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Is your margarine spreading deforestation?

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Palm Oil Special

We name the brands to avoid:
Butter & Spreads, Bread, Biscuits, Chocolate

Plus: New tax havens list

Who makes what?

Bars of chocolate: All of the companies except Booja Booja and Biona make bars of straight chocolate. Biona only makes chocolate snacks like covered nuts, and Booja Booja only makes boxes of chocolate truffles.

Boxes of chocolates: The following sell boxes of chocolates, truffles and gift chocolates: Divine, Hotel Chocolat, Montezuma, Vivani, Lindt, Tesco, Asda, Guylian, Mars (Celebrations), Mondelez (Green & Blacks, Heroes, Roses, Milk Tray, Terry's All Gold), Nestlé (After Eight, Quality Street, Dairy Box, Black Magic), Booja Booja and Ferrero (Ferrero Rocher, Thorntons).

Chocolate snack bars: The following sell chocolate snack bars like Twix or Snickers: Mars, Nestlé, Mondelez, Hershey and Ferrero.

Vegan chocolate companies

These companies are dairy free: Pacari, Moo Free, Madécasse, Booja Booja, Plamil and the Raw Chocolate Company.

Palm oil scores

Chocolate itself does not generally contain palm oil. However, fillings such as biscuit commonly do, so we rated all of the companies on their palm oil policies.

- These companies are palm oil free: Chocolaterie Robert, Pacari, Moo Free, Madécasse, Divine, Booja Booja, Seed and Bean, Montezuma, and the Raw Chocolate Company.
- These companies got our best rating for palm oil, but are not palm oil free: Ferrero, Vivani, Plamil, M&S, Mars, Waitrose and Windmill Organics (Biona). Ferrero, however, also lost half a mark in the palm oil column due to criticism from Greenpeace.

BEST		MIDDLE	WORST
Palm oil free:	Contains palm oil:		
Chocolaterie Robert (Chocolat Madagascar)	Windmill Organics (Biona)	Ritter Sport	Hersheys
Pacari	Vivani	Hotel Chocolat	Nestlé
Moo Free	Plamil	Lindt	Mondelez (Cadbury, Green & Blacks)
Madécasse	Mars	Ferrero (Thorntons)	
Divine	Waitrose	Co-op	
Booja Booja	M&S	Lidl	
Seed and Bean		Aldi	
Montezuma		Guylian	
The Raw Chocolate Company		Mars	
		Morrisons	
		Sainsbury's	
		ASDA	

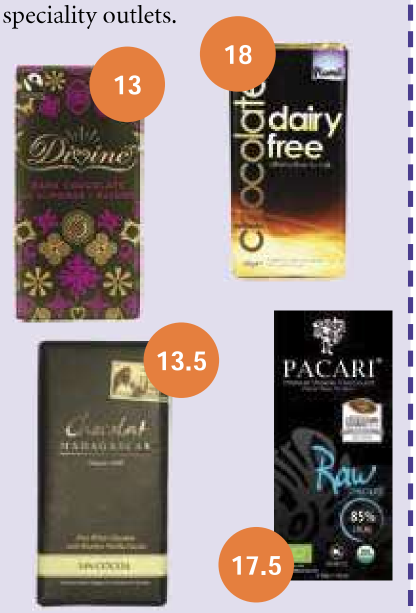
ethicalconsumer.org BEST BUY

Our Best Buys are **Divine**, **Plamil**, **Chocolat Madagascar** and **Pacari** because they stand-out for being different. There are lots of other vegan, organic and Fairtrade brands that score well on the table.

Divine is 45% owned by Ghanaian cocoa farmers, and certified Fairtrade. It is inexpensive, quite widely available, and includes chocolate boxes/gifts.

Plamil's cocoa is 100% certified by third-party schemes, and its chocolate is all vegan and organic.

Chocolat Madagascar and Pacari are both value-added at source to tackle poverty. It is premium priced and only available online or from speciality outlets.



All of the companies that sell snack bars like Twix or Snickers come at or near the bottom of the table, thus we are not able to recommend any of them.

Of the supermarkets, all of Co-op's bars of chocolate are Fairtrade.

What is 'raw' chocolate?

'Raw' chocolate has become a bit of a phenomenon recently.

Chocolate is produced in several stages, the first of which involves the farmers laying out the cocoa beans and fermenting them in the sun. After that, they are transported to be roasted and ground. The roasting helps to develop the normal chocolate flavour, and also sterilises the beans. In the case of raw chocolate, the roasting stage is forgone, giving a different flavour.

BRANDS TO AVOID

We recommend avoiding Guylian as we could find no evidence that any of its cocoa is certified by any sustainability scheme, or that it has any plans to change that in the future.

The rise of the cocoa sourcing certification standards

The media attention on child labour has led to a major rise in the proportion of cocoa that is certified by a third-party standard, from 2% a decade ago to about a quarter today.[9] It is still growing fast as companies push towards their 2020 targets. UTZ is by far the most popular, followed by Rainforest Alliance, and then Fairtrade. (UTZ and Rainforest Alliance are merging but, for the time being, they are still separate standards). There is also a small amount that is certified organic.

We have given extra Product Sustainability points on our score tables to brands that are 100% organic, Fairtrade, UTZ, Rainforest Alliance or Value-added-st-source (see page 26).

Any form of external auditing makes it more likely that the worst practices, especially illegal ones, will be picked up on.[2] We therefore consider some form of certification to be a minimum requisite for chocolate companies buying from West Africa.

Cocoa certification schemes currently used, targets and our cocoa sourcing rating

Best rating

100% of West African cocoa, certified in some form, or based on a business model that returns more money to poor communities

Divine
100% Fairtrade. Also the company is 45% owned by farmers themselves.

Plamil
100% Organic, Fairtrade or UTZ.

Vivani
100% covered by UTZ, Fairtrade or Rainforest Alliance.

Ritter Sport
100% certified.

Chocolaterie Robert
100% sourced in Madagascar with 'Value added at source' model.

Pacari
100% Organic and produced in Ecuador with 'Value added at source' model.

Madécasse
100% Sourced in Madagascar and certified as 'Direct Trade'.

Seed and Bean
100% Organic and a percentage Fairtrade.

Moo Free
100% Organic, sourced from the Dominican Republic.

Biona
100% Organic

Raw Chocolate Company
100% both Organic and Fairtrade.

Booja Booja
100% Organic.

Lidl
100% Fairtrade, Rainforest Alliance, Organic or UTZ.

Co-op
100% certified Fairtrade. Some of it comes from Kuapa Kokoo co-op.

Montezuma
80% Fairtrade, UTZ, Rainforest Alliance or Organic, all from outside West Africa.

Lindt
100% of West African cocoa covered by Lindt & Sprüngli's own "farming programme".

Worst rating

Partially certified, with goal for 100% by 2020

Aldi
78.94% of all cocoa certified by Fairtrade, Rainforest Alliance or UTZ.

Hershey's
60% UTZ, Rainforest Alliance and Fairtrade.

Ferrero
50% UTZ, Rainforest Alliance and Fairtrade.

Mars
50% UTZ, Rainforest Alliance and Fairtrade.

Hotel Chocolat
Something in the region of 50% covered by own "engaged ethics" scheme.

M&S
About 38% Fairtrade, Rainforest Alliance, Organic or UTZ.

Sainsbury's
Unknown amount certified Rainforest Alliance, UTZ or Fairtrade.

Tesco
Unknown amount certified Rainforest Alliance .

Worst rating

2020 goal of less than 100%

Nestlé
42.9% covered by Nestlé's own "Nestlé Cocoa Plan".

Mondelēz (Cadbury)
35% either Fairtrade or covered with Mondelēz 's own "Cocoa Life" scheme.

Morrisons
Unknown amount certified Fairtrade.

Waitrose
Unknown amount certified Fairtrade

Asda
Unknown amount certified Rainforest Alliance or Fairtrade.

Avoid

No certification goals

Guylian
None.

Details about the cocoa standards

Third party certification schemes

In terms of the differences between the standards, there are significant clues in the names.

As the name suggests, **Fairtrade** is about fair trading. In particular it aims to tackle price volatility, which is very dangerous for small farmers who have very little ability to insure themselves against risks. Fairtrade thus guarantees farmers a minimum price, and a fixed premium on top. In the case of cocoa, the minimum price is $2000/tonne cocoa, and the premium is $200/tonne.[10] Some labour and environmental standards are also incorporated into the standard, but prices were always at the centre.

UTZ and Rainforest Alliance, on the other hand, just aim to police how production is done. They thus have no floor price or fixed premium, although UTZ does ask the buyer and seller to negotiate a premium to cover the certification cost. This premium has been falling and, in 2017, it averaged about $100/tonne cocoa – half of Fairtrade's.[11]

On the other hand, Rainforest Alliance, being more of an environmental scheme, tends to be stronger on environmental protection. It has an outright ban on deforestation of any kind, while UTZ and Fairtrade only do so in the case of 'primary' (old growth) forest. This may matter as, in Ghana and Ivory Coast, 92% and 90% of forests respectively are 'secondary' forests.[12]

None of the schemes seem very good at protecting workers' wages. Although cocoa farmers are almost entirely smallholders, most of them do employ a few workers, at least at labour-intensive times of the year. These workers are some of the most marginalised people in the supply chain, and frequently get paid below the minimum wage.[13] Fairtrade does not regulate wages if the smallholder employs less than a "significant number" of workers, generally reported to mean 20.[14] UTZ and Rainforest Alliance do officially demand that they are paid the legal minimum wage, but research suggests that it often still doesn't happen.[15]

> Company sustainability schemes have been partially blamed for the recent price collapse, by helping to flood the market with too much cocoa.

A Fairtrade USA building in Mt.Peko National Park, Ivory Coast, showing pictures of forbidden activities.

© Mighty Earth

Companies' in-house certification schemes

Most of the major chocolate companies now also have their own sustainability programmes. These include Mondelēz' (Cadbury) 'Cocoa Life', Nestlé's 'Cocoa Plan', Hotel Chocolat's 'Engaged Ethics', and the Lindt & Sprüngli 'Farming Program'.

The main purpose of these is to invest in cocoa-growing communities by helping with training, equipment and infrastructure. In itself, that is a noble goal, although the Cocoa Barometer points out, rather caustically, that the hundreds of millions being spent on these projects pales into insignificance compared to the US $4.7 billion it calculates that the companies saved on cheaper cocoa this year.

And, furthermore, in many cases these schemes are not just being touted as complements to third-party standards, but as replacements for them. Cadbury made headlines in 2016 when it announced that it was going to replace Fairtrade certification on its chocolate with its own in-house 'Cocoa Life' certification.

Consumers might fairly wonder what is being promised by a bar of chocolate being 'Cocoa Life'-certified, and how that is being audited. The answer is that it is very unclear. The Fairtrade Foundation inputted into the scheme's creation and FLOCERT, which audits for Fairtrade, is supposed to audit it. But there is no information available about what it is supposed to be auditing for, or the results.

Hotel Chocolat's scheme also seems quite nebulous. There is no mention of auditing criteria. While the company makes vague claims about paying over the market price, the example figures it gives on its website are 10 years old, making it impossible to judge what this means.

The better company schemes

There are two schemes that do clearly include auditing, and are slightly more transparent: Nestlé's and Lindt's.

Nestlé's includes auditing by the Fair Labor Association for compliance with Nestlé's Code of Conduct. The code forbids child and forced labour, and deforestation of both primary and secondary forest. It requires all workers to be paid the minimum wage.[16] Lindt's is audited by The Forest Trust for compliance with Lindt's Code of Conduct, which also forbids child and forced labour, and regulates wages. It is vague on forests.[17] Both schemes (particularly Nestlé's) have been praised by NGOs for their work on child labour. Both produce publicly available audit reports.

However, there is another major problem with all these company schemes – even Nestlé's and Lindt's (possibly not Hotel Chocolat's, but it is impossible to say without more information) – which is their lack of action on prices.

The companies argue that instead of artificial price supports, a better way to increase farmers' income is to help them improve agricultural practices so that they can increase yields, and so this has been their primary focus. (Most of them make no bones about the fact that it is also a way of ensuring their cocoa supply. They describe it as a "win-win" for themselves and the farmers).

Improving agricultural practices has got to be a good idea, especially in light of the deforestation issue. However, company sustainability schemes have also been partially blamed for the recent price collapse by helping to flood the market with too much cocoa.[1] In a market full of destitute farmers, simply promoting increased production without coupling it with other measures is extremely problematic.

Other options

The consensus across campaigning organisations, and even now among quite a lot of industry representatives, is that all of this is inadequate.

A recent paper commissioned by the Dutch government argues that "farmers need both a major price increase for their cocoa and a substantial increase in productivity in order to make a decent living out of cocoa."[18]

Even Fairtrade's price supports are minimal. During the recent price collapse, the cocoa price dropped below $2000/tonne, very briefly, for the first time in a decade. But at all other times, the market price has been between $2200 and $3500, so Fairtrade's $2000/tonne minimum price hasn't been doing anything (farmers receive whichever one is higher).[19] The $200/tonne premium, meanwhile, while not nothing, is clearly not huge. Fairtrade is reviewing these prices at the moment, and it is to be hoped that it will raise them.

But Fairtrade is the only scheme that directly addresses pricing, even minimally. The others rely exclusively on policing, training and small infrastructure investments. While these may help, nobody seems very convinced that they are going to really change the game.

Commodity agreements

Given this, some people are calling for a more radical solution, such as governments agreeing to regulate the supply of cocoa.[20] This is not an unprecedented idea: a number of such international commodity agreements existed prior to the neoliberal era. A particularly successful one was the International Coffee Agreement (ICA) which was based on national quotas and kept the price of coffee high until its demise in 1989. To an extent, this agreement was a product of the cold war: a key reason importing countries (particularly the US) agreed to only allow coffee imports that carried the ICA stamp was the threat of poor coffee-producing counties turning to communism if they didn't get thrown some bones.[21] However, it demonstrates what is possible.

It is also theoretically possible that companies themselves could make an agreement. The cocoa market is extremely concentrated. There are three traders (Barry Callebaut, Cargill, and Olam) which buy 75% of the cocoa in the world. The top six manufacturers (Mondelēz, Mars, Nestlé, Hershey's, Ferrero and Lindt) have 40% of the manufacturing market. And most chocolate is sold in supermarkets, of which there are only a handful.[18] This concentration gives these companies a disturbing degree of power, but it does open the possibility of benevolent as well as malevolent coordination: if they all agreed to pay higher prices they would no longer need to worry about being undercut. Neoliberalism does not smile on cartels that fix prices, and such an agreement might be illegal. However, its grip is weakening sufficiently that people are at least starting to talk about the idea.[1] Of course, the companies would also need to be motivated to do it – no trivial matter.

> The cocoa farmer only gets about 3-7% of the final chocolate price. About 40% of it is taken at the manufacturing stage, which is invariably done in the rich world.

Direct trade and value added at source

The International Labor Rights Forum recommends buying from chocolate companies who buy directly from farmers, as that not only means that you know where the cocoa is coming from but, by cutting out the multiple layers of middlemen, it makes it more likely that farmers will receive a better wage.[13] Madécasse has got itself certified 'direct trade' on this basis, meaning that it buys directly from farmer. Divine is 45% owned by cocoa farmers themselves, meaning that they are intimately connected with the company, and get a 45% share on any distributed profit. We recommend buying from these companies.

Another possibility worth looking at is the 'value added at source' business model, which is a more structural response.

As described above, poverty plays a fundamental role in every negative aspect of the cocoa supply chain. It is, in turn, linked to oversupply, which is exacerbated by a lack of alternative employment opportunities in cocoa-producing communities. And while the cocoa farmer only gets about 3-7% of the final chocolate price, about 40% of it is taken at the manufacturing stage, which is invariably done in the rich world.[1]

There are a few companies that are trying to create more money and employment for local people in cocoa growing countries by making it at source instead. Only about 1% of UK chocolate is made this way, but we looked at two companies who do so – Chocolaterie Robert (Chocolat Madagascar), based in Madagascar, and Pacari in Ecuador. These companies are eager to point out the difference that their model makes. Fairtrade, they say, means that the cocoa producing country gets an extra 5-10%, whereas their model means that it gets about an additional 400%.[22]

Madécasse, also based in Madagascar, has also been based on this model until recently, although it has been having problems with production, so, for the time being, it is making its chocolate in the developed world. However, it hopes to get its Madagascan factories up and running again soon.

It is a shame that you can't buy chocolate fully made in West Africa in the UK, but while there are a few companies who make it and sell it locally, we don't know of any options to buy it over here.

And unfortunately, it may not be easy for this model to catch on widely. Value-added-at-source chocolate tends to be expensive, and there are good reasons for that – it is much harder and more expensive to make chocolate in hot climates and transport it in finished form. One problem is that it melts.

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The companies behind the brands

Divine is 45% owned by the Ghanaian Kuapa Kokoo cocoa farmers co-op, a syndicate with about 65,000 members who together produce about 5% of Ghanaian cocoa. Kuapa was created in the 1990s with the help of Christian Aid, The Body Shop and Twin Trading – the company behind Cafédirect's coffee. It launched Divine Chocolate in 1997 with some additional help from Comic Relief, who promoted it in the UK in a series of TV adverts starring Ben Elton.

The company's chocolate is made in the Netherlands, but nearly all of its cocoa comes from Kuapa. As well as a share of any distributed profits, farmers get an additional 2% of the company's turnover which is invested in Kuapa's programmes.

The remainder of Divine is now mostly owned by Twin Trading, with a small amount owned by Oikocredit, a Dutch microfinance institution.

Pacari is an Ecuadorian company which makes its chocolate bean-to-bar in Ecuador. Its chocolate is all organic and vegan. Pacari's chocolate is sold in specialist shops across the UK, and can also be ordered online.

Chocolaterie Robert is a Madagascan company established in 1940. Its chocolate is made in Madagascar from Madagascan cocoa. In most parts of the UK, you are limited to buying its chocolate online, although a company called Chococo sells it in its shops in Swanage, Winchester, Exeter and Horsham.

Madécasse was founded in 2006 by two American Peace Corps volunteers (the US equivalent of Voluntary Service Overseas) who had been teaching in Madagascar. They decided to make chocolate bean-to-bar in the country in order to aid with development. Madécasse's chocolate is sold by Waitrose in the UK, or online.

Plamil Foods is a UK vegan company which was set up in the 1960s to produce alternatives to cow's milk. The name Plamil comes from PLAnt MILk. It sells dark and milk-alternative chocolate that is not expensive, but only available from wholefood shops or online.

Lindt and Sprüngli is a Swiss company that was founded in 1845. Its 'sustainability' programme has been praised by the NGO Stop the Traffik for its work on child labour.[23]

Hotel Chocolat is a British luxury chocolate company, with over seventy shops in the UK. It is the only UK chocolate company that owns its own cocoa plantation, which is in St Lucia, and it has written a lot about this plantation. But only a tiny amount of its cocoa comes from there: it told us that the total proportion sourced from South America, Asia and St Lucia is less than 5%.[24] Hotel Chocolat does moderately well in our ratings.

References: 1 The Cocoa Barometer, 2018, published by a global consortium of civil society organisations including the International Labor Rights Forum, Oxfam and Stop The Traffik. **2** Stop The Traffik Australian Coalition, 2017, A matter of Taste **3** Anti-Slavery International, 2010, Ending Child Trafficking in West Africa **4** Mighty Earth, 2017, Chocolate's dark secret **5** www.worldwatch.org/node/6059 **6** The State of The Sustainable Markets 2017 **7** www.confectionerynews.com/Article/2017/02/22/Ivorian-cocoa-farmers-earn-less-than-1-a-day-Barry-Callebaut-study **8** https://af.reuters.com/article/commoditiesNews/idAFL8N1HS29L **9** https://makechocolatefair.org/news/despite-increase-certified-chocolate-cocoa-farmers-continue-live-extreme-poverty; Eliminating Deforestation from the Cocoa Supply Chain, 2017 **10** https://uk.reuters.com/article/uk-cocoa-sustainability-farmers-analysis/ethical-cocoa-schemes-no-panacea-for-struggling-farmers-idUKKBN1HQ1UK **11** UTZ Cocoa Statistics Report 2017 **12** Eliminating Deforestation from the Cocoa Supply Chain, 2017, Report for the World Bank Group **13** International Labor Rights Forum, 2014, The Fairness Gap: Farmer Incomes and Root Cause Solutions to Ending Child Labor in the Cocoa Industry **14** Fairtrade International, 2005, Fairtrade Standard for Small Producer Organizations, Current version: 01.05.2011_v1.2; Domestic Fairtrade Association, The Bottom line: Simple Comparative Analysis, http://fairfacts.thedfta.org/simple-comparison/2014/flo **15** Ingram et al, 2014, Impact of UTZ certification of cocoa in Ivory Coast **16** Stop The Traffik Australian Coalition, 2017, A matter of Taste, amongst others **17** www.farming-program.com/en/node/1; Lindt & Sprüngli supplier code of conduct and compliance declaration **18** Oomes et al, 2016, Market Concentration and Price Formation in the Global Cocoa Value Chain **19** Cocoa market price is here: tradingeconomics.com/commodity/cocoa. More detailed check is based on the following: a) FLO documents state that the Fairtrade minimum price is based on f.o.b. prices b) ICO states "London International Financial Futures and Options Exchange (LIFFE) quotes the average cocoa f.o.b. prices in West Africa" c) LIFFE figures in GDP here: https://uk.investing.com/commodities/london-cocoa **20** Eg Cocoa Barometer 2018 **21** Mitsuru Igami, 2012, Oligopoly in International Commodity Markets: the Case of Coffee Beans **22** www.raisetrade.com/real-cost-of-a-chocolate-bar.html **23** http://stopthetraffik.com.au/blog/islindtok **24** Questionnaire response to Ethical Consumer, April 2018