

# Cocoa + ESG



## Introduction to Cocoa and Cocoa By-Products

Cocoa is the primary ingredient in chocolates and chocolate based confectionery like variety of chocolates, chocolate powders, spreads, cookies etc. Cocoa grows in humid, tropical forested regions (FAO), and mainly comes from West Africa, South America and South Asia. Most cocoa is exported by West African countries - Côte d'Ivoire and Ghana, and end up being processed in Europe. Cocoa beans are processed into cocoa mass, cocoa butter, cocoa powder, chocolate or other cocoa products (Swiss Platform for Sustainable Cocoa).



Cocoa tree bears cocoa pods which contain the seeds, kernel and a germ (FAO). Cocoa seeds are further processed to mainly chocolate products (30%) and the by-products of cocoa pods are cocoa pod husk, shell and the pulp (70%). (Anoraga et al., 2024).



## Cocoa ESG Problems that consumers should know

Widespread consumption of cocoa-based products has led to the following ESG issues:

**Poverty** - Millions of smallholder farmers survive on income from cocoa, however, underpayment is still a major issue.

**Child labor and forced labor** - smallholder farmers cannot afford to hire external labor and often children from their families or vicinity are involved.

**Deforestation and Pollution** - To meet demand amongst issues like soil degradation, farmers clear more forest land to plant cocoa leading to loss in biodiversity. Less trees reduces the ability to soak in carbon from the atmosphere. Pesticide consumption leads to pollution.

**Inequality** - Poverty, lack of access to adequate financial services, and inadequate living and working conditions.



## Sustainable Cocoa

Advancing human rights and improving conditions of farmers

No deforestation and investment in climate smart practices

Ending child labor and reducing income inequality



## Consuming products with sustainably sourced cocoa

- Assessing transparency of chocolate companies by reviewing their reports and publications
- Sourcing products that have certifications and labels such as:

Rainforest Alliance

Fairtrade International



### Sources and further reading:

Satria Bhirawa Anoraga, Rosnah Shamsudin, Muhammad Hazwan Hamzah, Suzannah Sharif, Arifin Dwi Saputro. 'Cocoa by-products: A comprehensive review on potential uses, waste management, and emerging green technologies for cocoa pod husk utilization'. Heliyon, Volume 10, Issue 16, 2024, <https://doi.org/10.1016/j.heliyon.2024.e35537>.

<https://www.kakaoplattform.ch/about-cocoa/challenges-in-the-cocoa-sector>

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[https://international-partnerships.ec.europa.eu/news-and-events/news/commission-launches-initiative-more-sustainable-cocoa-production-2020-09-22\\_en](https://international-partnerships.ec.europa.eu/news-and-events/news/commission-launches-initiative-more-sustainable-cocoa-production-2020-09-22_en)

