

ISCO Working Group Monitoring

01.02.2024



The background is a solid green color with faint, stylized illustrations of leaves and a hand. The leaves are scattered across the frame, with some showing veins and others having circular spots. A hand is positioned in the upper right quadrant, with fingers slightly spread. The overall aesthetic is clean and natural.

Introduction & Welcome

Technical Notes

The session is not a lecture event and **interaction** is explicitly desired!
However, please note the following:



Please **mute** yourself during the presentations by clicking on the microphone icon.



If possible, signal your contributions with the **raise your hand** function in the participants panel.



Please **turn on your camera** when speaking to make the session more interactive.

Recording



The working group meeting will be recorded. By attending this meeting, you agree to be recorded.

If you do not want to be seen or heard, please turn off your video and audio. In this case, please feel free to use the chat for comments and questions.

The recording will start shortly!

ANTITRUST STATEMENT

The fundamental principles of the ISCOs include strict respect for, and compliance with, all relevant national and international laws and conventions, particularly compliance with current antitrust regulations under European and national competition law.

In order to ensure compliance with antitrust law, sensitive business information must not be discussed. Nor must there be any agreements regarding prices, sales control, production volumes, market sharing, boycott calls and/or calls for non-cooperation with third parties, regardless of the reasons for such agreements.

As a consequence, there must be no discussion of current or future prices, profit margins, discounts, the timing and level of envisaged price increases, costs, capacities, customers, suppliers, product or marketing plans, sales forecasts, borrowing terms or any other information that is sensitive from an antitrust point of view.

The discussion and exchange of information that is relevant in terms of competition is not only prohibited during sessions but also during informal conversations at which competitors are present.

Agenda

Timing	Topic	Objective	Lead
13:30 – 13:40	Introduction & Welcome <ul style="list-style-type: none"> New members Reading of anti-trust statement Purpose of meeting / Agenda 	Information: setting the scene	Siegfried Moeyersoons Megan Passey
13:40 –13:50	Updates from Beyond Chocolate, DISCO, FRISCO, GISCO & SWISSCO	Information: Provide context from national monitoring processes	Ulrike Joras
13:50-14:40	Introduction to the Monitoring, Timeline & Adjustments for Monitoring Round 2024	Information & Feedback: Share general information on Monitoring specifically for newcomers; share information on the timeline; present proposed changes to joint ISCO and collect feedback	Ulrike Joras Marloes Humbeek
14:40-15:15	Child Labour Deep Dive <ul style="list-style-type: none"> Child Labour Reporting with ICI Adjustments 	Information: share more detailed information on the child labour datapoints	Julia Ditz Megan Passey
15:15-15:30	Conclusions, Next Steps & Wrap-Up		Siegfried Moeyersoons Megan Passey

Updates from the ISCOs

Updates



- **No changes on individual level.**

- **To join the common tool on a trial basis, but with extended timeline**
- **Harmonization of reporting criteria with ISCOs**

- **Smaller changes in 2024**
- **Assessing further adjustments for 2025.**

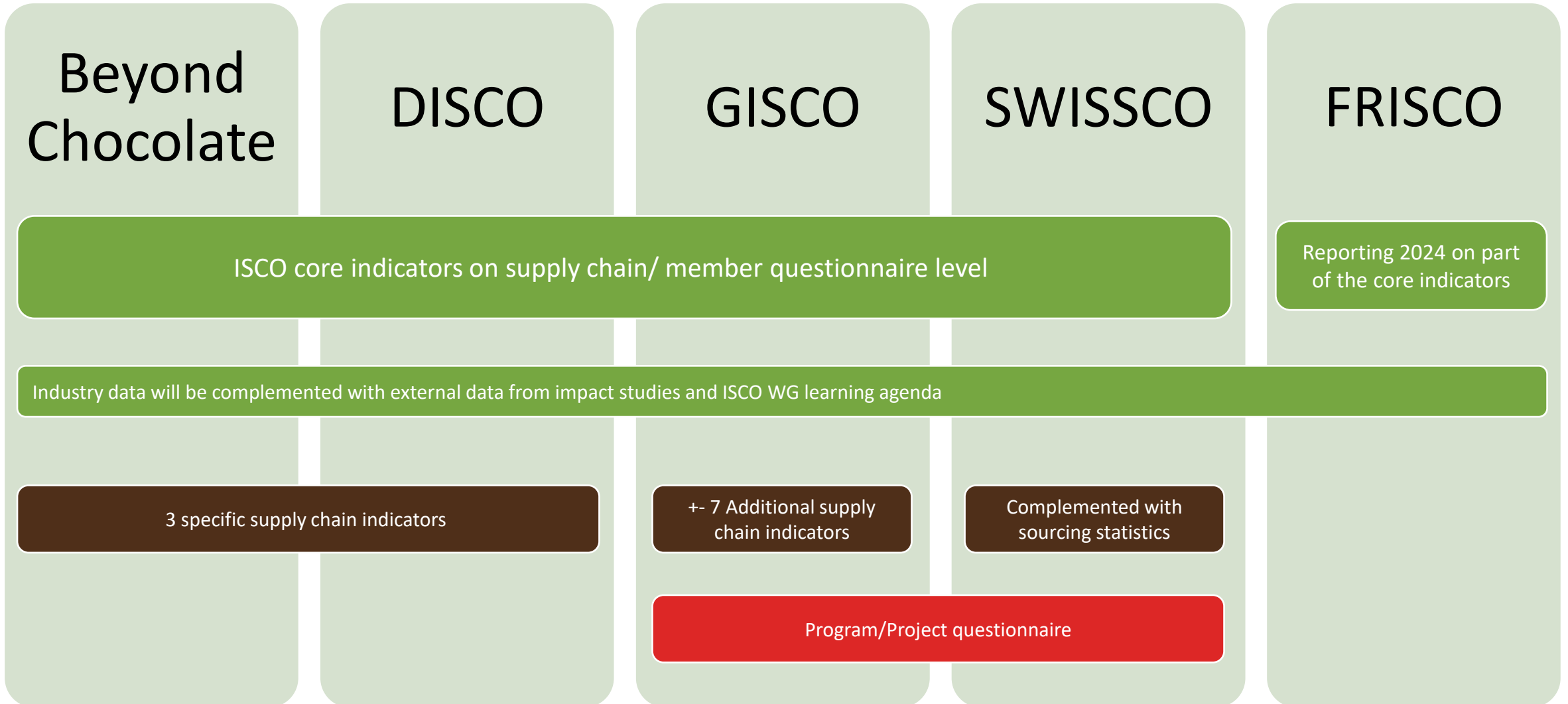
- **SWISSCO to fully join the joint ISCO Monitoring in 2024**



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Introduction, Timeline and Adjustments

Overview: Harmonization between the ISCOs



Monitoring Tool



2023 Monitoring Round



**Beyond
Chocolate**



Forum Nachhaltiger Kakao
German Initiative on Sustainable Cocoa



DISCO
DUTCH INITIATIVE ON
SUSTAINABLE COCOA



FRISCO
French Initiative
for a Sustainable Cocoa



Swiss Platform for
Sustainable Cocoa

Login User

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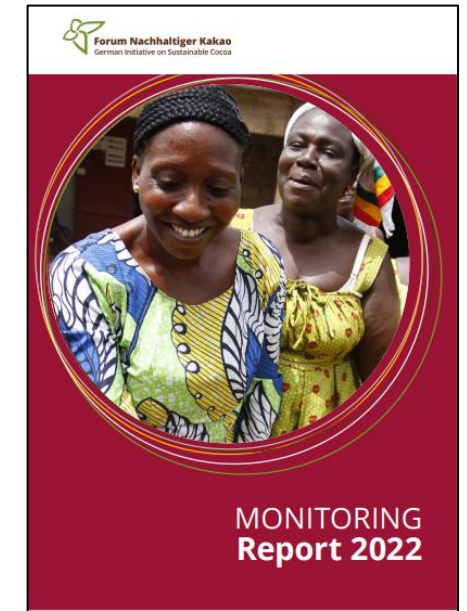
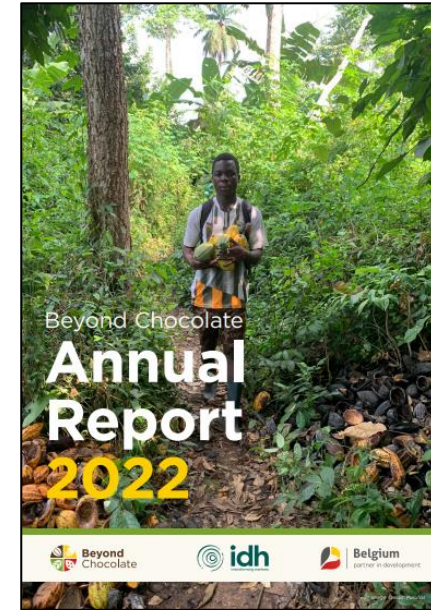
For GISCO members: If you have not yet signed the bilateral data confidentiality and data security agreement for the monitoring, please download [THIS FILE](#) and send two printed versions to us in written with your signature. You will receive a copy signed by us in return.

Login

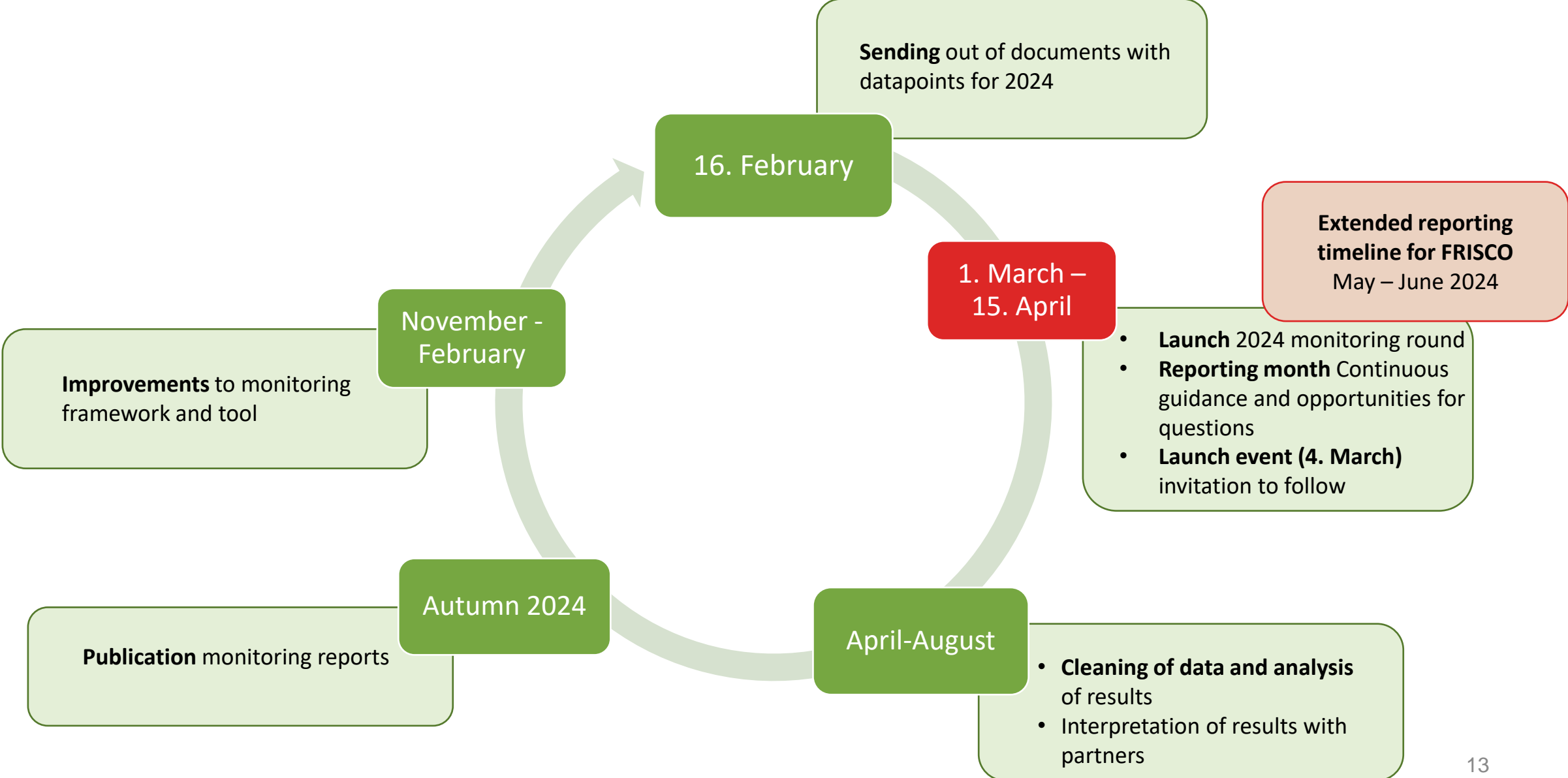
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Your Data Remains Confidential

- Partner specific data will never be made publicly available
- Any publication of results will happen in an **aggregated** way
- You will get the chance to review the Annual/Monitoring Report before publication



Timeline 2024 Monitoring Round



2024 adjustments joint indicators

4 adjustments

1. Review of reporting on volumes, including definitions

- Ensuring common understanding and aligned reporting.
- Ensuring individual accountability of all members.

2. Review of global vs. national reporting

- Finding a balance between accurate monitoring on national targets and reporting burden.

3. Review of indicator on living income progress

- Ensuring a better understanding and higher quality data.

4. Indicator on number of households

- Further alignment with GISCO, SWISSCO & FRISCO taking up this indicator as well.

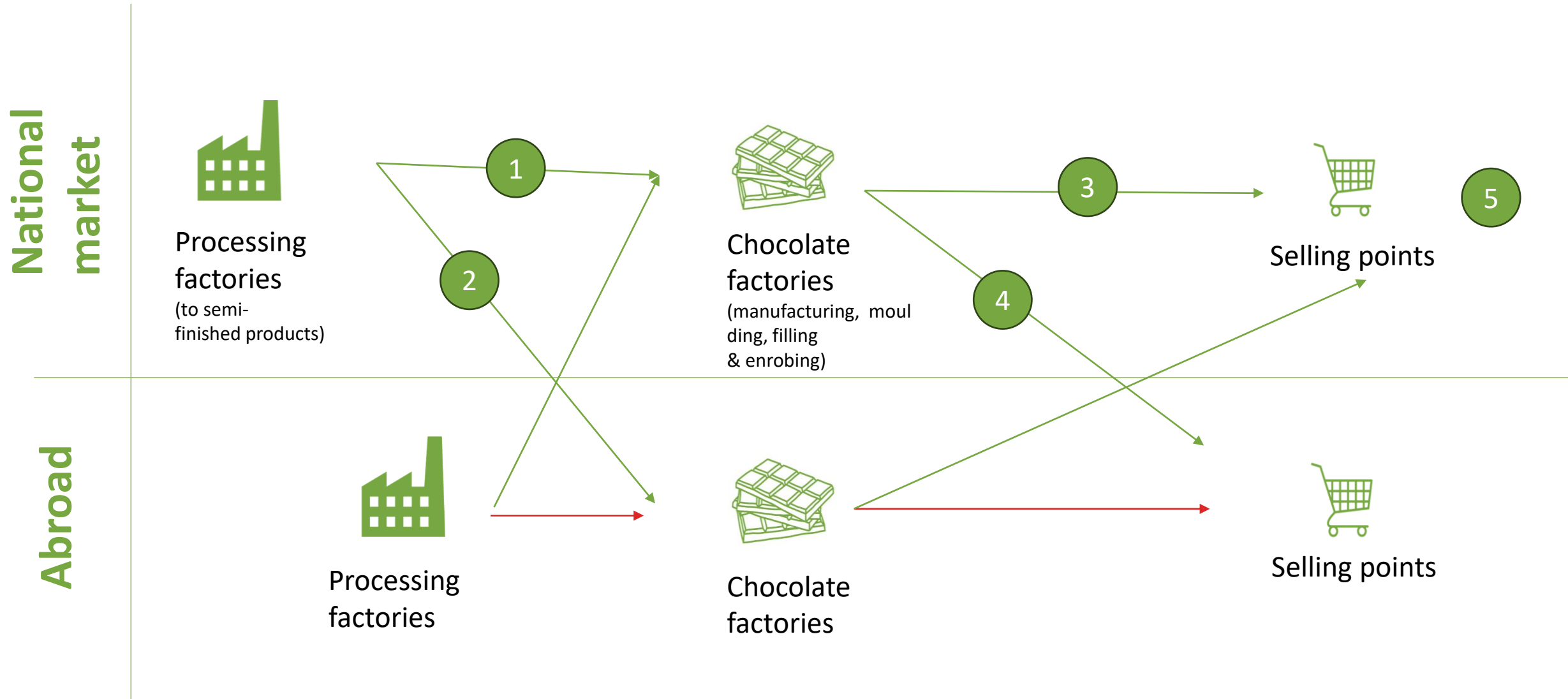


The background is a solid green color with faint, stylized botanical illustrations. On the left, there are several overlapping leaf shapes with visible veins. In the upper right, there is a hand with fingers spread, rendered in a lighter shade of green. At the bottom, there are more leaf shapes, some with circular patterns on them.

1. Reporting on volumes

Proposition reporting on volumes

Individual accountability: everything flowing through members' factories (in/out)



Proposition reporting on volumes

Members currently report on the following joint indicators:

- Please specify the (estimated) volume of cocoa that your company/organization **processed (production) on the national market**, as expressed in MT-BE (metric tons bean equivalents) for the reporting year.
- Please specify the (estimated) volume of cocoa contained in the chocolate and other end consumer products that your company/organization **supplied to the national consumer market**, as expressed in MT-BE (metric tons bean equivalents) for the reporting year.

➤ Challenges

- Confusion on meaning of 'processed' (from beans to semi-finished products, from semi-finished products to couverture, from couverture to chocolate,...)
- Gives a distorted image as chocolate manufactured on the national market, as exported volumes are not accounted for.

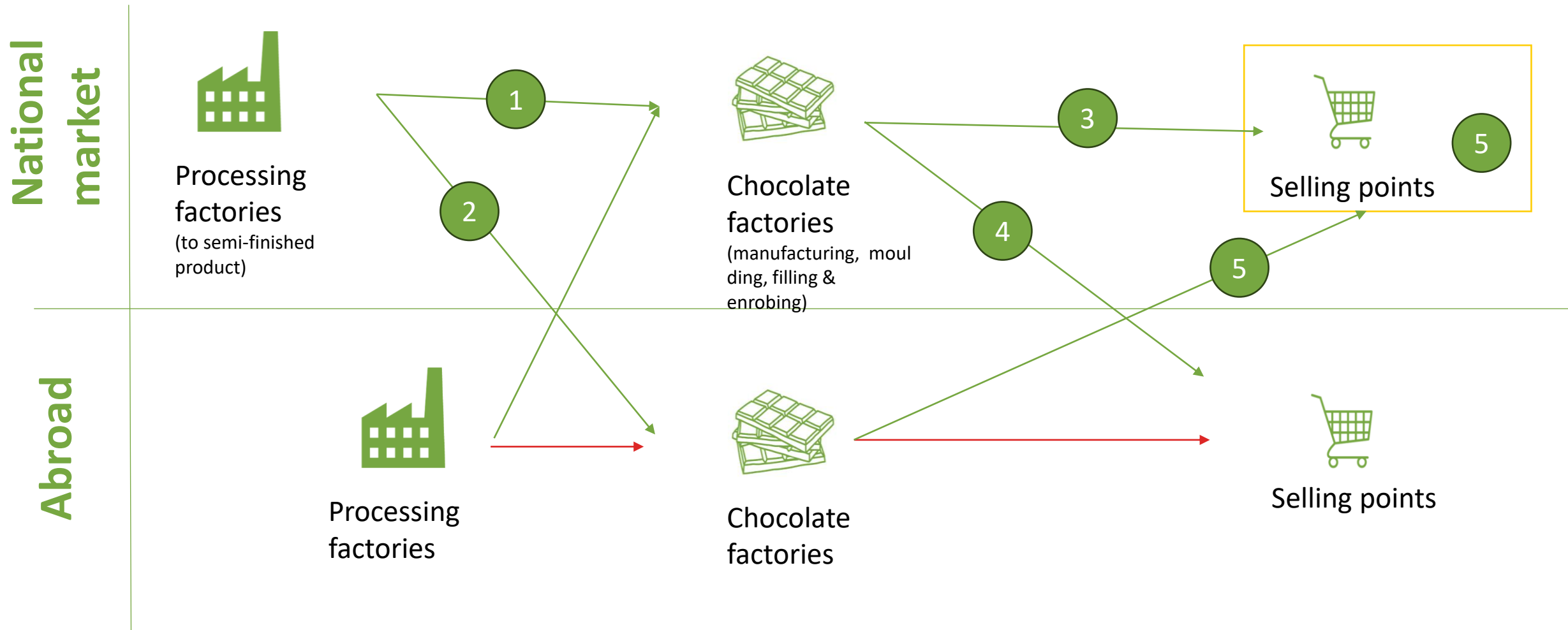
Proposed indicators

- I. Volume of cocoa purchased for processing on the national market (defined as all semi-finished products, including couverture, mass, powder and butter, coming out of national factories, in whatever shape they entered).
 - Split in semi-finished products procured for processing on the national market, (1) going to the national market and (2) exported.
- II. Volume of cocoa contained in consumer chocolate and other cocoa containing end products manufactured in the national market (from semi-finished product or chocolate to chocolate end products, including moulding, filling & enrobing).
 - Split in consumer chocolate and other cocoa containing products manufactured on the national market (3) sold on the national consumer market and (4) exported.
- III. (5) Volume of cocoa contained in the chocolate and other end consumer products sold on the national consumer market.

Case 1: Retail

Aneta works for a retailer A selling private label chocolate in all 5 ISCO countries.

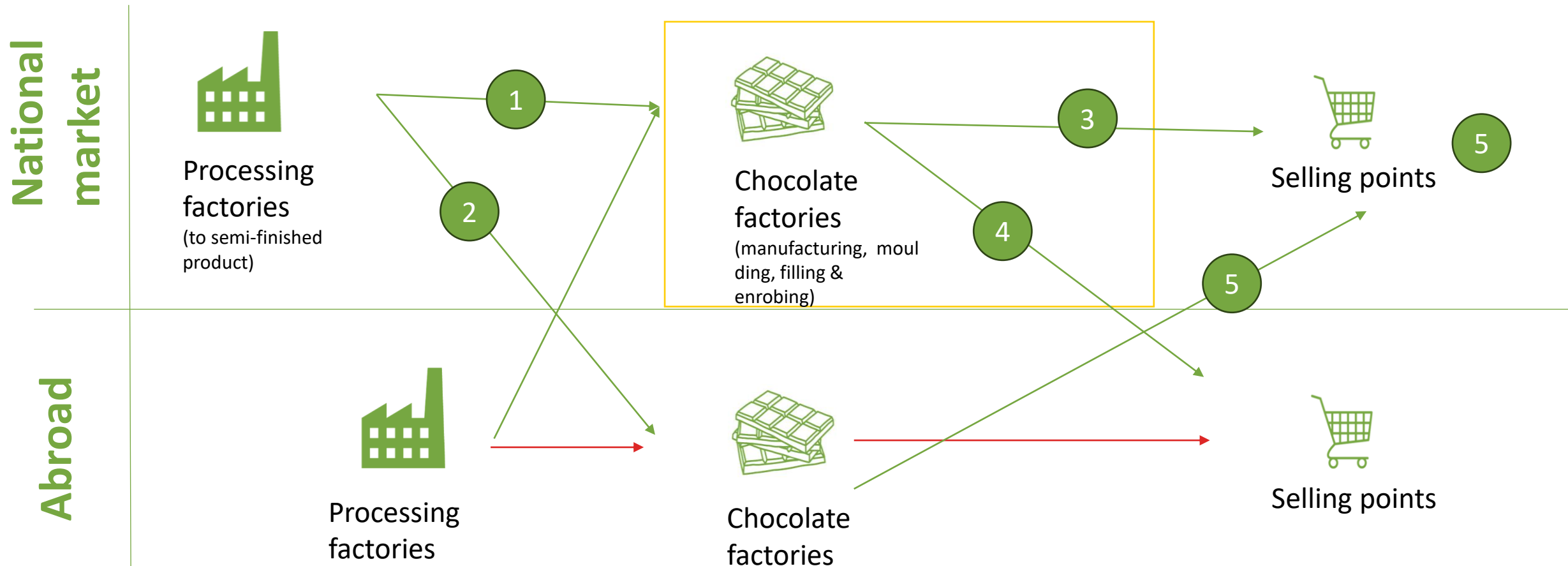
- Aneta will calculate MT-BE for all chocolate and other cocoa containing products sold under the private label of A separately for in Belgium, Germany, Switzerland, Netherlands and France (5).



Case 2: Manufacturer

Grégoire works for the typically Belgian chocolate maker A. A manufactures pralines and chocolate bars from semi-finished products. A has factories in Belgium only, but also exports part of the volumes they produce abroad.

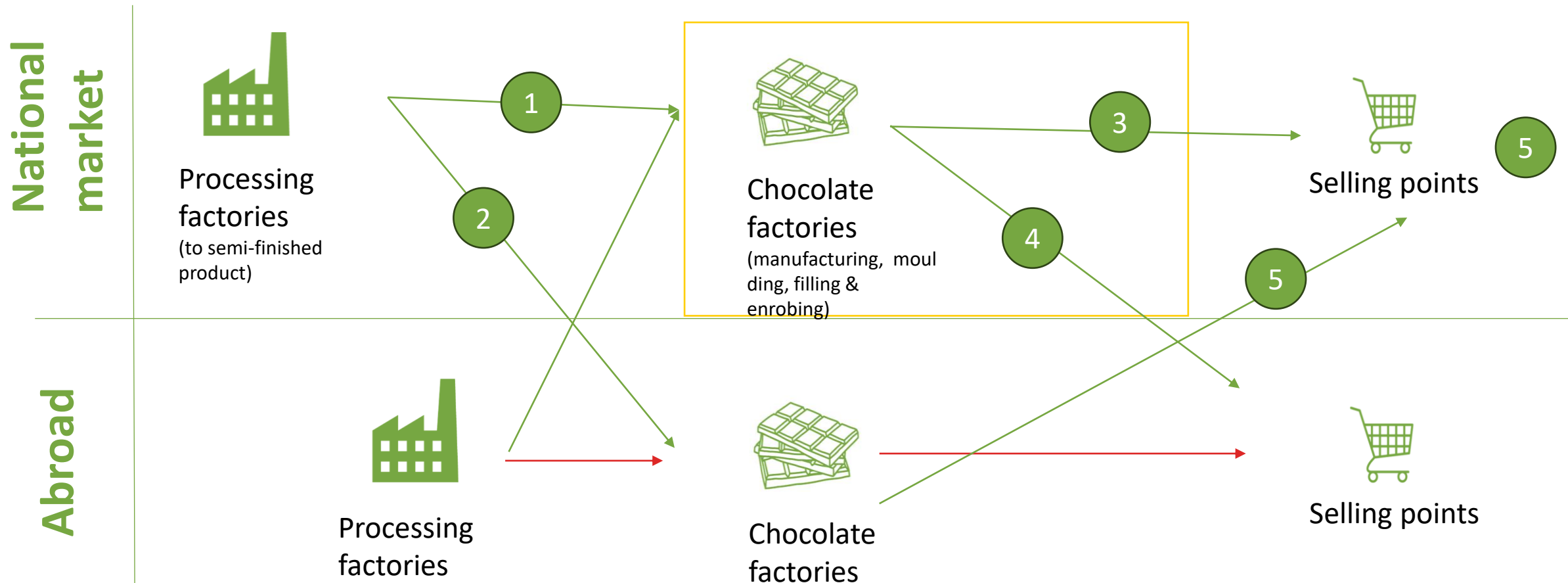
- Grégoire will calculate MT-BE for all pralines and chocolate bars manufactured in the factories of A in Belgium. Grégoire will check which part of these volumes are sold on the Belgian market (3) and which part is exported abroad (4). He will report on both separately.



Case 3: Moulder

Adil works for company A, moulding chocolate tablets for retail private label in all five ISCO countries. A has moulding factories both in the Netherlands and Romania.

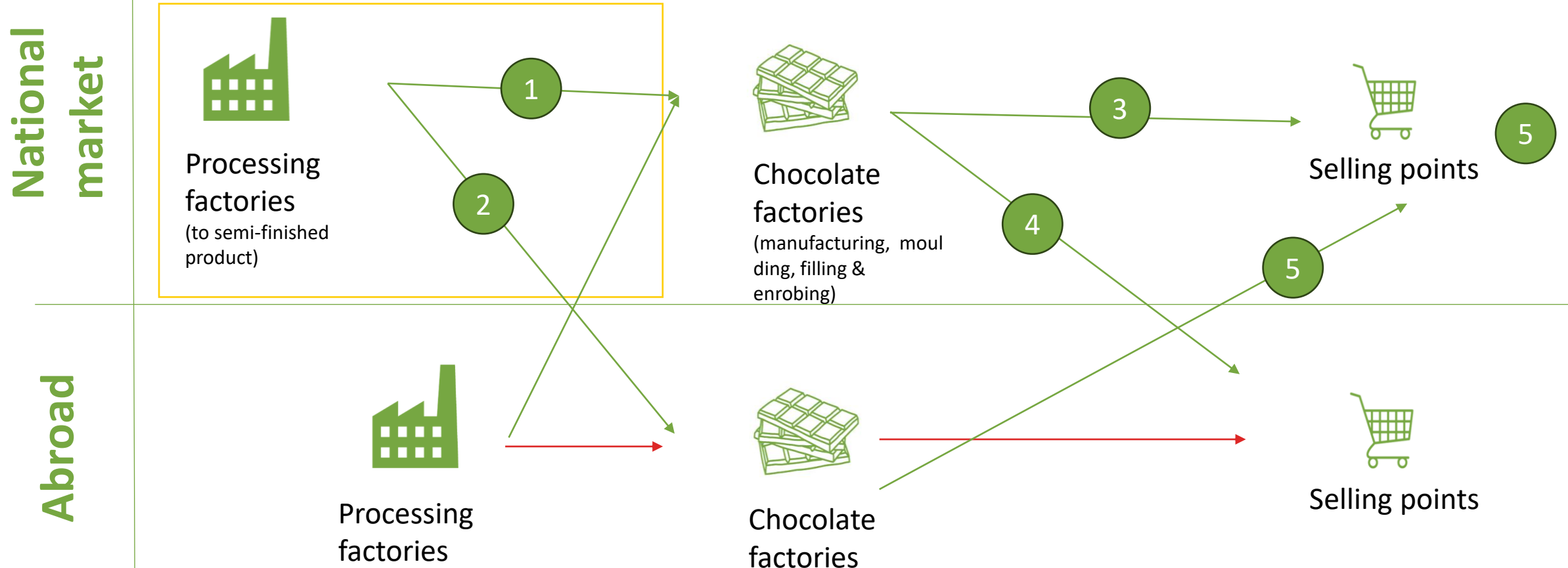
- Adil will calculate MT-BE for all chocolate tablets moulded in their factories in the Netherlands. Adil will check which part of these volumes are sold to clients in the Netherlands (3) and what part is exported to other countries (4). He will report on both separately.



Case 4: Trader (1)

Hanna works for company A, a multinational trader present in all five ISCO countries. A processes from beans to semi-finished products and from semi-finished products to couverture.

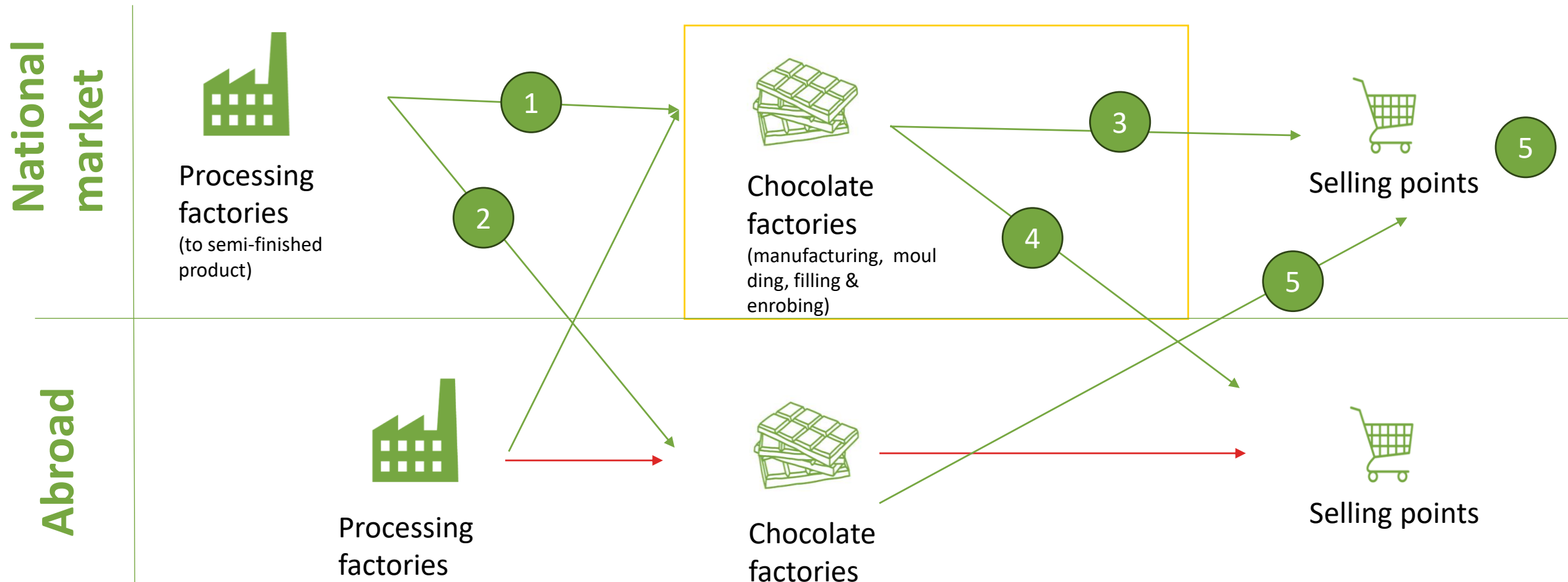
- Hanna will calculate MT-BE for everything that was processed by A into semi-finished products (including mass, butter, liquor and couverture), no matter whether these were processed from beans or semi-finished products. She will do so for the five different markets. Hanna will check which part of these volumes are sold to clients in the country in question (1) and what part is exported to other countries (2). She will report on both separately.



Case 4: Trader (2)

A also has a factory in Germany where they manufacture chocolate bars from semi-finished products that are supplied by other factories of A.

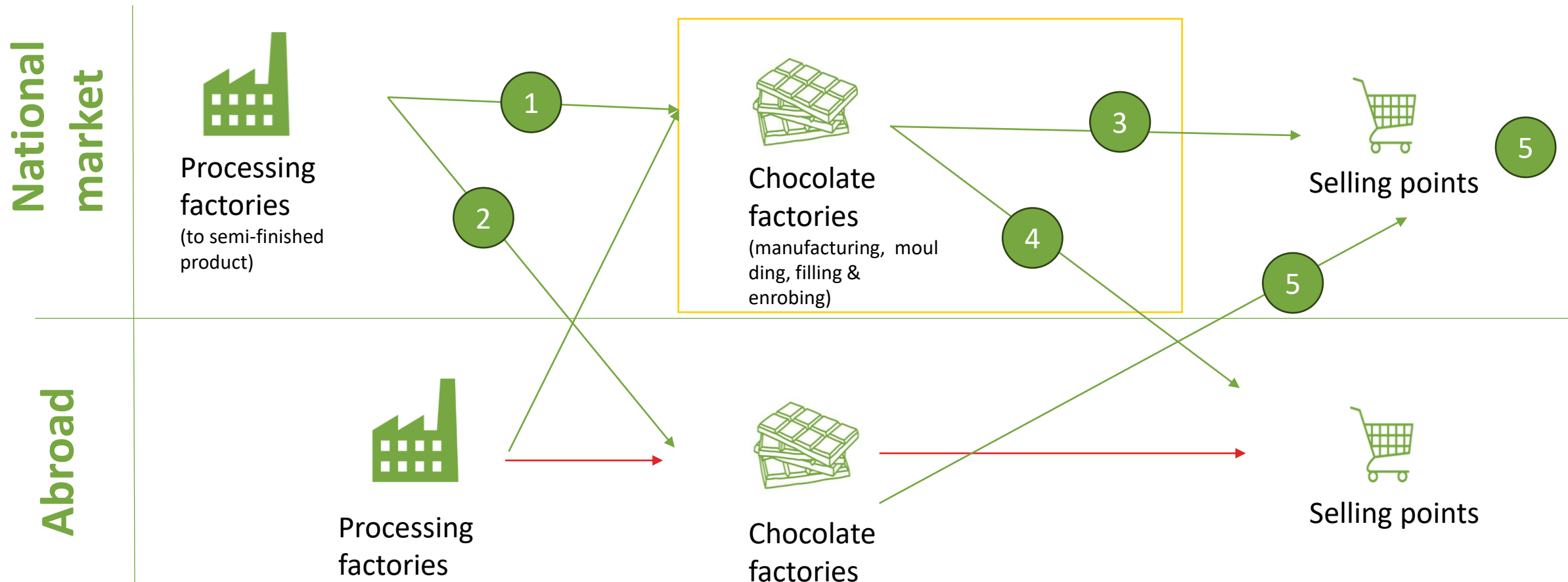
- Hanna will calculate MT-BE for everything that was manufactured by A into chocolate bars. Hanna will check which part of these volumes are sold to clients in Germany (3) and what part is exported to other countries (4). She will report on both separately.



Case 4: Trader (3)

A has a factory in Belgium where they produce chocolate bars from beginning (processing) to end (chocolate bar).

- Hanna will calculate MT-BE for everything that was manufactured into chocolate bars. Hanna will check which part of these volumes are sold to clients in Belgium (3) and what part is exported to other countries (4). She will report on both separately.



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2. Global vs. National

Proposition global vs. national

In the context of harmonization and lowering the reporting burden for partners, the following indicators are currently asked at a global level:

- Share of certified or independently verified cocoa,
- Traceability,
- LIRP
- Deforestation free
- % direct sourcing (without SWISSCO)
- (premiums and supply chain model – GISCO.)

➤ **Challenge**

- Currently conclusions are made on the national market based on global data in relation to the reported volume processed/manufactured/sold on the national market. However, global and national data on, for example, certification can differ greatly.

Proposition

- Ask for national data for indicator on certified and/or independently verified cocoa for volumes purchased, manufactured and sold on the national markets.
- Ask for global averages for other indicators and include message in progress reports clarifying this.

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3. Living Income indicator

Proposition living income

Members currently report on the following joint indicators:

- For how many farming households in your supply chain did you measure living income gaps?
 - Please specify how you have calculated a representative sample
- For how many farming households in your supply chain are you implementing a living income strategy?
- **What is the evolution of living income gap closure of the median farming family in your supply chain?**
- How many farming households in your supply chain have closed the living income gap?
- Please specify the volume as expressed in MT-BE (metric tons bean equivalents) in your supply chain for which your company is paying the Living Income Reference Price (LIRP)?

➤ Challenge

- Confusion about progress indicator and little data reported (or unreliable data reported)

Proposition

- The LI indicators will remain the same as last year except for the indicator on process towards closing the LI gap (in red).
Proposition to change this indicator to:
 - Please provide data on the number of farming households below categories:
 - Please provide the number of households with more than 100% income of a living income benchmark.
 - Please provide the number of households with 81% to 100% income of a living income benchmark.
 - Please provide the number of households with 41% to 60% income of a living income benchmark.
 - Please provide the number of households with 40% income of a living income benchmark or below.

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4. Number of households

Further alignment on number of farming households

All ISCOs will ask for the number of farming households in the direct and indirect supply chain.

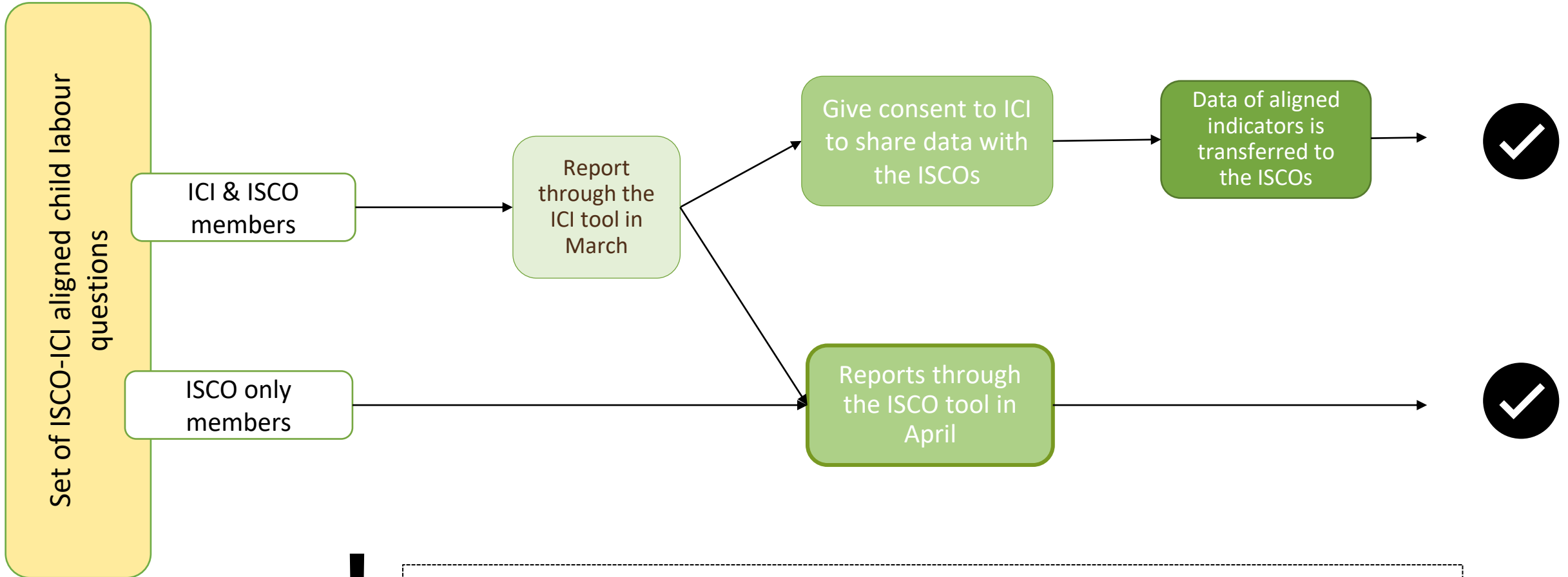
- **Reason:** Allows to calculate the share of farming households in relation to indicators on living income and child labour:
 - For example, 5% of farming households in the supply chain is covered by LI strategies.
- **Indicators:**
 - # of farming households in the direct supply chain
 - # of farming households in the indirect supply chain
 - Theoretical estimation, methodology provided (volumes sourced divided by average annual yield per farmer)



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Child Labour – Deep Dive

Data Transfer on Child Labour Data via ICI



- **Only data for 4 West-African countries is collected: CIV, Ghana, Cameroon, Nigeria**
- Slightly different reporting period: cocoa year vs. calendar year

Assessment of the ICI-ISCO Data Transfer (2023)



Objective: Assessment of data transfer to take informed decision for continuation and adjustments

Format: interviews with involved actors and selected members

Results

Appreciation and positive feedback by members Use of data transfer 85% (13 of 15)	→	Maintain and extend data transfer to other areas (mid-term)
ISCO-ICI cooperation successful	→	Create more ISCO-ICI exchange to support interpretation of the data
Logic of the questions	→	Need to strengthen understanding of monitoring questions for ISCO members
Consent to data transfer	→	Improvements to consent process and technical implementation by ICI

→ Monitoring 2024: Continue with data transfer with minor adjustments

ICI update on consent for data transfer

For members of both ICI and at least one ISCO...

- As in 2023, ICI will transfer data from consenting members on joint child labour indicators to the ISCO(s)
- ICI members will be asked to **sign a new NDA**, which includes a revised section on consent to share with ISCOs.
- In cases where members report on behalf of other members, **both members must agree for data to be shared.**
- Once the reporting process has closed, ICI prepares a clean dataset of the joint indicators from consenting members. **This dataset is securely shared with the ISCOs** through a double-password protected file with time limited access.

Clarification of child labour indicators

Definitions

Why these indicators?

The jointly-agreed benchmarking indicators allow us to measure **coverage, effectiveness & impact** of CLMRS.

The indicators below apply to *any system* that performs the core functions defined in the CLMRS Benchmarking study: **(1) awareness raising, (2) identification of cases, (3) provision of support, (4) follow-up of cases.**

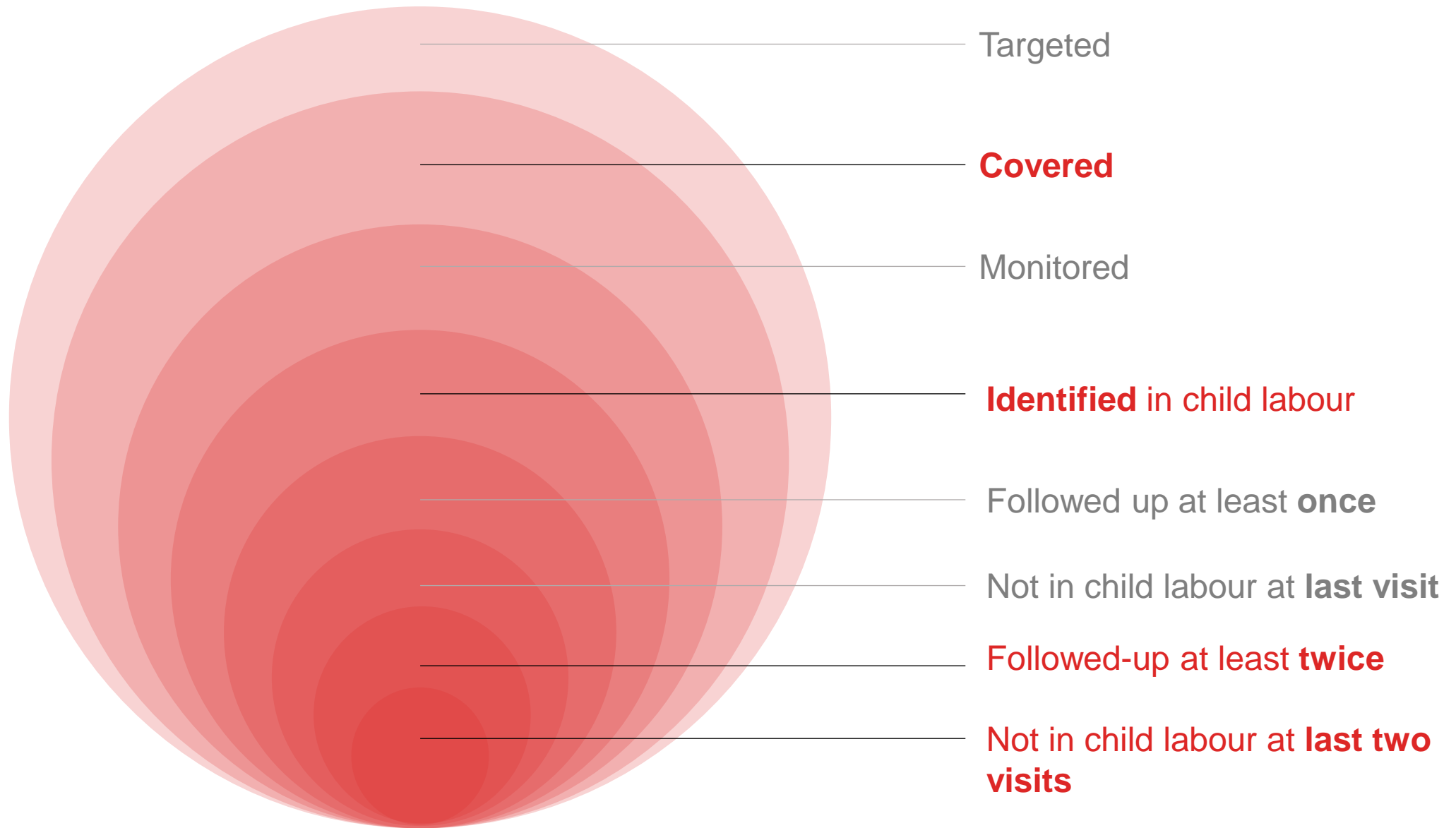
CLMRS Coverage	How many households in your organisation's /company's supply chain were covered at the end of the reporting year, by CLMRS? How many children in your organisation's /company's supply chain were covered at the end of the reporting year, by CLMRS?
Identification	Of these children, how many were ever identified in child labour?
Receipt of support (prevention and remediation)	Please specify how many children, among those identified as being in child labour, received support (remediation and prevention for the future).
Follow-up	Please specify how many of these children, among those identified as being in child labour, received at least two follow-up visits
Work status at most recent follow-up	Please specify how many children, among those identified, stopped working (ie. <u>two</u> follow-up visits with no child labour)

Why these indicators?

CLMRS is just one way of preventing and addressing child labour, but other effective approaches are also used. Two indicators are included to measure **coverage, and impact** of other approaches.

The indicators below apply to any system or approach **that does not** meet the definition of a CLMRS:

Other system Coverage	How many households were covered by another type of Child Labour Due Diligence system? (NB. do not include those counted above).
Other system Impact	By how much has child labour been reduced as a result of this other system? [e.g. 20% reduction] Please share evidence of this system's impact on reducing child labour prevalence [e.g. link to impact study using a robust methodology]
Other system Details	Please explain briefly the approach used. [qualitative comment box – NEW for 2024]



Looking forward to 2024

Common questions..	Answer
Can I report on child labour activities in Latin America or Asia?	No. Reporting on child labour indicators for 2024 is only for Côte d'Ivoire, Ghana, Cameroon and Nigeria (regardless of where the cocoa is sold)
Are figures on “coverage” just for this year, or cumulative?	Figures for “coverage” of systems are cumulative – ie. any child or household <i>currently</i> considered as covered should be counted, if they are still part of the system. This includes any children identified in child labour in a previous year.
My company does other activities to prevent and address child labour, but no CLMRS. What should I report?	There is an option to report on the coverage of other HRDD systems that don't meet the definition of a CLMRS. E.g. a comprehensive community development approach. → The tool will include a comment box for members to provide qualitative information about other approaches.
How do I answer the question about the evidence of this system's impact?	Evidence of impact on child labour could include any robust impact study, where impact is demonstrated in this context, compared to a control group.

Definitions:

of **households** covered by a CLMRS or comparable due diligence system to prevent and address child labour

of **children** covered by a CLMRS or comparable due diligence system to prevent and address child labour

Covered:

A household can be considered “covered” by a CLMRS or comparable system, if an assessment of child labour risk has been conducted at household level, ***EITHER***:

- i. through an in-person monitoring visit, including child interview, **OR**
- ii. through assessment using a household-level risk model
(ie. a systematic analysis of reliable data about the household to predict child labour, using a transparent, documented method of assessment)

Definitions:

of children covered who were
identified in child labour

Identified in child labour

This means a child has been identified in a situation of child labour, in accordance with ILO conventions and national legislation (eg. hazardous activity frameworks).

*NB. This indicator counts the number of children currently covered **ever** identified in child labour. Even if the child has since stopped working, they should be counted here!*

Definitions:

children identified in child labour who
received support

Support includes the delivery of assistance, goods or services to prevent, mitigate and remediate child labour.

Support can be provided at child, household, or community level. A child can be considered as having received support if the assistance, good or service has been provided.

Definitions:

of children identified in child labour who received at least two follow-up visits

A **follow-up visit** is a household visit to a child previously identified in child labour, to understand their current situation and work status and track any changes.

Definitions:

of children identified who reported not engaging in child labour at the two most recent follow-up visits

Not in child labour means a child has *not* reported (or been seen) engaging in work defined as child labour, in accordance with national legislation (eg. hazardous activity frameworks) and ILO conventions.

Conclusions, next steps & wrap-up

Conclusions & Next steps

- **Guidance documents** with datapoints for 2024 will be sent out on February 16th
- **Monitoring round 2024:** 1st March – 15th April 2024
- ISCO Secretariates can be approached with **any individual questions / concerns**

- **Indicators 2024: 4 adjustments**
 - reporting on volumes
 - Review of global vs. national reporting
 - Review of indicator on living income progress
 - Indicator on number of households
- **Child labour:** ISCO-ICI data transfer to be continued

Thank you for your participation!