

Living Income  
Community of Practice

**Cocoa Barometer**  
Living Income Compendium



## Cocoa Living Income Compendium

A Cocoa Barometer Consultation Paper / September 2022

Living income<sup>1</sup> is a human right, and as such deserves a centred position in any conversations around the changes needed in the cocoa sector.<sup>2</sup>

<sup>3</sup> Living income is also the necessary precondition for all the other challenges in the cocoa sector to

be properly addressed. When farmers must choose between feeding their family, and not cutting down old growth trees, it is not a choice. When they must choose between feeding their family or sending them to school, it is not a choice

<sup>1</sup> Living Income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events (Living Income Community of Practice 2020).

<sup>2</sup> Though living income is a human right, the sustainability legislations that have been or are being developed, such as the French Devoir de Vigilance and the EU Human Rights Due Diligence Guidance at

best obliquely refer to living income. It must be unambiguously clear that living income is a key requirement for any multinational to comply to their obligations of Business and Human Rights.

<sup>3</sup> Recommendation: Living Income should be enshrined as a fundamental human right in legislation. Due Diligence Regulations must include Living Income as a key criterium, requiring the development and implementation of time-bound action plans.

**Farmers are  
destined to be poor**

**Higher Yields &  
Diversification**

**Available labour is the key constraining factor**

**Price**

## Programmes that are not only about price

- Mondelez Cocoa Life
- Nestle Cocoa Plan
- Mars Cocoa for Generations
- Hershey Cocoa for Good
- Ferrero Cocoa Charter
- Lindt & Sprüngli's programmes
- Tony's Fair Chain
- Barry Callebaut Forever Chocolate
- Cargill Cocoa Promise
- OFI Cocoa Compass
- Touton's sustainability programme
- Blommer's sustainability programme
- Cemoi's sustainability programme
- Sudden's sustainability programme
- ETG Beans' sustainability programme
- GISCO
- DISCO
- SWISSO
- Beyond Chocolate
- FRISCO
- IDH Living Income Roadmap
- **Living Income Reference Price**

## Only about price

- Living Income Differential\*

**There is not one  
sustainability  
programme only  
about farm gate price.**

\* At world market level, not at farm gate

**It's too expensive**



In 2021, Olam's profit after tax grew to record levels, by 179.4%, and Cargill reported the biggest profit in the 156-year history of the company.

In spring of 2022, Mondelez's CEO said their chocolate division "powers strong profitability", which is "driven by higher pricing"

Barry Callebaut's latest annual earnings report was summarised as providing "strong volume, solid profitability and continued good cash generation." 2014-2020.

In the second quarter of 2022, Hershey "made more money than before with a significant boost on sales that was only partially dulled by increased costs

In early 2020, the Ferrero family – Italy's richest family – paid itself an annual dividend of €642 million. That would be enough to give every single cocoa farming household they source from a living income. It would leave around €192 million to be paid out to its owning family. And though the data is missing, it's fair to assume that other family-owned chocolate companies are also profiting nicely from their chocolate sales.

Forbes estimates that the Mars family wealth increased from by \$34 billion from 2014-2020.

# Supply and Demand

**Gender**

Good  
**Agricultural**  
Practices

Good  
**Governance**  
Policies

Good  
**Purchasing**  
Practices

Good  
**Agricultural**  
Practices

Good  
**Governance**  
Policies

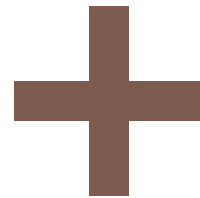


Good  
**Purchasing**  
Practices

Good  
**Agricultural**  
Practices

Supply management  
Rural development policies  
Transparency & Accountability  
Functioning cooperatives  
Traceability systems  
Rule of law  
Due Diligence regulations  
Cash transfers  
Infrastructure  
CLMRS  
VSLAs

Good  
**Governance**  
Policies



Good  
**Purchasing**  
Practices

(Much) higher farm gate price  
Long term contracts/ shared risk  
Timely payments  
LID Transparency

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