

WOOLWORTHS

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 commitment to source our key commodities responsibly and to reduce deforestation.

We are working with [UTZ](#), one of the world's leading sustainability programmes for coffee, cocoa, tea and hazelnuts. 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 [Codes of Conduct](#) include explicit requirements that prohibit child labour based on International Labour Organisation (ILO) conventions.



WOOLWORTHS

We started by sourcing 25% UTZ certified sustainable cocoa for Woolworths branded chocolates in October 2012. **In 2016, we achieved our milestone target to source 100% mass balance¹ UTZ certified sustainable cocoa in our WW branded boxed, slab and bar chocolate ranges.**

We have now committed to sourcing 100% mass balance sustainable cocoa for all WW branded products containing chocolate and cocoa ingredients by 2018.

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 cocoa for all of our cocoa ingredients. Our progress can also be tracked in our latest annual Good Business Journey Report, available on our [Woolworths Holdings Limited](#) website.

Please find more information on our responsible cocoa journey on our Good Business Journey [website](#).

Updated: November 2016

¹ Mass Balance means that the company purchases 100% certified sustainable cocoa equivalent to the volume of cocoa needed for a certain product (range). The certified cocoa physically enters the supply chain but is not necessarily physically separated (segregated) from non-certified cocoa throughout the whole chain. This process minimises logistical barriers related to sustainable cocoa uptake and means that certified farmers still fully benefit from the better conditions.

