across as somewhat arrogant and naive, but we are wholly committed to it. It is certainly not just an empty marketing slogan – it is sincere. We are doing everything we can to make the claim on our wrapper a reality. We take one (small) step after another and we are confident that, together, we can make it happen.

## **What are you doing to eliminate slavery and child labor on the plantations?**

See earlier answers, in particular the answer to the second question in the section on Slavery and child labor. Our 5 Principles of Cooperation help to eliminate the need for child labor and slavery. We have implemented the Child Labor Monitoring and Remediation System (CLMRS), which helps us identify (the risk of) child labor and set up remediation programs. And the Chocolonely Foundation finances projects in the communities, such as setting up a school fund and building school toilet blocks. There is more information about this on page 24.

## **What is the difference between child labor and slavery?**

There is no international consensus on the definition of modern slavery. What some call slavery, others call forced labor or 'slavery-like work'. Some confine it to human trafficking, but many organizations include the worst forms of child labor, as defined by the International Labor Organization. When it comes to slavery, one thing is certain: it always involves exploitation or forced labor. We regard all forms of forced labor and exploitation (including the worst forms of child labor, which are not acceptable under *any* circumstances) as modern slavery. No matter what you call it or how you define it, it is not acceptable, it is illegal and it has to stop.

There is a difference between child labor and child work. Child work is permitted. It's a bit like having a job after school. In this instance a child might work on their parents' plantation after school. They don't work full-time. They work a few hours a day during the harvest season and their education doesn't suffer as a result. Child labor is not permitted under *any* circumstances. It involves hazardous work and/or prevents a child from going to school. Child labor is always illegal.

## **Child labor is not permitted, but how do you know that children who don't work actually go to school? How do you monitor that?**

Education is compulsory in Ghana and Ivory Coast. This means that the authorities are responsible for monitoring school attendance. However, the law is rarely enforced, especially in areas where there are very few schools. So while we cannot officially monitor school attendance, we can get the cooperatives to complete questionnaires that ask how many children go to school. And the new Child Labor Monitoring and Remediation System (CLMRS) will collect data on each family. We also support projects that raise awareness about the importance of education in the cocoa farming communities we work with, and the Chocolonely Foundation finances the building of schools and facilities such as school toilet blocks, so girls can also go to school.

## **What do you do if you find child labor or slavery on one of your plantations?**

If we discover child labor, which is always illegal, we immediately raise the matter with the cooperative in question. It is important to note that the child labor we find is usually unintentional – the farmers are often not aware that there is a problem. We give the cooperative and the farmer only one chance to rectify the situation and ensure that it never happens again. Our 5 Principles of Cooperation help to create conditions that eliminate the need for child labor. We think carefully before terminating a partnership, because we believe in building long-term relationships. We want to work with the farmers to put an end to slavery. So the farmers need to feel that they can discuss the matter. That is also the goal of

the CLMRS. If a cocoa farmer or a cooperative knows that the discovery of child labor will lead to immediate decertification and termination of the partnership, they won't speak about it openly, even if it's happening.

When it comes to human trafficking and forced labor we have a zero-tolerance policy. We terminate the partnership immediately.

**Aren't you just shifting the problem? Surely, children who can't work in the cocoa industry and can't go to school will end up in another industry, such as the palm oil, rubber, fishing or gold mining industry, where they are even worse off..**

It's true that child labor is as much if not more of a problem in these industries in the countries where we work. However, we are not just trying to eliminate child labor. In fact, we don't actually forbid it. But by applying our 5 Principles of Cooperation we help improve the living conditions of the cocoa farmers and eliminate the need for child labor. At the moment, some farmers feel they don't have a choice. So with the CLMRS we want to raise awareness in the communities. What is safe work that children are permitted to do after school? And what kinds of work are children not permitted to do because it's dangerous for their development? Why is education so important? We also want to make sure that there is a choice. Most parents in Ghana and Ivory Coast want the best for their children but sometimes they don't see any alternative to letting their child work on the farm. They may feel that their child is better off working on the plantation with them, than to be alone at a school 30 km away. In instances such as these, we can help by building a local school through the Chocolonly Foundation.

### **What about your milk powder?**

Currently the milk powder in our milk chocolate bars comes from Europe, Iceland and New Zealand. Barry Callebaut adds it from 'the big pile' to our bars. It is not non-GMO. This is not our preferred situation. Therefore we are currently exploring options for a more sustainable alternative for the milk powder. Ideally, we want traceable milk powder, non-GMO and CO2 neutral. That is not easy, because changing to different milk powder might affect the taste of our chocolate, and we do not want that. Also, we need cooperation from Barry Callebaut, as it will concern an adjustment in their factory. Lastly, it should fit in the costs. To be continued!

### **Cows are slaves too!**

Tony's vision is 100% slave free chocolate. This is a long road, since we do not only mean our own chocolate, but all chocolate worldwide. We never claim to be a 100% slave free. To achieve that we focus on impact we can make in cocoa in West Africa. And there's enough to do! Of course we are aware of issues in dairy farming, especially when it comes to animal wellbeing. However at this moment we do not have the capacity to go as far in milk as we go in cocoa. We do have a clear agenda and have set our wishes and demands for all other ingredients as we want to be more sustainable on all fronts. We'll work hard on this the coming years. The good news is, the faster we grow, the faster we will be able to realize this mission. Are you in? 😊

# Certification

## **What does certification actually entail?**

Certification means that an independent party has determined that the farmers and other companies in the supply chain operate in accordance with internationally recognized minimum standards. In other words, Fairtrade doesn't make and sell its own chocolate. The Fairtrade mark is a seal of approval awarded to existing products that meet its standards. There are several certification systems that operate under different names. There's Fairtrade, UTZ Certified, and Rainforest Alliance. All three work in more or less the same way. None of them allow illegal child labor and all insist on farming practices that respect the environment. They differ mainly in terms of their vision and history. Fairtrade believes that farmers are stronger when they join forces and that farmers deserve a better price. So Fairtrade farmers must be united in a cooperative, which receives a fixed premium in addition to the farm gate price. Rainforest Alliance works with independent farmers and places more emphasis on conservation of the environment. UTZ also works with independent farmers and focuses more specifically on the professionalization of the farmers and increasing their productivity. Yet despite these different approaches, the certification requirements are very similar. All three systems address social factors (including child and forced labor) and economic and environmental development.

(Max Havelaar = Fairtrade Netherlands)

## **What do you think of the merger between Rainforest Alliance and UTZ?**

We think it's a good thing. We advocate more cooperation between certification bodies and we welcome the development of a code. The merger will also make life easier for the farmers, because now they don't have to undergo two audits. As we have explained, Fairtrade occupies a different position in the market, so, for the moment, it's not involved in the merger. Nevertheless, we will continue to encourage Fairtrade to cooperate with the new Rainforest Alliance as much as possible. We review our certification strategy every two years. For now (2017), we are sticking with Fairtrade, but we will keep a close eye on the development of the Rainforest Alliance over the next few years. If we reach a point where we feel that it's more closely aligned with our mission, we will seriously consider changing our certification strategy.

## What does Fairtrade certification in the cocoa industry guarantee?

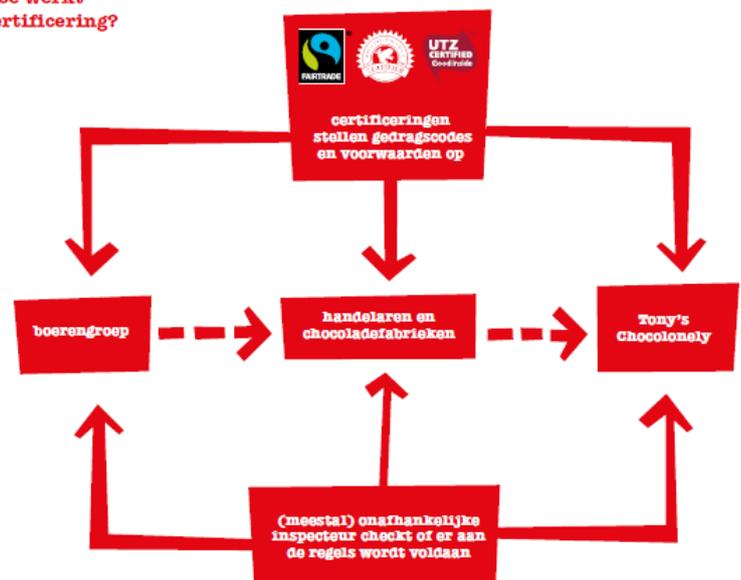
Fairtrade certification always guarantees a minimum price, which consists of the fixed farm gate price (in 2016/2017 this is \$1.91 per kilo in Ghana and \$1.88 per kilo in Ivory Coast) PLUS the fixed Fairtrade premium (\$200 per tonne) to be spent as the cooperative sees fit. Fairtrade also evaluates production conditions to ensure compliance with Fairtrade standards (see <http://www.flocert.net/fairtrade-services/fairtrade-certification/compliance-criteria/>). And lastly, to qualify for Fairtrade certification farmers have to be a member of a cooperative, because it gives them strength in numbers and a louder voice in the market.

The Netherlands holds itself to far higher standards than other countries and is leading the way in the cocoa industry. Fairtrade and UTZ are both Dutch initiatives. At this point, the Netherlands is the only country to stipulate that all cocoa must be certified by 2025. Discount retailers, such as Aldi and Lidl, are also committed to meeting this objective. At the moment, approximately 12% of the global cocoa production is certified.

## How is compliance with Fairtrade standards monitored?

Fairtrade works in partnership with FLOCERT, which acts as an independent audit and certification body for Fairtrade standards ([www.flocert.net](http://www.flocert.net)). Any cooperative can apply for Fairtrade certification. FLOCERT will then conduct an audit to determine whether the cooperative is eligible for certification, or if parts of the supply chain need to be changed. Cooperatives that embark on the certification procedure go through a 3-year process that involves a minimum of two audits, one of which is the renewal audit. To remain certified, the cooperative must pass the renewal audit every year. See <http://www.flocert.net/fairtrade-services/fairtrade-certification/how-it-works/> for details. Certification requires a significant investment in terms of time and money on an annual basis, but the cooperatives also benefit considerably.

Hoe werkt certificering?



## Why do you choose to work with Fairtrade rather than UTZ or Rainforest Alliance?

When Tony's began, Max Havelaar (Fairtrade Netherlands) was the only organization seeking to promote fair trade and better living conditions for cocoa farmers. Also, as a certification system, Fairtrade is most closely aligned with our mission, because it guarantees a minimum price and works with cooperatives, which give farmers a stronger voice in the market. Having said this, as far as we are concerned, certification is simply a starting point: the first step on the way to a fair supply chain. Our decision to work with Fairtrade doesn't mean that other certification systems have less impact; they simply have a different focus.

## **Why do you feel that Fairtrade certification is not enough?**

Certification is a good start, but far more is required to enable significant development. Fairtrade is a code of conduct that creates conducive conditions, but it is not an executive agency. In other words, the focus is on compliance rather than international development. The audits conducted by FLOCERT are not concerned with impact; they simply assess compliance with Fairtrade standards. Furthermore, certification does not guarantee the absence of abuses in the industry. That's why we developed our 5 Principles of Cooperation, which are operative and designed to have a social impact. However, the role of the Fairtrade movement is changing. It is increasingly expected to contribute to development rather than simply acting as a monitoring body.

Besides, we also want companies to assume responsibility for their supply chain, rather than simply hiding behind a certification mark on their packaging.

## **All Fairtrade chocolate brands display the same certification mark. What makes you any different?**

The difference is that we see certification as a starting point, rather than an end in itself. Unlike many companies that hide behind certification, we assume responsibility for our supply chain. We do this through our 5 Principles of Cooperation (particularly ensuring traceability, building long-term partnerships and paying an additional premium). We also do it through the Choclonely Foundation, to which we donate 1% of our revenue.

We are also a critical member of the Fairtrade movement. For all its high principles, there is always room for improvement. We believe that many of the Fairtrade standards are not being complied with in the right way. We also feel that the requirements do not go far enough and that there is not enough demonstrable impact. We are working closely with Max Havelaar to improve this. Other chocolate brands simply want to be able to display the Fairtrade mark. They believe the logo guarantees that their supply chain is in order. But this is by no means the case.

Since consumers generally assume that products with the Fairtrade mark are ethical, many companies feel that Fairtrade certification is enough. They see no reason to do more. Yet, at the same time, the Fairtrade mark is the most widely recognized ethical label that provides consumers certain guarantees. So the credibility of the label is crucial. That's why we are working with Fairtrade in the fight for slave free chocolate.

## **What about the other ingredients in your bars?**

Please note! Ingredients are components of couverture chocolate and/or chocolate milk. Additions such as nuts and caramel are referred to as inclusions.

Tony's Choclonely was set up to eliminate slavery in the cocoa industry. So our sourcing policy makes social issues a priority. Our cocoa comes from regions where most of the world's cocoa comes from. This is also where the problems in the industry are most acute. We want our bean to bar model to change the industry.

As far as our other ingredients are concerned, we aim to buy Fairtrade-certified ingredients through the mass balance approach wherever possible. We also want to know the country of origin, because we want to ensure that our ingredients come from slave free sources. This

means that, even though we use mass balance sugar, we are confident that our bars do not contain any non-Fairtrade certified sugar from the Dominican Republic (listed in the Global Slavery Index 2016).

When it comes to inclusions and our packaging, we want to know where the product and its ingredients or materials come from. If it's an area where social issues are rife, we choose a Fairtrade alternative, source the product elsewhere, or discuss with our supplier how we can ensure that the products we buy were ethically produced. This is written into our contract with our suppliers.

**The sugar industry is far worse than the cocoa industry. Sugar is one of the main ingredients in your bars. You are supporting an abusive industry. What are you doing about it?**

One step at a time.. It's true that there's also a lot wrong with the sugar industry. So we always buy Fairtrade cane sugar or European beet sugar.

Unfortunately, we still buy the Fairtrade sugar for our couverture chocolate from Barry Callebaut using the mass balance approach. We are not satisfied with this, because we want to know the country of origin. In 2016 we had our own cocoa butter tank installed at Barry Callebaut. Now we can start concentrating on traceable sugar!

**Why do you choose to do business with big supermarket chains, rather than companies that are also committed to creating a fairer supply chain?**

We want to inspire others to follow our example. So our model has to be scalable. By creating scale and getting mainstream retailers to improve their sustainability, we can make a real difference. By selling through the big chains, we can reach everyone and get everyone to join us in fighting for 100% slave free chocolate. Only together we make chocolate 100% slave free!

**Tony's is growing rapidly. Doesn't that mean you need to sign up far more farmers?**

Yes, but not at the same rate. First we want to help the farmers we already work with to increase their productivity. The higher the total production we can buy from our partners in accordance with our 5 Principles of Cooperation, the more convincingly we can show that our approach is scalable. At the moment, on average, cocoa farmers are producing just 40% to 50% of what they could produce if they had access to the right knowledge and resources. In other words, there is considerable scope to increase productivity. It is also important that the farmers we work with feel that we are investing in them. In doing so, we want to encourage and motivate them. We can also procure more from the cooperatives we work with. At the moment, some of them only sell part of their harvest to Tony's..

**Aren't the poorest farmers excluded because they can't afford Fairtrade certification? What are you doing about this?**

Yes, that's true. To be eligible for Fairtrade certification a farmer must be a member of a cooperative, because it enables them to develop their farming business and stand up for their rights. But most of the farmers in West Africa are not organized in groups. It is extremely difficult for poor farmers in remote areas to build up capacity and invest in cooperatives. This is a challenge not only for Fairtrade, but also for other certification systems and training

programs. To address this, at some point we want to set up a Tony's cooperative for farmers who are still operating independently.

# Chocolonely Foundation

## **What is the purpose of the Chocolonely Foundation?**

Tony's set up the Chocolonely Foundation in 2008, originally to help local journalists in West Africa increase their knowledge and awareness of poverty issues. In 2013, the object of the Foundation was updated. Its objectives are now more closely aligned with ours, so the Foundation and Tony's Chocolonely can support each other.

The Chocolonely Foundation is a separate organization that operates independently of Tony's. The Chocolonely Foundation aims to act as a catalyst in the fight against modern slavery in the cocoa supply chain. It wants to find the most effective way to tackle the problem and to inspire others to take action. It does this by investing in innovative projects, despite the higher risk of failure, and is not afraid to engage in relevant activities, where the outcomes are more difficult to measure .

To create as much impact as possible, the Chocolonely Foundation funds activities that are grouped under the following pillars of action:

1. Creating the conditions needed to eliminate slavery (in West Africa)
2. Raising consumer awareness (in the Netherlands and internationally)
3. Inspiring other relevant organizations and individuals such as politicians to take action (in the Netherlands and internationally)

## **How is the Foundation managed?**

The Chocolonely Foundation is an independent organization with an independent board that determines strategy and approves or rejects project proposals. The different backgrounds of the board members ensure that project proposals and interim reports are assessed by people with different areas of expertise. Project proposals are initially selected on the basis of criteria established by the board. Like the daily management, this is delegated to someone at Tony's Chocolonely. Definitive decisions are made at board meetings, which are held about six times a year. The board currently consists of five members: Mavis Carrilho (interim chair), Wouter van Leeuwen (treasurer), Hans Perk (interim secretary), Liedewij Hentenaar (board member) and Geert Waelkens (board member).

## **How is the Foundation funded?**

Tony's Chocolonely donates 1% of its annual net revenue to the Foundation, which uses the money to fund its activities. This is the Foundation's main source of income. The Foundation also receives donations from private individuals and organizations that share its aims. In light of our rapid growth, in the last year the Foundation has been focusing on professionalization, formulating a new strategy for the years to come and adding strong new projects to its portfolio.

## **These days most companies have a sustainability program. How is the Chocolonely Foundation any different?**

It's true that almost all chocolate companies now have a sustainability program and we are delighted that this is the case. The difference between these programs and the Chocolonely Foundation has to do with the extent to which the programs are integral to the way the company operates. We differ from other chocolate makers because we assume responsibility for the whole supply chain. We do this through our 5 Principles of Cooperation. We haven't just set up a sustainability program that is separate from the supply chain. We do it because we feel strongly about it and not just because it's expected of us. The Foundation funds projects that are relevant to the elimination of slavery. Tony's is not directly responsible for these projects.

Our work in the supply chain and the Foundation's activities in the communities complement each other in various ways. For example, we implement a Child Labor Monitoring and Remediation System to ensure that there is no child labor in our supply chain, while the Foundation funds a program that improves the quality of education and has set up a school fund that provides cheap loans for farmers, so they can pay for their child's education.

Sustainability programs are often used as an appealing marketing tool! But, in most cases, companies invest relatively little in their sustainability programs. If you say you invest a million in creating better living conditions for cocoa farmers, it sounds like a lot, but if your revenues run into billions, it's really a very small fraction. We believe the bigger you are, the greater your responsibility. Unfortunately, larger companies rarely assume relatively more responsibility in their sustainability programs. They also set up programs to ensure access to a sufficient supply of cocoa in the future. That's why many of them focus on increasing productivity.

## **How does the Foundation decide which projects are carried out?**

We focus on the farmers and cooperatives in our supply chain. We want the Foundation to broaden our reach and deepen our impact. So the Foundation concentrates on the conditions in the community as a means of eliminating slavery. People need to be aware that child labor is not permitted. At the same time, there also has to be the infrastructure that makes it possible for children to go to school.

Any project that supports the community in the broadest sense can apply for funding. There is no requirement for the project to be of benefit to Tony's.

To ensure, as far as possible, that projects have the desired effect, applications are assessed against the following minimum selection criteria:

- The project must be a step toward 100% slave free cocoa and must come under one of our pillars of action
- The approach must be demonstrably effective, innovative or distinctively different
- The results achieved by the project must be made available
- The project partner must have sound references from third parties
- The sustainability of the project must be guaranteed

Daily management is handled by someone at Tony's. The board members are independent volunteers who meet six times a year to assess the project proposals. They determine which projects are carried out

# Changing the industry

## **How are you going to ensure that the rest of the industry follows your lead?**

Unfortunately, we still do not have a decisive answer to this question. But, one way or another, we are ensuring that the rest of the industry can no longer ignore us. Our rapid international expansion will help because it makes us more visible. It is also essential that we measure and report on impact, because we want to be able to show that our method works. This will make it easier for us to 'sell' our 5 Principles of Cooperation and put pressure on others to follow our example. And since demonstrable impact will make it more difficult for others to avoid the issue, we now have our very own Impact Measurement Specialist.

## **What lobbying do you do?**

We make sure that our argument is clear and we are still learning more about how to campaign. Together with a range of experts we have conducted extensive research on all of the players in the market (from the consumer and the retailer to the NGOs and the politicians), and what they need to do to achieve 100% slave free chocolate. We want to clarify the requirements that need to be met by all of the players in the market. We want to identify new and better ways of cooperating, and we want politicians to take action.

We don't believe in standing on the sidelines. We are actively involved in the chocolate industry and show that it can be done differently. We spoke at the Chocoa Festival in Amsterdam, the Netherlands, and the Living Income Conference in London, England. We attended the strategy meeting of the International Cocoa Initiative and have held meetings with Ivorian authorities, the Dutch Embassy in Ghana and many other organizations. We also made many contacts and asked critical questions about the future of cocoa at Chocovision, an international conference for senior business leaders and key stakeholders in the cocoa and chocolate industry. We are also an active critical member of the International Cocoa Initiative (ICI), with which we are rolling out the Child Labor Monitoring and Remediation System (CLMRS). Partly as a result of our efforts, increasing attention is now being devoted to traceability and the principle of a living income in the cocoa industry.

At the start of 2017, we actively supported a petition for a bill in the Netherlands introducing a duty of care to prevent child labor. The new law requires companies to assess and address the risk of child labor in their supply chains. This is something we feel very strongly about. We wrote an open letter to the Dutch House of Representatives and urged those who love our chocolate to sign the petition, so we could present the signatures in The Hague prior to the parliamentary debate. Partly thanks to our efforts, the bill was adopted! So together we apply pressure.

### **Do you receive any support from the Dutch government?**

We have a cordial relationship with the Dutch government and are a member of the Dutch Good Growth Fund (DGGF). By providing finance and insurance through the DGGF, the Dutch Ministry of Foreign Affairs creates the conditions for development-related trade and investment in many countries. Support provided through the DGGF resulted in significant growth financing.

### **How do you deal with critical journalists such as Teun van de Keuken?**

'Outspoken' is one of our core values: Teun is the very embodiment of this core value. We consider it an asset to the company and are also very critical of ourselves. Criticism keeps us on our toes so we can keep raising the bar!

### **What changes do you already see happening?**

We are delighted that almost all of the major chocolate companies now have sustainability programs. It's also clear that this is increasingly important to the consumer. For example, Barry Callebaut recently launched its Forever Chocolate sustainability strategy, which aims to eradicate child labor, build a carbon neutral operation and lift cocoa farmers out of poverty. The company also wants to make all of its chocolate sustainable, which means that it plans to sustainably source all of its ingredients. This is very good news and it is very much in line with our objectives. However, unfortunately, it is also clear that many companies are still hiding behind certification. At most, they might have committed to ensuring that all of the cocoa they buy is certified by 2020. As far as we are concerned, certification should not be the ultimate aim. It is simply a starting point. The CocoaAction initiative is another example of organizations hiding behind strategy. And, lastly, many sustainability projects are largely show. They will never lead to structural change in the cocoa supply chain. There is no mention of a better and fairer price.

### **Who are the key players you need to convince to join you in your mission?**

Well, firstly, of course there are the chocolate giants. But stakeholders not directly related to the chocolate industry also play an important role in enabling us to achieve our mission. Take banks, for example: they can choose to finance sustainable or non-sustainable initiatives. We also feel that retailers (such as the big supermarket chains) have considerable responsibility, because they can influence consumer choice through the products they stock. And lastly, government agencies are also important allies in the fight for 100% slave free chocolate.

# Environment

## **What is your environmental policy?**

In 2020, we want people to know that when they eat one of our bars they are making a direct positive contribution to the environment. To achieve this, we have developed a carbon reduction strategy. When it comes to emissions, we make a distinction between the direct emissions of Team Tony's and the emissions of Tony's bean to bar supply chain. Since most of the emissions are generated by the supply chain, we actively invest in carbon reduction in the supply chain and seek to offset carbon with appropriate partners. As for the direct emissions of Team Tony's, we use our common sense and, if necessary, seek expert advice and/or offset partners.

### Tony's bean to bar supply chain

Although our bean to bar supply chain starts with the cocoa farmers, there we deliberately put social impact before environment impact. In Ghana we buy our beans from ABOCFA, the first certified organic cocoa cooperative in West Africa. But we are aware that organic farming does not necessarily translate into a decent income for cocoa farmers in West Africa. For organic farming to be profitable, the farmers need to be knowledgeable and professional. They also need to be able to make investments. Most cocoa farmers have a long way to go in this respect. So since organic farming does not guarantee positive social impact, we do not insist on organic cocoa. Our mission means that positive social impact must come first. Responsible farming and respect for the environment are essential in achieving this.

In the rest of our bean to bar supply chain we actively reduce our impact on the environment in several ways. Firstly, through Justdiggitt ([www.justdiggitt.org](http://www.justdiggitt.org)) and GoodShipping ([www.goodshipping.org](http://www.goodshipping.org)), we invest in appropriate and innovative carbon reduction and/or offset projects, which are directly linked to our supply chain. Secondly, our sourcing policy requires that we source all of our ingredients as responsibly as possible and minimize our impact on the environment. This means that we use locally produced ingredients, inclusions and packaging materials wherever possible. We also minimize waste and choose recycled materials for our packaging materials wherever we can. These choices are always weighed against social considerations. And lastly, we always consider the environment when choosing partners and suppliers. Kim's Chocolates, one of our co-manufacturers, is one of the greenest chocolate factories in Europe.

### Team Tony's' own activities

Our daily activities at the office, our fleet and the preparation of our lunch, for example, all generate emissions. Unlike our social mission, where we are determined to lead the way (as pioneers), when it comes to the direct emissions of Team Tony's, we use our common sense. In other words, rather than actively investing in footprint reduction initiatives, in our decision-making we always consider our impact on the environment (as smart followers). So we drive electric company cars, separate plastic waste at the office, eating no more avocado's and order our lunch from 'De Buurtboer' (our lunch supplier that works with local,

sustainable and organic producers). Compared with the supply chain, our impact on the environment is relatively small and does not justify significant investment. However, we welcome advice and are seeking potential carbon offset partners.

### **Is your chocolate organic?**

In Ghana we buy our beans from ABOCFA, the first certified organic cocoa cooperative in West Africa. But we are aware that organic farming does not necessarily translate into a decent income for cocoa farmers in West Africa. For organic farming to be profitable, the farmers need to be knowledgeable and professional. They also need to be able to make investments. Most cocoa farmers have a long way to go in this respect. We support several organic initiatives, such as ABOCFA, but since organic farming does not guarantee positive social impact, we do not insist on organic cocoa. Our mission means that positive social impact must come first. Responsible farming and respect for the environment are essential in achieving this.

### **Many farmers believe they need to use chemical fertilizers to increase productivity. But these chemicals are bad for the environment. What is your take on this?**

We always seek to balance our social mission with the impact it has on the environment. Unfortunately, we do not have all the answers. But we always strive to do no harm. We are aware that irresponsible use of chemicals is bad for the environment. In the long term, it is also bad for the cocoa farms and the farmers themselves. So our productivity programs focus on soil improvement, pruning techniques and rejuvenating the cocoa farms. Together with Soil & More (<http://soilandmore.com/>), we are currently implementing a soil improvement project with the ABOCFA and Kapatchiva cooperatives. The project teaches farmers to take and assess soil samples so they can improve their use of fertilizers. We also explain the best time to apply fertilizer and how to identify disease at an early stage so they can reduce their use of synthetic fertilizers and chemicals.

# Creating and measuring impact

## **What do you mean by impact?**

Our vision is clear: 100% slave free chocolate. To achieve this, we have developed an impact strategy that forms an integral part of our overall business strategy. We call it our roadmap. Our impact is the progress we make on our roadmap in pursuit of our mission of 100% slave free chocolate.

We have developed a set of impact goals for each pillar of action. We lead by example (among other things through our 5 Principles of Cooperation) and try to inspire others in the industry to do the same. We also try to create awareness both in the Netherlands and in Ivory Coast and Ghana in various ways.

To show that our approach works, we have to keep identifying what we have achieved. What are we doing that will bring us closer to the achievement of our vision? What results and what impact can we really claim to have achieved? This also helps us identify things we can improve.

## **How do you measure impact? What measurement methods do you use?**

We combine and analyze social, economic and environmental data and translate our findings into comprehensible reports that make policy recommendations.

### How?

For each pillar of action we have defined KPIs that can be used to evaluate the performance of our strategy. We set targets for our KPIs. Since it can be difficult to obtain reliable data, it is essential to determine which partners and measurement systems we want to work with for each KPI.

In 2017, we introduced an integrated system that monitors (the risk of) child labor, impact on income and traceability.

### A few studies we are conducting:

1. Child Labor Monitoring and Remediation System (from 2017): With this system we systematically monitor the incidence of child labor within the cooperatives that supply our cocoa and we can identify the actions needed to prevent this. Partner: International Cocoa Initiative (ICI).
2. Brand monitor: This study identifies Tony's' progress in achieving its consumer awareness objectives and provides a basis for management decisions. Partner: Insites.
3. Cooperative questionnaires: Every year, we ask the cooperatives to complete a questionnaire (with approximately 30 questions), which covers things such as productivity, sales figures, number of members and customers, and the amount of premium received. Partner: Think Data Services.
4. Baseline studies: In 2013, we conducted baseline studies at the Kapatchiva & ABOCFA cooperatives. The studies examined the socio-economic situation of the members of

the cooperatives and were conducted by Avance in partnership with local consultants (including SED Consult). We plan to repeat the studies in 2018 to see what impact our Principles of Cooperation have had.

5. Beantracker: This system enables us to trace our beans from the farmer to Barry Callebaut.
6. West African Cocoa Program (WACP) and SCOPEinsight: We analyze the cooperatives to assess the strength of the organization. The results show us where we need to provide extra support and/or training.
7. Annual Fairtrade reports produced by FLOCERT.

### **What impact do you want to have?**

We want to make 100% slave free the norm in chocolate.

And we want to do this by making people aware of the abuses in the industry, leading by example, and inspiring others in the industry to act (in accordance with our 5 Principles of Cooperation). This is our roadmap (see the earlier question about our roadmap for more details).

Create awareness: Among consumers in the Netherlands and farmers in Ghana and Ivory Coast.

Lead by example: We operate in accordance with our 5 Principles of Cooperation, our business case is successful and our chocolate is fabulous.

Inspire to act: We continuously monitor our impact. We are critical of our own performance and explain what we can do better. We are in constant dialogue with others in the industry and we keep up with developments in the industry.

### **How do you report on your impact?**

Up to and including 2016, progress on our roadmap during the previous season was described in our annual FAIR report. From 2016, we have also reported on our impact in other ways:

- As our very own Impact Measurement Specialist, Diara will prepare an annual impact report that is audited by external auditors.
- We will continue to publish our annual FAIR report, which will include parts of the impact report.
- We will also launch a new website that focuses specifically on our main impact claims.

### **Are your impact claims verified by audits or external assurance?**

Yes. An annual external assurance review is performed by an independent agency. In other words, just as an auditor evaluates financial statements every year, our impact claims are also reviewed every year.