



## Cocoa - Protecting Children Action Plan (PCAP)

This plan outlines Mars, Inc.'s approach to protecting children in our Responsible Cocoa pillar and achieving our 2025 goals relating to addressing child and forced labor. Our Protecting Children Action Plan ("PCAP") will be advanced through robust human rights due diligence processes and targeted community-based investments, both designed to address the root causes of child and forced labor in the cocoa supply chain.

We will periodically update our plan as we learn and adapt to dynamic conditions on the ground and will report progress through our Cocoa for Generations annual report. The plan will initially focus on Ghana and Côte d'Ivoire and we will take action in other sourcing countries where relevant.

*For the latest update on our work to advance respect for human rights, we invite you to read our [Respecting Human Rights in the Cocoa Supply Chain Report](#). The report features the progress we've made, what we are learning and where more effort and collaboration is needed to achieve our 2025 human rights goals.*

### 1. Introduction

We are committed to advancing respect for human rights in our value chain. This commitment is specified in our Human Rights Policy, which is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs). Addressing human rights risks, increasing income for farmers, reducing greenhouse gas emissions, and promoting sustainable land use practices in the cocoa supply chain are critical to meeting our [Sustainable in a Generation \(SiG\) Plan](#) ambitions for a Healthy Planet and Thriving People.

The UNGPs outline an internationally agreed approach for governments and companies to identify, prevent, and mitigate human rights issues. Mars has designed a framework called C.A.R.E.—which stands for *Commit, Assess, Respond, and Engage*—designed to provide concrete steps for teams across the business to take as they seek to apply the UNGPs.

## 2. Cocoa for Generations

We have worked in collaboration with industry peers, governments, non-governmental organizations (“NGOs”) and other industry stakeholders toward achieving sustainable cocoa production for decades. However, progress has been slower than we had hoped, and our ambition for cocoa farming families to thrive has not yet been realized. That’s why in 2018 we launched our [Cocoa for Generations \(“C4G”\) strategy](#) backed by an investment of \$1 billion over 10 years (2018–2028). We aim to create a quicker pathway for cocoa farmers, their families and their communities to thrive. Our strategy has two pillars: we aim to source Responsible Cocoa today, while developing new approaches for long-term Sustainable Cocoa. Our Responsible Cocoa pillar focuses on protecting children, preserving forests, and improving farmer income across our cocoa supply chain.

Mars condemns the use of child and forced labor and is committed to working with governments, suppliers, and farming communities to seek to prevent and remediate these issues in the cocoa supply chain. Our primary action in this regard is working with our first-tier suppliers to build on existing certification requirements to implement robust child and forced labor monitoring and remediation systems (CLMRS) for households known to be at risk of child labor and forced labor. In this work, we aim to put cocoa farmers and communities at the center of our efforts. In our PCAP, we use the terms “child labor” and “forced labor” as defined in the [relevant International Labor Organization \(ILO\) conventions](#)<sup>1</sup>.

By 2025, we aim to have all cocoa we source produced by farmers in our Responsible Cocoa programs. The cocoa will be physically traceable from the farmer to the first point of purchase (for details see annex).

We are defining how we measure progress against each pillar of the C4G strategy that are consistent with our Mars-wide Sustainable in a Generation Plan. The PCAP is complemented by our [Cocoa and Forests Approach](#) to prevent deforestation throughout our cocoa supply chain.

Our progress toward achieving our goals will be reflected annually in our Cocoa for Generations report; the most recent can be found [here](#). We will share the challenges and lessons-learned through our work for transparency and to support the growing body of knowledge on what is successful.

## 3. Understanding human rights impacts in cocoa sourcing

**Root Causes.** Cocoa is grown in developing countries facing multiple social challenges, including extreme poverty, insufficient law enforcement, a lack of basic infrastructure (including clean water, roads, healthcare or schools), and poor access to knowledge, agronomic inputs, or finance options for

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<sup>1</sup> Mars’ work on child and forced labor is informed by the ILO Convention No. 138 on the minimum age for admission to employment and work; Convention No. 182 on the worst forms of child labour; [Convention No. 010](#) on the minimum age (agriculture); Convention No. 029 on forced labour.

farmers. In addition, certain social norms may hamper the empowerment of women and communities, and limit standards of living in cocoa growing households.

These root causes can contribute to adverse human rights impacts. Addressing the root causes in each cocoa-sourcing country requires a holistic and collaborative approach within an enabling environment. This is best done through strong partnerships, where roles and responsibilities are clear. Mars is committed to collaborative efforts designed to advance respect for human rights.

**Child labor.** Child labor at the household level has been publicly documented in cocoa supply chains in Ghana and Côte d'Ivoire, where cocoa is mainly grown by smallholder farming households on small plots of less than five hectares. The majority of farming households live under the World Bank extreme poverty line, earning less than US\$2,500 annually per household.<sup>2</sup> Farmers may depend on their families to work on the farm, as they cannot afford to pay laborers or to send their children to school, or because there is no accessible or safe schools in the vicinity of the family farm.

The 2015 Tulane child labor survey report<sup>3</sup> indicated that more than two million children (~30% of children aged 5-17 in cocoa growing areas) were estimated to be working in hazardous conditions in the Ghana and Côte d'Ivoire cocoa sectors.<sup>4</sup> Carrying heavy loads, spraying or handling agrochemicals and using sharp tools such as machetes were the most common hazardous tasks found.

**Forced labor.** Forced labor has also been identified by expert researchers as a risk in the cocoa supply chain. The Global Slavery Index 2018<sup>5</sup> estimates the prevalence of forced labor in the cocoa sector to be 0.17% of children in Côte d'Ivoire and less than 2% in Ghana. They find that these figures are less than half a percent for adults working in the cocoa sector in both countries. Regardless of prevalence, any findings of forced labor are of great concern. A 2019 Verité report assessing forced labor in Côte d'Ivoire found that recently arrived migrant workers are most at risk,<sup>6</sup> suggesting that the search for economic opportunities amongst migrant populations is an important driver of forced labor risk.

**Solutions.** While extreme poverty drives child and forced labor, each have additional unique drivers requiring tailored solutions. For *child labor*, certification bodies tried a zero-tolerance approach and found that it can be counter-productive, failing to address root causes and resulting in cases being hidden.<sup>7</sup> Instead, the sector began testing a continuous improvement model, where companies put in place robust systems for identifying child labor risks,<sup>8</sup> activating preventive activities on a systematic basis, assisting families to understand the dangers of child labor, and playing a role in remediating issues identified as appropriate.

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<sup>2</sup> Bymolt, R., Laven, A., Tyszler, M. (2018). *Demystifying the cocoa sector in Ghana and Côte d'Ivoire*. The Royal Tropical Institute (KIT), available at <https://www.kit.nl/project/demystifying-cocoa-sector/>

<sup>3</sup> School of Public Health and Tropical Medicine Tulane University (2015), 2013/2014 *Survey Research on Child Labor in West African Cocoa Growing Areas*, available at [https://cocoainitiative.org/wp-content/uploads/2014/07/tulane\\_university\\_-\\_survey\\_research\\_on\\_child\\_labor\\_in\\_the\\_cocoa\\_sector\\_-\\_30\\_july\\_2015.pdf](https://cocoainitiative.org/wp-content/uploads/2014/07/tulane_university_-_survey_research_on_child_labor_in_the_cocoa_sector_-_30_july_2015.pdf)

<sup>4</sup> The prevalence of child labor in West Africa is also reported by the Ghana Statistics Service, Ghana Living Standards Survey and Multi Indicator Survey.

<sup>5</sup> Walk Free Foundation, *The Global Slavery Index 2018*, available at [https://downloads.globalslaveryindex.org/ephemeral/GSI-2018\\_FNL\\_180907\\_Digital-small-p-1566810875.pdf](https://downloads.globalslaveryindex.org/ephemeral/GSI-2018_FNL_180907_Digital-small-p-1566810875.pdf)

<sup>6</sup> Verité (2019) *Assessment of forced labor risk in the cocoa sector of Côte d'Ivoire*

<sup>7</sup> Cocoa Barometer 2018 accessible at: <https://www.voicenetwerk.eu/2018/04/2018-cocoa-barometer-released/> and Rainforest Alliance <https://www.rainforest-alliance.org/articles/response-to-washington-post-report-on-challenges-in-cocoa-farming-in-west-africa>

<sup>8</sup> Verité (2019) *Assessment of forced labor risk in the cocoa sector of Côte d'Ivoire*

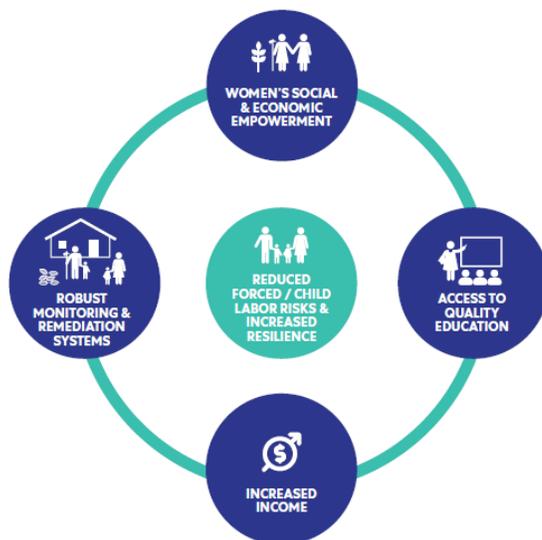
Given the drivers of *forced labor* are quite different, additional approaches will be needed. Our partner Verité has described the actions that governments, companies and civil society can take to address forced labor risks in the cocoa supply chain. These actions can be grouped under four headings: (1) establishing robust systems to monitor, remediate, and prevent forced labor; (2) strengthening underlying supply chain infrastructure (including training and capacity building); (3) improving data collection and reporting of forced labor risk factors; and (4) facilitating accountability and independent verification. We are working with Verité, the International Cocoa Initiative (ICI) and our suppliers to implement relevant actions in our supply chain and to support relevant responses by industry and governments.

#### 4. Our Strategic Approach to Protecting Children in the Cocoa Supply Chain

This PCAP outlines our approach to identifying, preventing and mitigating human rights issues, with a focus on child and forced labor in our extended cocoa supply chain. Grounded in the UNGPs and the Mars C.A.R.E. framework, the PCAP also benefited from expert guidance and feedback from 13 nonprofit organizations, UN agencies, certification bodies and cocoa suppliers.

In addition to our investments to date, we estimate that about one third of our \$1 billion C4G investment will support the implementation of this plan.

**Levers.** Our strategic approach includes four main levers. We believe there are strong and direct links between increased income, gender equity, and access to quality education, and reduced risk of child labor and forced labor. These four levers are designed to be mutually reinforcing. We continue to learn and test innovative approaches that are designed to reduce poverty and human rights risks in our cocoa supply chain.



- **Robust Child Labor Monitoring and Remediation Systems:**

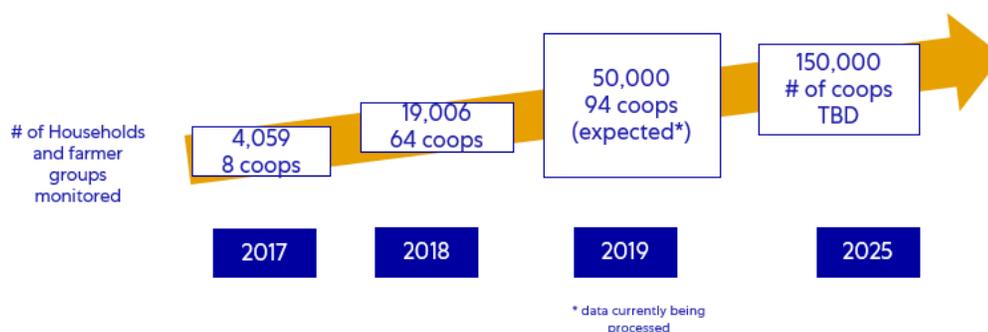
Our first priority is to ensure our suppliers have in place robust systems designed to monitor, identify and remediate cases of child or forced labor as appropriate. While households within a farmer organization are directly monitored, prevention and remediation may include actions at both the

household and the community level. We have included specific monitoring and remediation expectations in our Responsible Cocoa Specification and are implementing forced labor risk-monitoring in line with Verité’s recommendations.

Mars has collaborated with the International Cocoa Initiative (“ICI”) since its creation on initiatives and actions to address child labor in the cocoa supply chain. ICI developed and implemented the first CLMRS models and is supporting the cocoa sector on a process of continuous innovation and adaptation in relation to CLMRS, pooling experiences and sharing its analysis widely with the sector. We continue to collaborate closely with ICI and benefit from its expertise and ability to share knowledge and best practice among its many members from industry, civil society, and multi-lateral organizations.

We anticipate that we will need to reach more than 150,000 cocoa farming households with an estimated 500,000 children in Ghana and Côte d’Ivoire by 2025 to meet our C4G ambitions. In other origin countries, we will determine where to prioritize our efforts by assessing human rights risks in the cocoa sector in the country.

[Data from ICI](#) has shown that, following three years of implementation, CLMRS systems have the potential to reduce by 50% the risk of child labor among children covered by the CLMRS. At our direction, our suppliers began implementing this type of system in 2017, as the following diagram shows for the roll-out of CLMRS in Ghana and Côte d’Ivoire:



The other levers of our strategic approach include, where relevant:

- **Women’s Social and Economic Empowerment:**

There are compelling moral, social and business reasons for prioritizing women’s social and economic empowerment in the cocoa supply chain. Households and communities benefit when women increase their income and have more decision-making power. The well-being of women in cocoa communities is a critical link to family food security and nutrition, education, health and the long-term prospects for a future of prosperous cocoa farmers. Women’s empowerment is linked to benefits for productivity, for household quality of life and for children in the home.<sup>9</sup> Promoting women’s economic empowerment in agriculture is critical, as women comprise on average 43 percent of the

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<sup>9</sup> *A sustainable thriving cocoa sector for future generations*, M. Greene et al. (June 2013).

agricultural labor force in developing countries<sup>10</sup>. According to [UN Women](#), investing in women's economic empowerment sets a direct path towards gender equality, poverty eradication and inclusive economic growth. Women make enormous contributions to economies, whether in businesses, on farms, as entrepreneurs or employees, or by doing unpaid care work at home<sup>11</sup>.

When women achieve greater financial income and decision making, farming households take better decisions regarding the functioning of their farm and are more likely to integrate better agricultural practices and farming technologies in the long term. The UN Food and Agricultural Organization (FAO) has found that if women had the same access to resources (training, technology, finance, etc.) as men, they would produce 20-30% more on their farms and food security would be greatly improved.<sup>12</sup>

Women in cocoa growing communities in West Africa are the main caregivers of children. Through women's empowerment and capacity building, women can acquire the knowledge and skills needed to provide their children with experiences and opportunities that promote child protection, child learning and development, including their social and emotional development.

Starting in 2016, together with CARE International, we developed a Village Savings and Loans Association (VSLA) model that includes a number of essential building blocks beyond the standard foundational savings and loans activity. This model first creates VSLAs in the first 12 months. Once in place, these groups become an entry point in the community or through the farmer groups for supporting interventions in four areas over a period of three years:

- Financial inclusion and connections to formal finance
- Entrepreneurship supporting income growth and diversification
- Gender-equality interventions at individual, household and community levels (including literacy)
- A healthy family curriculum that promotes early-childhood development and child protection by engaging parents and households.

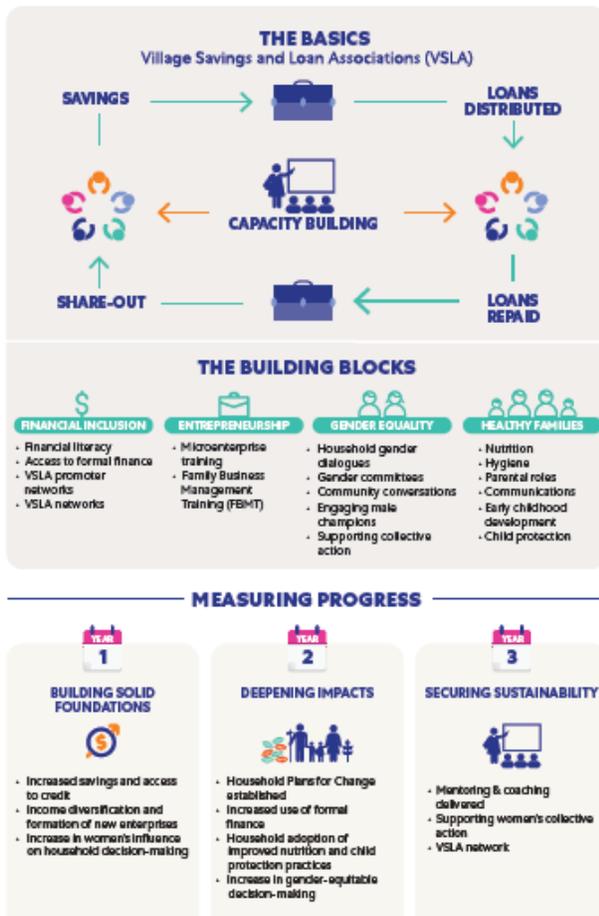
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<sup>10</sup> Oxfam's Conceptual Framework on Women's Economic Empowerment, available at <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620269/gt-framework-womens-economic-empowerment-180118-en.pdf?sequence=7>

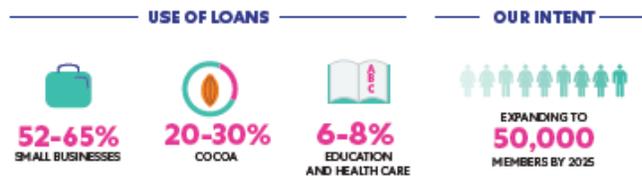
<sup>11</sup> UN Women (2013), '*Economic Empowerment of Women*', Thematic Brief

<sup>12</sup> FAO AT WORK 2010–2011 Women– key to food security

# PROTECTING CHILDREN - BUILDING FOUNDATIONS FOR CHANGE



**WHY?** We believe our holistic approach will not only contribute to closing the gap to a living income for cocoa farmers and their families but will also increase economic resilience and women's confidence, strengthen local governance and child protection, increase gender equality and contribute to reducing human rights risks in our cocoa supply chain, in turn leading to thriving cocoa farming households and communities.



Based on CARE International's implementation of this approach for Mars, we have strong initial indications that each element of the VSLA model will not only contribute to increasing income for cocoa growing households but will also increase resilience and women's confidence, strengthen local governance and child protection, and engage couples in dialogues to reduce gender-based violence.

Our research shows that VSLAs can more than double women's average savings when they are supported for three years, as well as increase their social and economic empowerment, which is believed to contribute to the overall wellbeing of children and cocoa communities.

**We are therefore expanding our partnership with CARE International with an investment of \$10 million USD for a five-year period to reach beyond the 12,000 members we have supported through mid-2019 and are targeting to reach an additional 50,000 women in cocoa communities in Côte d'Ivoire and Ghana by 2025. We will explore opportunities to further scale up the VSLA program based on context, needs and relevance, as well as the capacity of our partner.**

Mid-2019, we also engaged the Royal Tropical Institute in the Netherlands (KIT) to develop insight-driven community investment recommendations that aim to empower adolescent girls and young women in our main sourcing countries: Ghana, Côte d'Ivoire and Indonesia. By taking a human-centered design approach, the daily lives of women and girls in our cocoa supply chain will be the

starting point to identify opportunities where both men and women can be engaged to improve gender equality in their households and communities. The outcome of this “Resilience Journey” will continue to inform further interventions we will discuss with our suppliers and expert implementation partners, such as Oxfam, as part of our Responsible Cocoa implementation and approach to protecting children.

- **Increasing Access to Quality Education and Development Opportunities for Children:**

All school-age children have a right to quality education. We consider access to quality education to be a critical component of protecting children and driving better long-term futures for them in cocoa-growing communities. From early childhood development programs to primary education and youth training, such as life skills and vocational training, the short and long-term benefits of education are well known. Children and adolescents are less likely to be engaged in child labor when they spend more time in school: ICI [research](#)<sup>13</sup> has shown that child labor becomes less prevalent as educational quality improves. In the long term, investing in education can have a positive circular effect: educated children can earn higher incomes and contribute more to the development of their own children, households and communities.

Since 2017, we have worked with the Transforming Education in Cocoa Communities (TRECC) program funded by the Jacobs, Bernard van Leer and UBS Optimus Foundations, through the implementation of a number of pilots. This work has provided valuable insights into the powerful linkages between robust monitoring systems, women’s empowerment and education interventions. The Jacobs Foundation has solid expertise in education and has been a critical partner in Côte d’Ivoire.

We will continue to learn from our work with Jacobs Foundation and other expert education organizations to develop additional programs and interventions where relevant, particularly in other countries.

In Côte d’Ivoire and Ghana, we continue the dialogue with government and other expert child protection stakeholders about the appropriate role we can play in the communities we source from to protect children.

- **Increasing Income:**

At Mars, we believe everyone working within our extended supply chains should earn sufficient income to maintain a decent standard of living. Through the Sustainable Cocoa pillar of our C4G strategy, we are defining and piloting models for increasing productivity and diversifying household income, through other cash crops and non-farm earnings. This work includes dialogue with our suppliers, expert implementation partners and the [Farmer Income Lab](#).

As previously announced, Mars supports the Living Income Differential of \$400 per metric ton announced by the governments of Côte d’Ivoire and Ghana in July 2019 to ensure that farmers receive

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<sup>13</sup> *Education quality and child labor: a review of evidence from cocoa-growing communities in Côte d’Ivoire and Ghana* (June 2019)

a higher income. The governments have also indicated that, from the 2020/2021 main crops, 70% of a \$2,600 per metric ton minimum price will be paid to farmers for their cocoa, a significant farmer price increase versus recent years.

We expect that this cash increase will be supported by strong governance structures, instituted by the governments, to ensure that increased income from cocoa not only goes to the farmers but also does not lead to a corresponding expansion of farms into protected forest and to ensure no surge in child and forced labor. We will continue to push for financial transparency by all actors and physical traceability that is mandated under the [Cocoa and Forests Initiative](#). Finally, as mentioned above, our VSLA program with CARE supports programs that will help increase incomes at the cocoa farming household level.

## 5. External Collaborations

Collaboration is critical to making progress in addressing the complex and systemic issues prevalent in the cocoa supply chains we rely on. We are keen to collaborate with others for increased impact, and we strongly believe that a holistic approach has higher chances of success. We will continue to work with and look to expand our work with governments, suppliers, competitors, civil society, farmers and communities to advance our shared goals.

We will only achieve success through deep engagement with our suppliers, by integrating this plan into our sourcing strategies and supplier relationships, and by aligning it with existing relevant National Action Plans in the countries we source our cocoa from. Our actions will include engaging with the governments and existing multi-stakeholder partnerships in Ghana, Côte d'Ivoire, and other countries as our plans develop.

The expert organizations we are working with on elements of this plan include:

**CARE International:** a leading humanitarian agency delivering emergency relief and long-term international development projects. CARE is a global confederation of 14 members working together to fight poverty in 95 countries. Mars and CARE work together in rolling out the Village Savings and Loans model to support women's empowerment in our cocoa supply chain.

**Jacobs Foundation:** a charitable organization that invests in giving children and youth better opportunities for positive development and equitable access to quality education. The Foundation is a key partner in the education element of this plan in West Africa.

**Oxfam:** A rights-based global development organization with 70+ years' experience in more than 90 countries worldwide. Oxfam's mission is to end the injustice of poverty and inequality through systemic change and the advancement of political, economic and social rights. Oxfam works with Mars on topics related to income through expert advice and involvement in the Farmer Income Lab, as well as on topics related to gender.

**The International Cocoa Initiative (ICI):** promotes child protection in cocoa growing communities. ICI is a Swiss-based foundation that unites the forces of the cocoa and chocolate industry, civil society, farming communities and national governments in cocoa-producing countries to ensure a better future for children and to advance the elimination of child labor. Mars has collaborated with ICI since its creation on initiatives and actions to address child labor in the cocoa supply chain. We continue to

collaborate closely with ICI and benefit from its expertise and ability to share knowledge and best practice among its many members from industry, civil society, and multi-lateral organizations.

**The Royal Tropical Institute (KIT):** an independent center of expertise, education, intercultural cooperation and hospitality dedicated to sustainable development. KIT is co-creating insight-driven recommendations to help us design interventions to improve gender equality in our cocoa supply chain in Ghana, Côte d'Ivoire and Indonesia.

**Verité:** a leading labor and human rights nonprofit organization with deep expertise in addressing the root causes of issues such as child and forced labor in global supply chains. In 2017, Mars and Verité launched a long-term, global strategic relationship focused on action, insight and dialogue across Mars' operations and supply chains.

## 6. Taking action

In close consultation with human rights experts, Mars has developed an action-oriented framework to guide the development and deployment of human rights plans in relevant extended supply chains. This CARE framework seeks to bring the United Nations Guiding Principles on Business and Human Rights to life for practical business action. Our CARE framework informs our strategy and action planning through four key phases – Commit, Assess, Respond, Engage. We Commit to policies, standards and governance, we Assess the human rights issues we are facing, we Respond as we seek to prevent and address human rights issues, and we Engage with stakeholders on our performance, successes and challenges.

We have used the CARE framework to develop our Protecting Children Action Plan for cocoa. It has provided an invaluable structure for our extensive internal and external dialogues about the appropriate steps we should take in this complex context. The following is a summary of our areas of focus for each aspect of the framework:

**Commit:** Integrate human rights into cocoa procurement systems and KPIs, commit appropriate financial and human resources, and ensure that appropriate governance and support systems for implementation are in place.

**Assess:** Conduct human rights risk assessments, build capabilities of suppliers and other partners, seek to strengthen the human rights aspects of certification standards and rigorously evaluate the effectiveness and impact of community-level programs.

**Respond:** Establishing robust data collection and management systems, deploy human rights due diligence, monitoring, prevention and remediation programs in collaboration with partners, and support community development programs designed to address root-causes of human rights issues in the areas of education, income and women's empowerment.

**Engage:** Collaborate with and actively engage a wide range of relevant stakeholders, governments and industry leaders to support improved human rights conditions and strengthen systems, and communicate our commitments, progress and challenges in a transparent manner externally.

## APPENDIX: Understanding our cocoa supply chain



Mars sources around 400,000 cocoa bean equivalent metric tons annually, relying on 14 suppliers who in turn source cocoa from an estimated 400,000 cocoa farming families in 13 countries in West Africa, South America and Southeast Asia. Seventy percent of our sourcing comes from West Africa. In some countries, farmers are organized into farmer groups (cooperatives or “Co-ops”).

Our suppliers deliver different types of cocoa products: beans, butter, liquor and powder. Our strategic intention is to build long-term relationships with suppliers and their farmers, and to invest in supplier programs that benefit farmer groups in the long term.

<b>Albrecht &amp; Dill</b>	<b>Fuchs &amp; Hoffman</b>	By 2025, we aim to have all cocoa we source produced by farmers in our Responsible Cocoa programs, which is sourced via a mass balance approach. Cocoa from these farmers will be physically traceable from the farmer to the first point of purchase (the farmer organization, cooperative, or licensed buying company our suppliers buy from) and then it may be mixed by the supplier with cocoa that does not come from the Responsible Cocoa program. Beyond the first point of purchase, we accept an equivalent volume of cocoa as long as the volume sold to Mars equals the volume of Responsible Cocoa produced and is grown in the same origin.
<b>Barry Callebaut</b>	<b>General Cocoa</b>	
<b>Blommer</b>	<b>Guan Chong</b>	
<b>Cargill</b>	<b>JB Cocoa</b>	
<b>Cocoanect</b>	<b>Olam</b>	
<b>ECOM</b>	<b>Rizek</b>	
<b>FC Stone</b>	<b>Touton</b>	

In 2018, Rainforest Alliance and Fairtrade certified volumes represented around 50% of our cocoa. In 2019, we began working closely with suppliers to convert this certified cocoa to meet our Responsible Cocoa Specification which calls for traceability, child labor monitoring and remediation systems in at risk areas, and increased premiums paid to farmers. The remaining 50% of our cocoa will align with our Responsible Cocoa requirements by 2025. This will be monitored and verified independently.