

## WOOLWORTHS COCOA POSITION STATEMENT

### BACKGROUND

Cocoa is produced, traded and consumed in vast quantities across the globe. Although the majority of cocoa consumption occurs within the developed world, cocoa is grown in tropical regions of the developing world, mostly on small family farms, often providing the primary income for small scale farmers.

Since cocoa is traded as a commodity, the price of cocoa and the price farmers receive for their cocoa fluctuate dramatically. It is also very difficult for small scale farmers to access commercial markets and farmers often receive lower than market prices from the number of traders who stand between themselves and the manufacturing of the final product.

The large demand for cocoa also places pressure on the environment, with farmers clearing more forests for cultivation and destroying biodiversity. In addition there are environmental impacts associated with the farming practices themselves, such as the use of chemical pesticides and fertilisers on farms. Social issues associated with cocoa farming include child labour, and the fair treatment and payment of workers.

### WOOLWORTHS COMMITMENT

Even though Woolworths is a small player in terms of the global market, we are committed to working with the industry, independent organisations, international agencies and others to encourage responsible practices in the cocoa industry. We want to help farmers become more sustainable, improve the management of labour, protect the environment and ensure the commercial viability of their organisations. This work forms part of our Good Business Journey strategy to reduce deforestation, as well as our commitment to ensuring that all our products are responsibly sourced, both socially and environmentally.

Woolworths is supporting responsible cocoa farming by sourcing more and more certified sustainable cocoa for our Woolworths branded chocolates. **We've committed to sourcing 100% UTZ Certified cocoa for all our chocolates by 2016.**

[UTZ Certified](#) is one of the world's leading sustainability programmes for coffee, cocoa and tea. It is a comprehensive programme that sets environmental and social criteria and requirements for good agricultural practices, helping farmers learn to improve the quality and yield of their cocoa while reducing their impact on the environment, and enabling them to take better care of their workers and families. Farmers also learn business skills, helping them to improve the commercial viability of their organisations. Another critical factor for Woolworths is that the UTZ Certified [Codes of Conduct](#) include explicit requirements that prohibit child labour based on International Labour Organisation (ILO) conventions.

We started by sourcing 25% UTZ Certified sustainable cocoa for Woolworths branded chocolates in October 2012. We started with 25% because there is simply not enough UTZ Certified cocoa available to meet Woolworths demand. We have since increased this amount to 50%, and will continue working towards sourcing 100% by 2016.

## **TRANSPARENCY AND REPORTING**

All UTZ Certified farmers are audited by an independent third party, which means that if a raw material is UTZ Certified, you have the assurance that it has been grown and harvested responsibly.

Woolworths will remain transparent about our progress towards sourcing 100% UTZ Certified sustainable cocoa. Our progress can also be tracked on our [UTZ](#) barometer or our latest annual Good Business Journey Report, available on our [Woolworths Holdings Limited](#) website.