

# Cocio Chokolademælk A/S

**This case describes how, through cooperation and dialogue with suppliers, NGOs and the certification body UTZ, Cocio has actively contributed to the promotion of human rights in the production of cocoa beans in Ivory Coast.**

Cocio has been producing chocolate milk in a small factory just outside Esbjerg since 1951. The company buys its cocoa from Ivory Coast via the major U.S. supplier Cargill, and has done so for many years.

As a company, Cocio has long been aware that there are certain risks associated with sourcing cocoa beans. Back in 2009, the company, now a part of Arla Group, decided that all cocoa purchases should be certified. The problem was, though, that just 0.2 percent of the cocoa in Ivory Coast was certified at that time.

Cocio had also signed a supplier agreement with Cargill. The agreement included zero tolerance of child labour as well as a guarantee that 40 percent of the cocoa beans for Arla's products come from farmer cooperatives. A CSR consultant from Arla has been in Ivory Coast to check the conditions on the plantations from which the company gets its cocoa beans, and it has not given cause for concern. Cocio was therefore fully confident that Cargill had the production conditions in the cocoa plantations under control.

However, this turned out to be far from the truth.

## **Revelations about the use of child labour in cocoa production**

On 16 March 2010, the film "The dark side of chocolate" was shown on Danish TV channel DR 2. The film explains how children in Ivory Coast produce cocoa beans under slave-like conditions. Trafficked children are smuggled across the border from Burkino Faso and Mali to Ivory Coast, where they work in the cocoa plantations under inhumane conditions.

The film, which was directed by journalist Miki Mastrati from the Danish tabloid Ekstra Bladet, in no way focuses on Cocio, Arla or Toms – in fact they were only mentioned in passing at the end. However, the same cannot be said of their U.S. supplier Cargill, which triggered an avalanche of criticism against all three.

In the weeks following the film, the newspapers were filled with headlines such as "Yuck – your chocolate milk sucks", "Brian Mikkelsen (the then Danish Minister of Justice): Disgusted by child slavery", "Cocio not completely child-friendly until 2012" and "Cocio linked to child labour".

Cocio – and Arla – were shaken by the revelations documented in the film. Together, the two Danish companies import 700 tons of cocoa a year from Ivory Coast through Cargill.

As a result of the film, the subsequent criticism and the uncovering of the terrible conditions in the cocoa plantations, Cocio's work with responsible supplier management was accelerated. It became quite clear to the small Esbjerg-based business that it takes a lot more than a good recipe for chocolate milk to run a modern business.

## **Cocio seeks advice from NGOs**

The question was therefore: How do we tackle this?

Cocio is in no doubt that a company has a responsibility. There is also a realistic understanding that a small Danish company in Esbjerg does not have the capacity to change very much alone. And the fact that Cocio has been part of the Arla Group since 2008 makes little difference as, from a global perspective, Arla is a relatively small player when it comes to the sourcing of cocoa.

To gain a deeper understanding of the complex conditions in Ivory Coast, Cocio contacted Save the Children Denmark and Amnesty International Denmark for professional advice on how to act appropriately in relation to the promotion of human rights and the living conditions of cocoa farmers and their children.

Neither Save the Children Denmark nor Amnesty International Denmark recommended that Arla and Cocio stop buying cocoa beans from Ivory Coast. Doing so would not change the harsh working and living conditions of the children. Instead, both NGOs recommended that Cocio should enter into a close collaboration with Cargill and local NGOs with a view to improving the living conditions of the cocoa farmers and thus eradicate child labour.

Cocio also decided to join a network under the Danish Ethical Trading Initiative (DIEH) to learn more about how best to address supplier management and human rights in order to improve conditions for the children.

### **Certification system in place**

Cocio met with Cargill to discuss the issue of child labour, trafficking and forced labour.

Together with a number of other companies and the Dutch certification body UTZ, Cargill was already well under way with the development of a certification programme to improve the living conditions of the cocoa farmers, to prevent child labour and to promote education. The programme will also help ensure the security of supply of cocoa beans in the long term.

Following the thorough screening of a number of international certification programmes, Cocio found that UTZ was working to build the most robust certification programme. It was therefore decided that the most appropriate thing for Cocio to do was to enter into a binding partnership with Cargill and UTZ.

In Ivory Coast, between 800,000 and 1,000,000 family farms have small plots of land in often remote areas of jungle. The cocoa farmers are typically very poor, and the whole family has to help with the work in order to survive. As a result, many children undertake dangerous work, or work so much that they do not have time to go to school.

Through the UTZ programme, cocoa farmers are trained in how to run their farms according to good, professional agricultural principles. The new skills they acquire enable them to improve their production of cocoa beans, making it more efficient and producing a higher yield and better quality. The UTZ programme also focuses on improving the safety of the working environment and ensuring that no illegal child labour takes place, that children can go to school and that the environment is protected through the reduction and better handling of pesticides.

The programme is monitored annually by external inspectors who check the quality of the training programme and ensure that there is no child labour and that the cocoa can be traced back to the certified farmer cooperatives. The farmers in the UTZ programme are organised into local cooperatives that sell cocoa beans directly to Cargill. The cooperatives achieve UTZ certification by attending the training programme and complying with the ethical and professional rules that are part of the training.

From 2010, it was possible to buy certified cocoa from Ivory Coast in sufficient quantities. Together with the Arla Group, Cocio decided to set some quantifiable targets for how much of Cocio's and Arla's cocoa must be certified. The target was for all cocoa used in Cocio and Arla products to be certified from the end of 2012.

This target was reached by the end of 2012, with 97 percent of all cocoa used by the Arla Group now certified. The remaining 3 percent consists among other things of organic cocoa, which cannot yet be purchased with certification.

It has been – and remains – a long and demanding process. Once a year, Cocio meets with Cargill and UTZ to evaluate the programme and assess the impact of the action.

### **Cocio's approach to CSR**

In 2010, Cocio was forced to recognise that, as an integral part of the global market mechanisms, the company is also part of a complex world – a world in which Cocio had to learn to operate in a more professional manner.

Despite having been acquired by Arla in 2008, Cocio was not yet fully integrated into the Group's CSR procedures in 2010. This has been put right, and Arla now works with an "improved programme for sustainable sourcing", which applies to the whole group and which includes risk assessment, evaluation and inspection visits.

Cocio's CSR working group still exists. The group keeps an eye on whether new circumstances arise that Cocio should be aware of. As a company, Cocio now considers itself to be more professional in how it handles CSR.

### **What did we learn?**

The management of Cocio is highly satisfied in more ways than one with how the company has dealt with the gross violations of human rights documented in "The Dark Side of Chocolate".

One of the most important lessons the company has learnt is to understand and respect the complexity of the issue of child labour in developing countries. If you are serious about improving conditions for farmers and their children, you must have both the will and the ability to understand what it is all about. Cocio therefore appreciates the advice it received from the Danish and local NGOs with a deep insight into the circumstances surrounding child labour and human rights.

It is important to think long term when it comes to sourcing from developing countries. It would be easy to respond to the media attacks by ceasing all cooperation with the supplier immediately, but it would not change anything for the cocoa farmers and their children in the long run, believes Cocio. It is therefore far more appropriate to enter into a close partnership with the supplier rather than ceasing cooperation or, for example, taking your business to Ghana, where a higher proportion of the cocoa is certified.

Cocio wishes to emphasise that, for them, it is more about taking co-responsibility when sourcing cocoa than using UTZ certification as a competitive parameter. Cocio considers responsible sourcing as a "hygiene factor" – something that quite simply has to be in order.