

# Tony's Chocolonely

## HOW A SOCIAL ENTERPRISE IS CHANGING THE CHOCOLATE INDUSTRY



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This case was developed to stimulate the field of social entrepreneurship. In that spirit it is freely available. This case is suitable solely as the basis for class discussion.

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# Tony's Chocolonely

## HOW A SOCIAL ENTERPRISE IS CHANGING THE CHOCOLATE SECTOR

"Thank you all for coming today. Before we start discussing our strategy for the business going forward I want to take a brief moment to remind ourselves why we're doing what we're doing. Keeping this at the forefront of our minds will help us make the right decisions."

Henk Jan starts playing a video and the tired face of a teenager from Ivory Coast appears.

*"I am Kam Sami Felix. I am 16 years old. I worked on a cocoa plantation from 1999 until 2003. We were with 500 people on the plantation. I did not get paid and I was forced to work. I was not allowed to leave the plantation. We got food only once a day. The food was not good and we became very skinny. If you did not work, you were beaten. Once I had a stomach ache, but I still had to work. They hit me again. We were not allowed to contact each other. I also wasn't allowed to talk to family."* [1]

The image shifts to show the smiling face of an older man:

*My name is Kingsley. I am the chair of the cooperative ABOCFA, in a small village in Ghana called Aponoape. There are 350 cocoa farmers in this cooperative. Due to the demand of Abroni (white person), my farmers worked very hard for years to become the first organic and Fairtrade certified cooperative in Ghana. But once our beans were certified, Abroni did not want them anymore. My farmers were miserable, left with a lot of organic, Fairtrade cocoa beans that did not give them a higher price. This sad feeling affected everyone in Aponoape. I was very skeptical when Tony's team offered us a long-term agreement in which they offered to buy our beans for a higher price. But Tony's team kept their promise: we sold our first 30,000 kilo of cocoa beans to them! I look forward to Tony's next visit in August, as they are going to help us grow and strengthen the cooperative and the village. My farmers are slowly regaining their motivation and trust. I know I am!*

As owner and Chief Chocolate Officer of Tony's Chocolonely, Henk Jan Beltman has heard Felix's story many times before. So have the other people in the room: founder Teun van de Keuken, sales manager Eva Gouwens, supply chain manager Johan Hazelberg, the new finance manager Freek Wessels and Chain director Arjen Boekhold. Yet it never fails to touch them. Felix's story was one of the worst, but realizing there are 460,000 more people doing forced or unpaid labor on cocoa plantations strengthens their resolve to fulfill their vision: making chocolate 100% slave free. They know their vision is ambitious: it means changing the mindset and behavior of all actors in the chocolate sector, from farmers to local governments and from large chocolate companies to chocolate consumers. But Kingsley's story reminds them that their vision is possible – they have proven this in the last few years by building a very successful and financially self-sufficient business in the Netherlands, using their own, truly responsible, value chain. Revenues had grown by

81% from 2011 to 2012, and now, in 2013, Tony's is the number 3 chocolate bar brand in the country's largest supermarket chain, Albert Heijn.

## HOW IT STARTED

In 2003, Teun van de Keuken, a Dutch journalist, investigated the chocolate sector for the television program 'Keuringsdienst van Waarde' (Consumer Intelligence Agency) [2]. During a year-long probe into the chocolate sector, Teun made the discovery that around 20% of all cocoa farmers in the Ivory Coast engage in slave-labor practices. These practices involve adults and children [see Exhibit A]. For

*For the launch of the movie Charlie and the Chocolate Factory, Nestlé, the official partner of the movie, planned to produce special chocolate bars. Teun phoned up their brand manager to propose his idea for these bars:*

*"Wouldn't it be great to celebrate the movie by bringing out special chocolate bars that are 100% guaranteed slave free?" The brand manager's response spoke volumes: "Okay, how do you spell that word, 'slave free'?" [26] It was the first time she had heard of it. This opened Teun's eyes: Nestlé was not even aware of the slavery practices!*

example, children who are victims of human trafficking, children working on cocoa plantations instead of going to school, and children performing harmful jobs such as spraying toxic pesticides without appropriate protection. Amongst the adult slaves there are many 'debt slaves': people who are forced to work to pay off their enormously high debts [3]. Tony's Chocolonely estimates, based on figures of Tulane University and other sources, that, in 2013, at least 460,000 adults and children work as slaves on the cocoa plantations in Western Africa -- amongst them 15,000 to 30,000 children who have been victims of human trafficking [4], [5], [6].

During his investigation, Teun came across the Harkin-Engel protocol [7], an international agreement that was signed in September 2001 by all large companies in the chocolate sector to eliminate the worst forms of child labor in the sector within 10 years. Teun found out that, since 2001, the large chocolate companies had hardly made any progress.

As an avid chocolate eater, Teun felt guilty for inadvertently being complicit in chocolate slavery. He sent a letter to Oprah, phoned Nestlé for the launch of the movie Charlie and the Chocolate Factory (see text box above), and even interviewed the wife of Roald Dahl, but all he found were closed doors and denial. Ultimately, he labeled himself a 'chocolate criminal' and handed himself over to the Dutch police. He drew a parallel between buying a stolen bicycle on the streets of Amsterdam and buying chocolate in a grocery store: In both instances, the buyer knows that somewhere earlier in the supply chain a criminal act has taken place. Charges were successfully brought against Teun but, in October 2007, the Amsterdam court withdrew his case.

During this brush with the law, Teun implored Dutch consumers not to buy chocolate tainted by slave labor and he pleaded with several major chocolate companies to produce slave free chocolate. His attempts resulted in the industry, politics, media and consumers becoming familiar with the word and concept 'slave free', but were not successful enough to make the large chocolate companies change their business

practices. Politicians, activists, fair trade certification organizations – nobody seemed to be solving the problem.

Teun and Maurice Dekkers, owner of the TV production company of the 'Keuringsdienst van Waarde', decided to do it themselves. They launched a new chocolate brand that insisted on sourcing slave free cocoa, and called it Tony's Chocolonely – 'Tony's' being the English translation of Teun and 'lonely' referring to his lonesome battle to convince the whole world.

The chocolate bar was front page news in the Netherlands and many retailers were interested in selling the bars. People were talking about Tony's Chocolonely and detested the idea of chocolate slavery, which they had just learned about. The phone kept ringing at the production company and soon Maurice and Teun realized they either had to set up a separate business for Tony's Chocolonely or let it go.

But Maurice and Teun felt deeply convinced they had to try and solve this poignant problem, as nobody else seemed to be addressing it. So, without any knowledge of chocolate production, without any experience with running a food business, without even a clear commercial business opportunity, they decided to take the plunge together.

They agreed that a foundation was not going to be credible enough to convince the larger chocolate companies, nor financially self-sufficient. A successful, fast-growing commercial company, on the other hand, would provide the perfect platform for raising awareness of slavery among masses of people, and in a short time.

In 2006, Maurice invested €60,000 and borrowed another €100,000 from the bank, and with this (borrowed) seed capital, he established Tony's Chocolonely – the first chocolate company that offered consumers a consciously slave free chocolate choice.

## BUILDING THE COMPANY

Maurice approached Eveline Raymans, an editor who also worked in TV and used to own a cake shop, to manage the company on a daily basis. Maurice supported with strategy, PR and finance and stayed active as a TV entrepreneur. Teun, after helping to set up the company, stayed involved as critical, independent ambassador, but continued his work as a journalist.

The first years were about creating awareness of slavery in the industry, and actively campaigning against slavery in the media and in political debates. The first chocolate bars rolled out of production in 2005. The company started earning some money, but was not profitable. Tony's employed four more people for marketing, sales, office management and finance activities, and by 2009 it had stable revenues of around € 1 million.

In 2010, the bars were distributed at a number of grocery shops, who were eager to sell the popular chocolate bars everyone was talking about. That year, the company made a small profit. But it was hard work setting up a chocolate company while simultaneously changing a mature industry.

In December 2010, Maurice and Eveline realized that, if they really wanted Tony's to succeed in changing the sector, it was time to ask a marketing professional to come on board; someone who could grow the brand and the company, whilst prioritizing Tony's social objective.

Henk Jan had a commercial background and eight years' experience in the food industry, at innocent drinks and Heineken. Starting up new initiatives was what he got the most excited about. But he felt that his impact as an 'intrapreneur' within Heineken was still limited. As country manager for Benelux at innocent drinks, he loved belonging to a company that combined a clear vision of doing good with running a successful business: "You need a stronger motivation to start a business than just making money. When you look back on your life, in a rocking chair, you want to have made the right choices. If you already know what will make you proud then, you will make different decisions today. If you see a problem, it's your responsibility to do something about it."

In September 2011, Henk Jan invested around €330,000 in Tony's Chocolonely to become the main shareholder (51% of shares) and Chief Chocolate Officer. Maurice remained shareholder with 34% and Eveline also became a shareholder with 15%, but they both took a step back from the operations to give room for a fresh restart. The other four employees stayed on board.

## A roadmap for sector change

Henk Jan embraced the vision of '100% slave free chocolate' and further defined what that would look like: All actors in the chocolate sector take their responsibility to eliminate slavery practices and ensure a good livelihood for cocoa farmers. This means that:

- Farmers do not engage in slavery practices and have strong cooperatives and communities.
- Local governments enforce laws and regulations and help improve local infrastructure, healthcare and education.
- Chocolate companies source their beans via a responsible, traceable and transparent value chain.
- Consumers make a conscious choice and actively demand slave free chocolate.

To achieve this vision, Henk Jan believed it was essential to build a successful company that would serve as a role model, rather than to criticize what others do wrong. He defined three principles that would guide the team to build a successful business that could serve as a role model [8]:

- Crazy about chocolate – Tony's commits to making the most delicious chocolate without any bitter aftertaste.
- Serious about people – To Tony's, what matters most is people: Tony's team, farmers, consumers, customers and suppliers.
- Raise the bar – Tony's commits to continuously improving its business to stay at the forefront of responsible chocolate making.





Next, the team developed a 'roadmap' for achieving the vision of changing the sector. The first step in the roadmap was to get large chocolate companies, consumers and governments to understand and agree that change was **necessary**. The second step was to prove to large chocolate companies that it was **possible** to build a truly

responsible chocolate value chain (the so-called "Bean-to-Bar project"), and sell chocolate profitably at the same time. For companies, the main goal is often to create shareholders' value. Therefore, to get the chocolate companies to even consider changing their value chain. Henk Jan had to prove that Tony's way of doing business was also profitable. The third and final step was to ensure that large chocolate companies would **follow** Tony's example. The biggest challenge, for Henk Jan, was to inspire them while pointing out their wrongdoings.

## An attractive brand

For Henk Jan, a talented marketing professional, it was clear that "Tony's Chocolonely" needed to be an attractive brand to be successful: "The power of Tony's brand is that our chocolate has a purpose. Tony's tells a meaningful story. We want consumers to feel part of this purpose and to enjoy chocolate without any bitter aftertaste".

Henk Jan made sure Tony's chocolate products were more innovative and always a bit different, to make consumers think about how their chocolate is made. In 2012, for example, the bars were divided into unequal pieces that represented the map of western Africa and referred to the inequality of the value chain. [see Exhibit B]. This was a difficult decision, and Henk Jan worried about a number of negative consumers responses he had received, about the chocolate being more difficult to break now. The colorfully packaged bars were marketed to socially conscious chocolate consumers, for whom 'slave free' was an important message.

Henk Jan used a limited set of media for promotion to be cost-effective: sampling, online media and grassroots events. All promotion materials told the story in a friendly and engaging way.

### Consumer responses from Facebook and Twitter

“Enjoying the Chocolonely milk drink while visiting Amsterdam – WOW! I’m somewhat of a chocomilk freak and this is by far the best ever. Mmmmm.”

“Brilliantly designed chocolate bar by Tony’s Chocolonely shows inequality in trade. Tastes great too!”

“Just coming back from a party / presentation of Tony’s Chocolonely. Very inspiring, this company needs to grow to make a difference and influence other corporations”

Equally important was the fact that the chocolate was simply delicious. Consumers would be willing to pay a higher price only if they loved the taste of the product.

Tony's could then redistribute this money to the farmers and invest in improving their livelihoods.

In 2011-12, Henk Jan increased the number of supermarkets and specialty food shops in the grocery channel by a factor five. He purposefully located the bars on the mainstream shelves instead of with the other responsibly fairly traded products, to make sure all chocolate consumers would notice Tony's and have the choice to buy more responsibly. He also introduced the out-of-home channel (i.e. petrol stations and wholesale retailers) and the business-to-business channel (i.e. the chocolate bar being a prize on the national lottery). [Exhibit C]

## The Bean-to-Bar project

Tony's had been using Fairtrade / Max Havelaar cocoa in their chocolate bars but, unfortunately, it was not possible to claim that this cocoa was 100% slave free. This strongly conflicted with Tony's vision and was a frustration for Henk Jan.

To prove to the large players in the industry and the consumers that it was possible to have a truly responsible chocolate chain, Tony's started the Bean-to-Bar project.

In February 2012, Henk Jan found in Arjen Boekhold the perfect person to lead the project, since he had worked on sustainability for cocoa, coffee and tea at Solidaridad and the Green Development Foundation. Coming from the NGO sector, Arjen was excited to work in a more fast-moving and results-driven environment. He knew from his past experience how much impact businesses can have on the lives of farmers, and he was looking forward to making that happen for cocoa farmers.

Arjen kicked off the Bean-to-Bar project by getting a better understanding of *why* cocoa farmers engage in slavery practices in the first place. He found out that:

- **Low income increases the need for cheap labor.** Farmers earn a daily income far below the poverty line of € 1 per day per family member [8]. Low income is a result of low prices and low productivity (yield) of the land – often only 30% [8]. Low productivity is caused by farmers lacking good farming knowledge and methods, and farmer cooperatives being poorly organized.
- **It is difficult for farmers to break out of the low-income cycle.** This is because poor local infrastructure, schools, healthcare facilities, training programs and limited financial possibilities for the farmer to invest long-term prevent farmers from developing and strengthening their cooperatives and communities.
- **Farmers perceive slavery practices as somehow allowed and accepted.** This is because there is very little local attention and awareness about slavery, women and children's rights, and inadequate enforcement of laws and regulations on forced labor.

- *About 60% of total world cocoa production, 4 million ton, comes from Ghana and Ivory Coast, 15% from other parts of West Africa, 10-15% from Latin America and 10-15% from Asia [31] [10].*
- *The global retail chocolate market value was around 100-110 USD bln in 2012. See Exhibit Q [24].*
- *The market knows large price volatilities and uncertainty about future supply.*

Next, Arjen dived into understanding how the chocolate value chain exactly works [see Exhibits D,E and F].

The chocolate value chain starts with 5.5 million individual farmers who grow cocoa beans on small plantations of less than 5 hectares [5]. Only 20% of the farmers are organized in cooperatives, in which they work together to strengthen their financial position, team up with respect to certification and sales to local buyers, and share farming methods and knowledge. Farmers harvest, ferment and dry the beans and sell them mostly to local traders, who bulk package the beans and transport these to processors. From this point onwards, it is often not traceable where beans come from, because cocoa works mostly as a commodity market: Companies further up the value chain have limited contact or agreements with farmers.

Processors roast, grind and press the dried beans into cocoa butter and cocoa powder in large factories. Processors sell the semi-finished products on to manufacturers.

Manufacturers combine the semi-finished products with other ingredients (such as sugar) and mold this into more finished chocolate products, such as chocolate bars and drinks, which they sell to consumer goods companies.

Processing and manufacturing activities have integrated over the years, making it hard to clearly separate processors from manufacturers. Large players are Cargill, Barry Callebaut, ADM, Kellogg and Olam.

Consumer goods companies, such as Mars, Nestlé, Kraft and Ferrero, sometimes do final manufacturing activities themselves. They package and market the final goods for the end consumer and sell to retailers. Retailers then offer the products to the end-consumer.

In addition, traders and brokers buy and re-sell dried beans and semi-finished products to make a financial profit.

Arjen wondered why the chocolate companies hadn't taken full responsibility to eliminate slavery practices, as promised in the Harkin-Engel protocol. Only 0.001% of their total profit over the past 12 years was invested in improving the livelihood of farmers [9]. Arjen reasoned: "The few players in the industry are large, and ongoing consolidation of processors, manufacturers and traders only increases their dominance. In West Africa, five companies purchase almost half of all cocoa [10]. So they actually have the potential to make a real difference for the farmers. If only they invested 0.7% of their profit, the problem would be solved according to Anti-Slavery International [11]. What is holding them back? What is the perspective from the side of the big players?"

He found out, since 2009, that there had actually been some movement [see Exhibit G]. For example, Nestlé started 'The Cocoa Plan' [12], Mars introduced the "Sustainable Cocoa Initiative" [13] and Barry Callebaut the "Cocoa Horizons" initiative [14]. All these corporate social responsibility initiatives aimed at increasing yields by improving agricultural practices and improving the livelihood of farmers in some way.

The primary motive behind these initiatives seemed to be securing future supply, while improving the livelihood of farmers seemed to be a consequence. Mars: "We believe that securing cocoa's future against rising demand begins with enabling



farmers to increase their yields and, by extension, their incomes” [13]. Nestlé: “The overall wellbeing of the cocoa farmers who supply us, and the rural communities they live in, is intrinsic to our ability to continue to do business in the future, make better quality chocolate and satisfy consumer preference.” [12]

Arjen was pleased to see that some action was being taken, albeit for rather commercial reasons. But he still wondered why these companies were not doing more and faster. It seemed the companies ran into some challenges:

- **Commercial objective** – Companies work to maximize shareholder value, by satisfying consumer demand as profitably as possible. However, there is not yet a strong consumer demand for responsibly sourced chocolate. Only 10% of all cocoa is fair trade certified [8]. And investing in local training, infrastructure and awareness, paying higher prices and building a traceable and transparent value chain, is more costly than the current way of doing business, which would decrease shareholder value.
- **Complexity** – Mars: “We share the widely held view that child labor is grounded in complex economic, political, and social issues and that our approach must be similarly comprehensive.” [13] Cooperative efforts with governments, nongovernmental organizations and industry to solve a multifaceted problem are complex and may take a long time.
- **Reliability** – Nestlé: “Some cooperatives are not achieving the contracted volume of cocoa, some are poorly managed and some are not repaying loans as agreed.” [12] Buying cocoa off the commodity market is more secure and gives companies the flexibility to change supplier or region at any time.
- **Capabilities** – Companies do not have the organization model or the capabilities to handle training and rollout of local programs across many different geographies and cooperatives.
- **Responsibility** – Many people working in chocolate companies, who make the day-to-day decisions, are still not aware of the extent of the slavery problems, how their company contributes towards that and what they personally can do about such a complex problem. Some companies still point a finger at local governments as being responsible for solving the problem, or indicate that they are too small to have an impact. Unilever: “Sustainable sourcing remains an ambitious target, especially where our market influence is lower because of smaller volumes” [15]. Besides, taking on responsibility is scary: a transparent and traceable value chain exposes any missteps on a company’s plantation, which can have negative publicity consequences. Another problem with taking responsibility is that companies trust the certification system for fairly traded cocoa beans will solve the problem of inequality in the value chain. The Dutch company Verkade, for example, says: “Since 2008, all Verkade chocolate products are made with love from Fairtrade ingredients. This means we always pay a fair price for ingredients from developing countries, such as cocoa and sugar. This way, we improve the livelihood of 50,000 farmer families. Thanks to the fair price their children can go to school and we support healthy and environmentally friendly business practices.” [16]

Tony’s viewed the certification system as a good first step in solving the problem, but wondered why it hadn’t contributed to eliminating or even reducing slavery practices over the past 25 years in the cocoa industry.

Various certification organizations, such as Fairtrade / Max Havelaar, UTZ Certified and Rainforest, aim to solve the inequality in the value chain by certifying farmers and consumer goods companies [see Exhibit H]. A certificate indicates that certain standards are met (such as prohibition of forced labor and responsible use of toxic pesticides). To get a certificate, both the (cooperatives of) farmers and the consumer goods companies pay an annual fee to the certification organization. In return, the farmer receives a price premium (e.g., ~€0.15 per kilo cocoa beans for Fairtrade, on top of a market price of ~€1.20 in Western Africa) and the brander can carry the certification logo on their packaging.

Arjen and the team started a discussion with Fairtrade and joined the public debate, in which they criticized the system for the limited impact on the livelihood of farmers and for rarely reporting any slavery practices. A study conducted in 2012 by the Fairtrade organization itself [17] confirmed Arjen's concern – the productivity of certified farmers was not higher than non-certified farmers and many of the Fairtrade farmers didn't even know that they were certified. On the other hand, the report showed that the Fairtrade system had proven to have significant impact on the livelihood of certified farmers in other sectors. Arjen and the team also discussed with Fairtrade the high internal cost structure of the organization and the various certification organizations acting as competitors rather than working together efficiently.

*Often, the team could be found in the little office kitchen trying out new recipes and ideas. One of these ideas was a merengue-cherry chocolate bar, which seemed very promising, but the operations manager couldn't immediately find a responsible version of all ingredients needed for the bar. The team decided to not take the bar into production yet and instead increase their search efforts. This caused a 5 month delay, but the team was happy to have prioritized Tony's social objective above its commercial objective*

Understanding the real problems in the sector and the limitations of certifications, Arjen and the team decided Tony's new value chain in the Bean-to-Bar project needed to be

- Responsible – not only a good price, but also local investment and support
- Traceable and segregated – knowing exactly where the beans come from and no mixing of Tony's beans with other beans anywhere in the value chain
- Transparent – all players in the value chain give insight into cash flows, missteps in the chain are made transparent, and personal relationships help increase trust and transparency.

Tony's team visited Ghana and Ivory Coast in 2012 and met with Fairtrade certified cooperatives Ecookim and ABOCFA, who represented 529 farmers altogether [see Exhibit I]. Tony's signed five-year agreements with these two cooperatives, based on social drivers rather than quality of the beans. The team admired how Ecookim refused to cooperate in unfair, long-term contracts and they wanted to help ABOCFA's demotivated farmers. They had worked for years to become organically and Fairtrade certified for Green & Black's, only to find that Kraft, who had taken over the company by then, wasn't interested in this.

Arjen realized that gaining the trust of these farmers was a hard task. The team had taken Tony's brightly colored chocolate bars along and for many farmers this was the

first time they actually tasted, felt and smelled the end product of the cocoa beans they were growing on a daily basis. In long conversations and with the help of translators, Arjen promised the managers of the cooperatives the following:

- A five-year agreement, which would give them longer-term income security and make investments and planning possible.
- A price of 25% (or ~€0.30) on top of the market price in Ghana. In Ivory Coast, Tony's promised to work towards the same price. In 2012, farmers received a fixed market price of € 1.29 per kilo cocoa beans in Ghana and € 1.10 in Ivory Coast [8]. The ~€ 0.30 included the € 0.15 Fairtrade premium.

Arjen also shared his doubts about the 25% being enough and told them that Tony's would investigate what price is actually needed to ensure a good livelihood for the farmers. Arjen emphasized that Tony's wanted to go further than the financial support: Tony's wanted to help them build capabilities to increase production, strengthen their cooperatives, communities and infrastructure, and create awareness about child slavery and the position of women. The Chocolonely Foundation, which receives 10% of the annual net profit of Tony's Chocolonely, would fund these initiatives [8].

For the next step in the value chain, Tony's made an agreement with local buyer Hubert Hoondert's trading company Cocosource, who became responsible for the purchase of the cocoa beans from ABOCFA and Ecookim and the transport and sales to processor Barry Callebaut. During a presentation to the management team, Arjen explains: "Hubert is the perfect person for our value chain. He is reliable, professional and, most importantly, passionate about ending slavery and making chocolate. Also, Hubert will check in on the cooperatives at least three times a year to inspect their labor practices and give us full transparency on the payments he makes to the cooperatives."

The most challenging part of the Bean-to-Bar project was traceability and segregation. In Ghana, all beans are bulk packaged at the harbor, but Arjen needed a separate container exclusively for ABOCFA's beans. He found a loophole in the regulations to get the permit, but had to go down to the harbor personally to make sure the authorities allowed Tony's separate container to leave, because the system was not set up for segregation.

#### ***Other responsible chocolate makers***

- *Divine, UK: Farmers' cooperatives are shareholders of this company [27]*
- *Café direct, UK: Only work directly with proud and passionate expert smallholders to create the best products [28]*
- *Equal Exchange, US: Also produces other fair traded foods, such as coffee, tea and bananas [29]*
- *Other examples are TCHO, Green & Black, Grenada Chocolate Company, Taza Chocolate, Dagoba Chocolate, Theo Chocolate, Chocolatemakers*

The next step was for Arjen to convince their processor Barry Callebaut to use a segregated approach. Processors use a mass-balance principle for most certified beans [see Exhibit J]. This means that certified and non-certified cocoa beans are bulked together before processing. If 10% of all beans going into the manufacturing process are certified, then 10% of all chocolate coming out may be certified, but the actual chocolate of the 10% also contains non-certified beans.

Arjen talked to many people at Barry Callebaut, from the contact person of the factory in Belgium to the teams in West Africa. He convinced them that Tony's was serious about this and managed to inspire them with Tony's plans. For Barry Callebaut, segregation would be more expensive and require a different way of working. But the personal relationships and motivation of the people within Barry's made the agreement happen. Barry would use a separate processing line for Tony's beans, which would be cleaned before use to ensure no traces of other beans were mixed with Tony's. They also agreed to Tony's other terms of making a new and unique chocolate recipe and being fully transparent about payments made to Hubert.

Arjen finalized the new value chain by agreeing on similar terms for segregation and transparency with Althaea, a small Belgian chocolate manufacturer who molded and packaged the finished products.



Tony's team was proud of having achieved this major step towards a 100% slave free chocolate chain. Still, they couldn't claim to make 100% slave free chocolate, because other ingredients used in the bar, such as additional cocoa butter and cane sugar, still came from the mass-balance Fairtrade value chain. Also, Tony's was still hesitant to guarantee no slavery practices took place at the 529 farmers from ABOCFA and Ecookim. The team realized that 100% slave free chocolate is an ongoing and challenging process, but they were determined to work together with the farmers in their new value chain to make sure that, in a couple of years, Tony's would be able to guarantee 100% slave free chocolate.

## Building a strong team

When Henk Jan took over Tony's, he felt strongly about the importance of having a strong team with the best people. "Serious about people starts with our own team. Our vision of a 100% slave free chocolate sector can only be fulfilled if we have the best people who are 100% convinced that Tony's can change this sector systematically and who are committed to making the best chocolate."

The organizational structure is simple and efficient, evolving around their three core activities: marketing, sales and operations [see Exhibit K]. Since the end of 2011, Tony's team has extended to 18 people. Henk Jan carefully selected them for their strong intrinsic capabilities and entrepreneurial drive. Henk Jan says, "They are people who get things done, who find creative solutions, who are undaunted when

things are not easy or straight forward, and who constantly look for and pursue new opportunities to achieve Tony's vision." These characteristics are important because, at Tony's, everyone has to be ready for immediate responsibility. The members in the management team have a lot of decision power – also for highly strategic decisions – and each person is responsible for giving input during Tony's Monday morning meeting about the status of the organization and the strategic way forward.

The most important quality for considering whether someone is a good fit for Tony's team is their intrinsic social motivation. Henk Jan believes: 'Experience in the chocolate sector is nice to have, but certainly not a necessity to work for Tony's. These skills you can learn, but an intrinsic social motivation has to come from within.'

Henk Jan makes sure to recruit only the best people. This makes the selection process tough. 'I need people on my team who fit here perfectly. That is why I do not simply say "yes" to the many volunteers who offer their help, even if this is an attractive proposition.' These high people standards go beyond the selection process: 'If someone in the team is not performing, I let that person go.'

Recently, Henk Jan hired a new CFO, Freek Wessels, who had worked at Heineken before. Freek was looking for a finance position with a lot of responsibility in a smaller organization and he was happy to swap some of the financial rewards for a more meaningful purpose. Freek likes the open and warm atmosphere and has gotten to know his colleagues during the regular Friday after-work drinks and fun office events. He is still positively surprised with Tony's professional people approach: 'There are all sorts of secondary employment benefits such as a baby bonus, the possibility to get a small loan for personal use and financial support for sports gear.' Freek is also impressed with the emphasis on people development: everyone has a personal development plan, there are regular feedback sessions, they've had some great externally facilitated coaching sessions with the management team, and he thoroughly enjoyed his 2-day Chocacademy training for new employees, where he learned everything about chocolate making and the problems in the chocolate sector.

### **Tony's team**

*"It feels like I am working for a higher cause together with people who are as passionate as I am in reaching Tony's vision!"*

*"I want to make a difference in the chocolate sector! Working for a small team like Tony's and having a lot of responsibility, makes this possible for me. This really motivates me in looking for new and better ways to improve this sector"*

*"I feel that we are a winning team with a clear vision. It's work hard, play hard"*

## **PREPARING FOR THE FUTURE**

### **Measuring social impact**

Besides Tony's conventional bottom-line, which measures their financial performance, Tony's has a social impact on the farmers, consumers and the industry. Arjen wanted to measure the social impact of this so-called double bottom-line. Clear insights would help to continually strengthen Tony's own business model, and help convince others in the chocolate sector to follow Tony's business model.



Arjen believed they needed figures on the impact on the livelihood of the farmers and the strength of the cooperatives, but he also thought: 'If our vision is to change the sector, shouldn't we somehow start measuring our impact on the entire sector? Can we ever say something meaningful about our achievements on creating consumer awareness in the Netherlands or our contribution to improve the certification system, or is that wishful thinking?'

Arjen approached Avance, a consulting company experienced in social impact measurement, to help Tony's with these difficult questions [18]. Arjen was familiar with Avance and knew they offered good value for money, and were both experienced in measurement for businesses and NGOs. After setting up the measurement system, named Tony's code, Avance would become the independent party that would test, verify and help improve the system.

Together, they formulated principles for building a social impact measurement system. One of the principles was that Tony's wanted to share their learnings on impact measurement with the outside world; another one was that Tony's wanted to improve and adjust business practices based on the outcomes of this measurement.

Next, they identified which indicators they wanted to measure. One of the indicators was the number of slavery incidents in Tony's value chain, which was 0 for 2012, according to the inspection organization FLO-CERT. Another one was the price premium Tony's pays the farmer on top of the industry average, which was set at 25% for 2013. Finally, they set up a plan for how to collect all of this data in a reliable way [see Exhibit L].

## Ensuring other chocolate companies will follow suit

Henk Jan switches off the video and looks around the room. He is happy to finally have the whole afternoon with Teun, Arjen and Freek to talk about the strategy of the business in the coming years.

'We are still a small social enterprise, with 3-4% market share in the Netherlands, but we are successful. We're already bigger than Ritter and Verkade in value in Albert Heijn. We have a very ambitious vision to change an entire sector, and we all know we are making a difference. As Anita Roddick said, "If you think you are too small to have an impact, try going to bed with a mosquito in the room". So, let's think about the big question: *What should we be doing next to make sure that other chocolate companies follow our example and change their value chain?*'

*In 2012, Tony's received a standard letter from Albert Heijn to its suppliers in which the retailer demanded a 2% discount on Tony's chocolate bars. This made Tony think once again how unfair the industry is in which they operate. Tony's sent a few unequally divided chocolate bars back to Albert Heijn with a hand-written note saying: 'For you, this is a small amount (2% = €0.03); for our farmer in Ghana, this means a 25% income reduction. No matter the outcome of our conversation, we will not take anything from our farmer. Enjoy your bars, but ... share equally!'*

Teun van de Keuken replies first: "I really don't think we have truly convinced other chocolate companies to change. They still hide behind certification and make fake

promises about having all chocolate sustainably sourced in 2020. They simply don't think it's their responsibility. We need to work on conviction first."

Johan Hazelberg, the supply chain manager, adds: 'And even if these companies are convinced they should change, I am not sure if our value chain is scalable and profitable enough to serve as a credible role model. Nestlé and Mars operate on such a large scale.'

Arjen: 'I think we should get to speak to these people and show them how we do it. Some of them do not have the capabilities and exact know-how to set up a segregated and responsible chain like this, which is very different from the commodity market they are used to. We learned so much in the past year; let me explain to them exactly how it's done.'

Eva Gouwens summarizes: 'Now, even if we would assume companies want to change and they know how to do it; are all the regulations and systems in place for them to make the change happen at the moment? The certification system is still dysfunctional, local infrastructure is poor, and segregation is difficult because of regulation. We really need to work together more actively with other activists, media, politics and NGOs to improve these things as well.'

'Well,' Arjen says, 'whatever we do, I think our focus must be on growing our own business. More consumers means more awareness means more pressure on the big players. Only that will create the conviction Teun is talking about. Also, think about how many more farmers there are out there whom we could help if we grew the business.'

'This might be a bit of an outsider perspective,' ventures Freek, 'but have we ever considered strategic partnering with other commercial players? We could then quickly increase our market share and have a larger impact.'

Henk Jan couldn't help but be pleased once again with having such quality people around him. This was going to be an interesting and insightful discussion.

## APPENDIX

### Exhibit A – Definitions ‘worst forms of child labor’ and ‘forced labor’ [19] [20]

#### **According to the International Labor Organization’s (ILO) Convention 182, the worst forms of child labor are**

- all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;
- the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

#### **According to the International Labor Organization’s (ILO) Convention 29, forced labor is**

- all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.
- Exceptions are provided for work required by compulsory military service, normal civic obligations, as a consequence of a conviction in a court of law (provided that the work or service in question is carried out under the supervision and control of a public authority and that the person carrying it out is not hired to or placed at the disposal of private individuals, companies or associations), in cases of emergency, and for minor communal services performed by the members of a community in the direct interest of the community.
- The convention also requires that the illegal extraction of forced or compulsory labor be punishable as a penal offence, and that ratifying states ensure that the relevant penalties imposed by law are adequate and strictly enforced.

Exhibit B – Tony's equally divided and unequally divided bar [21]

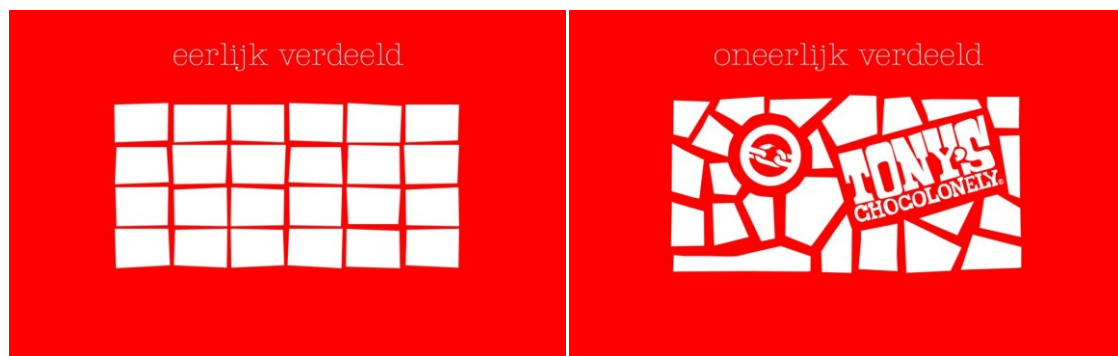
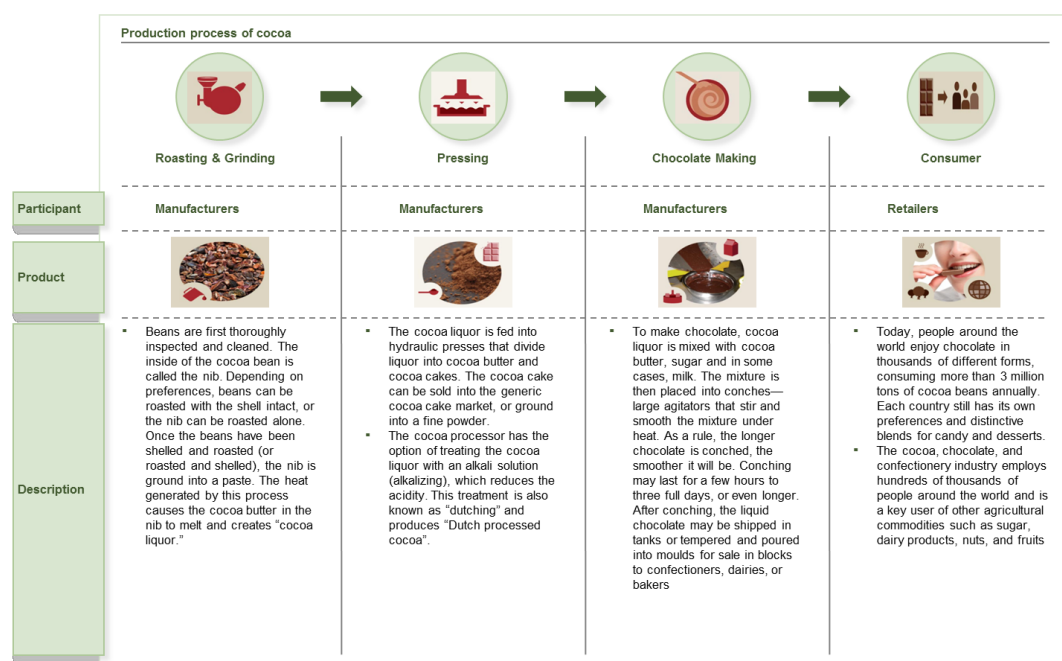
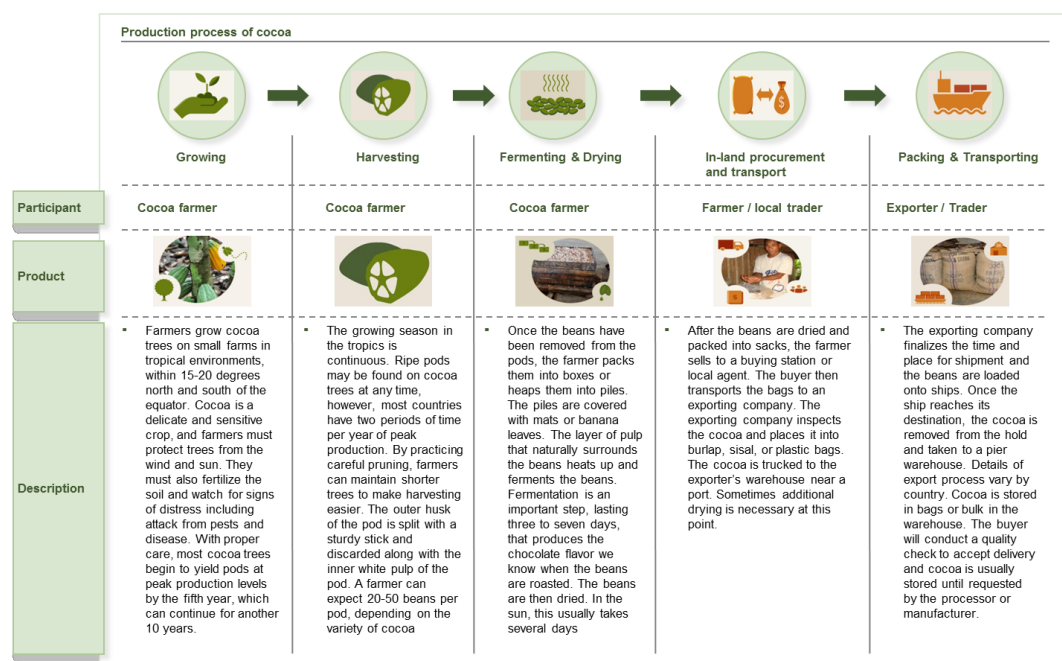


Exhibit C – Overview retail partners [21]

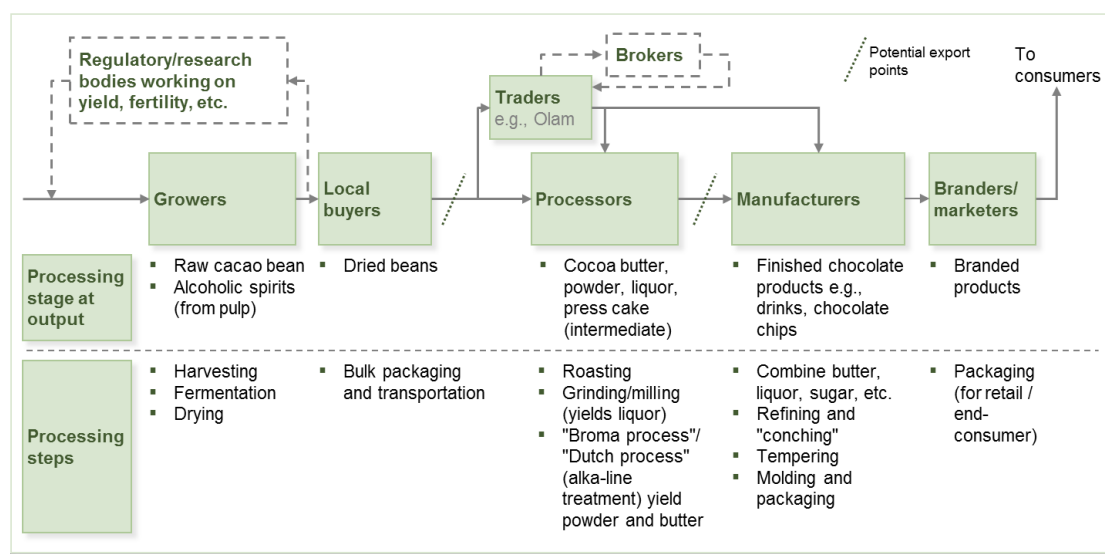
Grocery		Out-of-home	Business-to-business
<ul style="list-style-type: none"> <li>▪ Albert Heijn</li> <li>▪ Jumbo</li> <li>▪ C1000</li> <li>▪ Boni</li> <li>▪ Boon</li> <li>▪ Coop</li> <li>▪ Deen</li> <li>▪ Detailresult</li> <li>▪ Dirk vd Broek</li> <li>▪ Bas vd Heijden</li> <li>▪ Deka</li> <li>▪ Hoogvliet</li> <li>▪ Jan Linders</li> <li>▪ Nettorama</li> </ul>	<ul style="list-style-type: none"> <li>▪ Poeisz</li> <li>▪ Sanders</li> <li>▪ Sligro</li> <li>▪ Emte</li> <li>▪ Spar</li> <li>▪ Sperwer</li> <li>▪ Vomar</li> <li>▪ Marqt</li> <li>▪ Barbosa do Brasil</li> <li>▪ Wereldwinkels</li> <li>▪ WAAR</li> <li>▪ UDEA</li> <li>▪ Ekoplaza</li> <li>▪ Landmarkt</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lekkerland</li> <li>▪ Texaco</li> <li>▪ Servex</li> <li>▪ Sligro</li> <li>▪ Total</li> <li>▪ DeliXL</li> <li>▪ HMS Host</li> <li>▪ Sodexo</li> <li>▪ Compass</li> <li>▪ Kruidenier Foodservices</li> <li>▪ Albron</li> <li>▪ De Kweker</li> <li>▪ Makro</li> <li>▪ Van Dijk Zoetwaren</li> </ul>	<ul style="list-style-type: none"> <li>▪ Postcode Loterij</li> <li>▪ Bankgiro Loterij</li> </ul>

## Exhibit D – Value chain in terms of production process [22]

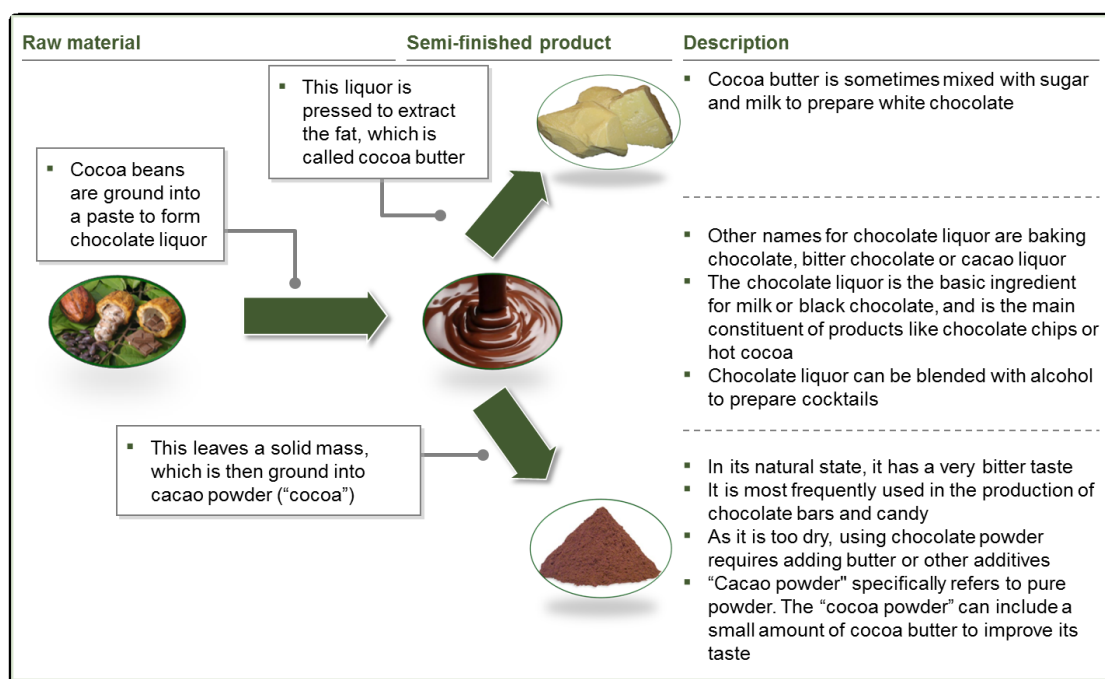




## Exhibit E – Value chain in terms of cocoa players



## Exhibit F – Product categories of cocoa bean



## Sustainable cocoa commitments

### Fast Moving Consumer Goods

- Mars: 100 percent sustainable cocoa by 2020
- Hershey: 100 percent sustainable cocoa by 2020
- Nestlé: sustainable cocoa in various brands and markets
- Ferrero: 100 percent sustainable cocoa by 2020
- Mondelēz/Kraft: sustainable cocoa in brands Cote d'Or and Maribu by 2012
- Mondelēz/Cadbury: 100 percent sustainable sourcing

### Retail

- Ahold: 100 percent sustainable private label cocoa products by 2015
- Migros: 100 percent sustainable private label
- Sainsbury's: 100 percent Fairtrade chocolate, with 2020 sales of £1 billion
- Lidl: sustainable cocoa used partially in two private brands

Exhibit H – Overview of certification companies [8]

	Fairtrade	Utz	Rainforest Alliance	Biologisch
<b>Missie</b>	"Our mission is to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives"	"The mission of UTZ Certified is to create a world where sustainable farming is the norm; where farmers implement good agricultural practices and manage their farms profitably with respect for people and planet, industry invests in and rewards sustainable production and consumers can enjoy and trust the products they buy."	"The mission of Rainforest Alliance is to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior."	"Create a sustainable agricultural system that produces food in harmony with nature, supports biodiversity and enhances soil health"
<b>Belangrijkste onderscheidende onderwerpen</b>	Sociale ontwikkeling, met bijv. minimum prijs en focus op producentenorganisaties	Professionalisering van landbouwmethodes en management.	Natuurbescherming en milieuvriendelijke landbouwmethodes	100% biologische landbouw en verwerkingsmethoden
<b>Belangrijkste doelgroep</b>	Organisaties van kleinschalige boeren	Kleinschalige boeren en grootschalige plantages	Kleinschalige boeren en grootschalige plantages	Kleinschalige boeren en grootschalige plantages
<b>Niveau van certificering</b>	Op groepsniveau	Op boeren / plantageniveau	Op boeren / plantageniveau	Op boeren / plantageniveau
<b>Ontvangen Prijs en Premie</b>	Minimumprijs + vaste premie voor de boerenorganisatie.	Marktprijzen en een onderhandelbare premie te betalen aan de certificaathouder.	Marktprijzen en een onderhandelbare premie te betalen aan de certificaathouder.	Marktprijzen en een onderhandelbare premie te betalen aan boer/ coöperatie.
<b>Kosten voor de boer</b>	vaste jaarlijkse bijdrage afhankelijk van groepsgrootte  Vaste kosten jaarlijkse kosten inspectie	jaarlijkse kosten inspectie	jaarlijkse kosten inspectie	Jaarlijkse kosten certificering
<b>Kosten voor overige spelers in de keten</b>	Licence fee van (eind)gebruiker per MT	entree fee + bijdrage per Mt door leden	fee gebaseerd op volume	Jaarlijkse kosten certificering
<b>Traceerbaarheid</b>	Mass Balance en Segregatie via administratief systeem van de kopers	Mass Balance en Segregatie via gecentraliseerd systeem	Segregatie via gecentraliseerd systeem	Segregatie via administratief systeem van de kopers
<b>Certificering</b>	Jaarlijkse inspecties door FLO-Cert	Jaarlijkse inspecties door onafhankelijke, ISO gecertificeerde en geaccrediteerde organisaties.	Jaarlijkse inspectie door leden van het Rainforest / SAN Netwerk	Jaarlijkse inspecties door onafhankelijke, ISO gecertificeerde en geaccrediteerde organisaties.

### **ABOCFA**

ABOCFA is een coöperatie in Ghana, vlakbij de stad Suhum zijn 400 boeren lid van de coöperatie, verspreid over 13 dorpen. De coöperatie komt voort uit een biologisch programma van de organisatie Louis Bolk/ AgroEco.

Op verzoek van Cadbury in 2008 voor Green & Black's begon Louis Bolk/ AgroEco een biologisch project met een groep van 350 boeren in Aponoapo. In 2009 kregen de boeren na hard werken hun biologische certificering. Vervolgens kwam de vraag of de boeren ook Fairtrade gecertificeerd konden worden. Om dit te kunnen worden, moesten de boeren zich organiseren in een coöperatie. Want Fairtrade certificeert alleen officiële producentenorganisaties.

Met veel ondersteuning van AgroEco werd de coöperatie opgericht en in 2011 voor het eerst Fairtrade gecertificeerd. Abocfa was hiermee de allereerste coöperatie in Ghana die zowel Fairtrade als biologisch gecertificeerd was!

Ondertussen merkte Abocfa rechtstreeks het effect van schaalvergroting en fusiegolven in de cacaoindustrie. De biologische cacao was origineel bedoeld voor het merk Green & Black's, wat overgenomen werd door Cadbury. Cadbury had ook interesse in Fairtrade cacao, maar deze interesse, en bijbehorende steun, kwam tot een einde toen Cadbury op zijn beurt weer werd overgenomen door Kraft (het huidige Mondelez), de maker van o.a. Milka.

In 2012 was Tony's de allereerste marktpartij die cacao kocht tegen een eerlijke prijs onder Fairtrade en Biologische voorwaarden. Natuurlijk hopen we dat, mede door ons voorbeeld, andere bedrijven ook geïnteresseerd raken want de coöperatie produceert veel meer dan Tony's alleen kan afnemen.

In Ghana heeft AgroEco de boerenorganisatie opgezet, de certificatie voorbereid en gewerkt aan de verbetering van de teelt. De grote uitdaging is hoe de jonge coöperatie en met nu nog weinig inkomsten toch in staat zal zijn een professioneel en financieel onafhankelijke positie te creëren. Hiervoor is veel training nodig om capaciteit te verbeteren van bestuur en management, en zijn betere inkomsten uit cacao nodig om de kosten van de organisatie te betalen. Tony's levert hier een bijdrage aan door onze toezegging jaarlijks terug te komen en de cacao te kopen tegen een premie van 25% boven op de marktprijs. Daarnaast proberen we andere partijen te interesseren om investeringen te doen in de coöperatie en gemeenschap. Een concreet resultaat hiervan is dat de stichting Progreso de komende jaren ABOCFA zal ondersteunen om de organisatie te versterken.

## ECOOKIM

De coöperatie Kapatchiva is onderdeel van de coöperatieve unie Ecookim. Opgericht in 2004 is Ecookim een samenwerkingsverband van 9 coöperaties in Ivoorkust. Voor Tony's zijn de leden en het management van deze unie helden; ze weigeren zich te schikken in langdurige wurgocontracten. Zonder enige hulp van buitenaf hebben ze zich gekwalificeerd voor Fairtrade certificering in 2010 en met de inkomsten uit FT hebben ze interne trainingsprogramma's opgezet, bouwen ze momenteel een nieuw kantoor en professionele opslagruimte voor de cacao.

Echter lang niet alle cacao kan de coöperatie verkopen op de Fairtrade markt, er is te weinig vraag en veel marktpartijen willen geen handelsrelaties aangaan met een onafhankelijke organisatie als Ecookim. Sinds 2012 heeft Kapatchiva Utz certificering (een investering gefinancierd met FT premie) om zo meer markten te vinden voor de duurzame cacao. Omdat ze weigeren zich vast te leggen aan verplichte contracten met multi-nationals, met daarin de vaak knellende voorwaarden, kunnen ze niet alle cacao kwijt op gecertificeerde markten.

Van zo'n partij wordt Tony's blij; trots, zelfstandig en pro-actief. Maar met helaas grote uitdagingen voor zich; zo is de vraag naar Fairtrade cacao vorig jaar bijna gehalveerd. Dankzij het goede management van het hoofdkantoor van de unie Ecookim zijn de boeren van Kapatchiva in staat hun cacao aan Tony's en andere klanten te verkopen. De komende jaren zullen gebruikt worden om ook op lokaal niveau het management en de structuur van de organisatie te professionaliseren, terwijl de boeren aan hebben gegeven training nodig te hebben in landbouwmethodes.

Kapatchiva is gelegen in het midden van Ivoorkust, vlakbij de stad Bouafle. De coöperatie heeft ongeveer 380 leden en in 2012 kocht Tony's de cacao van 1 specifiek dorp (Blaiskero Sud) met 128 leden. Hopelijk kunnen we, met onze groei, in de komende jaren van meer en meer leden de cacao afnemen. De komende jaren gaan we intensief samenwerken.



Exhibit J – Difference mass balance versus segregated value chain [8]

Difference between mass balance and segregated

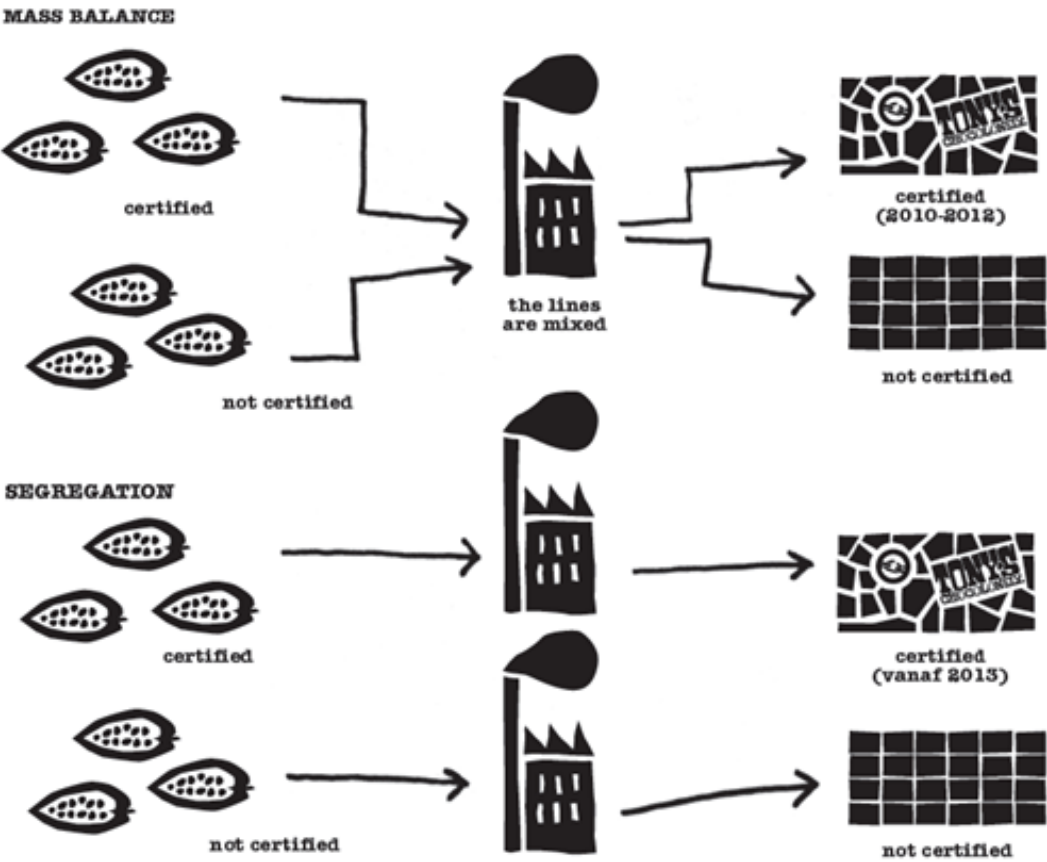
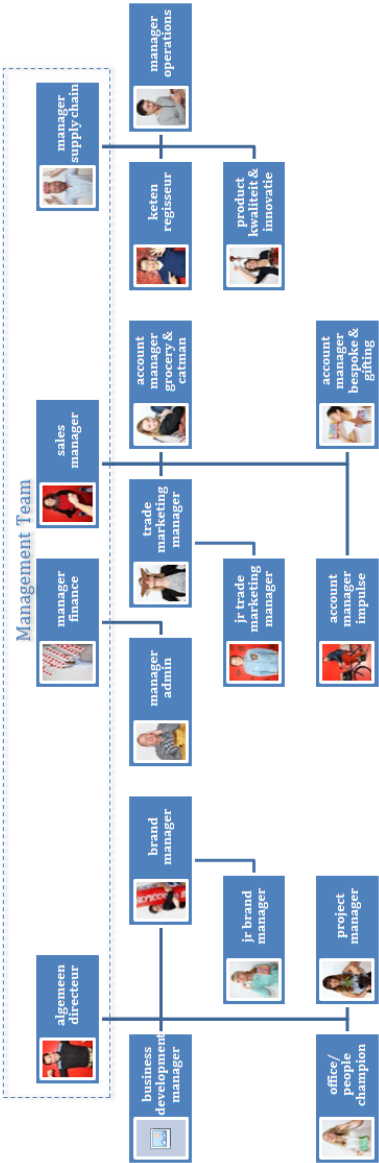


Exhibit K - Tony's Chocolonely's organizational chart [21]



## Exhibit L – Tony's code and data collection process [8] [21]

### tony's code

Hoofddoel	Thema	Onderdeel	Onze Standaard	Variabelen (wat je gaat meten)	Eind 2012 (huidig)	2013	2017
Crazy about chocolate	De beste chocolade	De lekkerste chocolade	Onze consumenten vinden ons de lekkerste	% consumenten in smaakpanel dat Tony's kiest tijdens blinde testen	Niet gemeten, testpanel moet worden samengesteld	80%	75%
		Unieke & eigen receptuur	Tony's heeft a) zijn eigen unieke receptuur voor alle producten; b) de lekkerste in zijn segment	% van het geproduceerd volume gebaseerd op eigen recept	a) 2% b) niet gemeten	a) 66% b) 80%	a) 100% b) 70%
		Verse ososo	Tony's gebruikt alleen verse ososobonen voor het maken van de oeverture en chocolade	% producten per jaar geproduceerd met bonen uit zelfde seizoen	chocolademelk (0,8%)	70%	80%
	De beste bonen	Directe relatie met ososoboeren	Tony's ososobonen komen niet van de grote berg, maar onze bonen zijn speciaal voor ons verbouwd.	% bonen van totale inkoop geproduceerd door Tony's geselecteerde producenten-organisaties.	0,80%	80% (ososomassa 180 gram repen)	100%
		Kwaliteitsboon	Tony's ososobonen zijn van hoge kwaliteit	Out test scores & fine flavour (size, fermentation, mold, flavour)	niet gemeten	check specs Barry	eigen rapportages
		Opbrengst per hectare	Tony's draagt er aan bij dat de productie omhoog gaat, (zodat de boer meer heeft om te verkopen en wij nog meer lekkere chocolade kunnen maken)	% getrainde boeren per coöperatie in duurzame productie-methoden. Gemiddelde Productiviteit in kg/ha per coöperatie	niet gemeten	Abocof en Kapachiva 100% boeren getraind. Oogst gemiddeld 460 kg/ha	100% getrainde boeren, productie is gemiddeld 900 kg/ha
	De beste ingrediënten	Traceerbare ingrediënten	Tony's ingrediënten zijn 100% traceerbaar tot aan de boer	% per hoofdingrediënt dat binnen Tony's systeem traceerbaar is tot aan de boer	bonen: 0,8% (bonen van de chocolademelk en de melk), suiker 0, melkpoeder: 0	bonen: alle bonen voor ososomassa voor 180grams repen,	100%
		natuurlijk/ 'clean label'	Alle ingrediënten zijn puur natuurlijk, dus zonder kunstmatige geur, kleur en smaakstoffen en natuurlijk ook geen Genetisch Gemodificeerde ingrediënten of rase chemische conserveringsmiddelen	% producten zonder kunstmatige toevoegingen	100%	100%	100%

Hoofddoel	Thema	Onderdeel	Onze Standaard	Variabelen	Eind 2012	2013	2017
Serious About People	Team Tony's	Beste werkgever	Tony's Chocolonely spant zich in voor haar team. Het team is zeer gemotiveerd en tevreden.	Great Place to Work Enquete (Credibility, Respect, Fairness, Pride & Camaraderie) scoort Tony's op alle onderdelen 4 of hoger	8,0 Trust Index (79 Credibility; 82 Respect; 97 Fairness; 98 Pride; 96 Camaraderie)	8	8
		Boer	100% slaafvrij **	Er vinden geen vormen van moderne slavernij plaats in Tony's keten	# gemelde incidenten slavernij	0 (op basis van FLO rapportage)	0 (op basis van meerdere rapporten)
	Boer	Geen kinderarbeid **	In de boerenfamilies waar Tony's mee werkt vindt geen gevaarlijke kinderarbeid meer plaats.	# gemelde incidenten van worst forms of child labour	0 (op basis van FLO rapportage)	0 (op basis van diverse inspecties, rapportages)	0
		Sterke coöperatie	Tony's partner coöperaties worden ondersteund om sterker te worden en een betere positie ten opzichte van andere spelers in de keten in te nemen	% operationele kosten betaald door donor geld (per organisatie)	Abocof: 100% Ecookim: NTB	Abocof: 80% Ecookim: NTB	Abocof: 0% Ecookim: 0%
				% boerenorganisaties met heldere en functionerende governance structure.	0%	80%	
				% omzet dat uitbetaald wordt aan leden per organisatie	te meten per coöperatie. NTB	NTB	NTB
		Lange termijn relaties	Tony's gaat langdurige en directe handelrelaties aan met producenten en met Quality Partners	% handelpartners waarmee lange termijn (langer dan 3 jaar) contracten/MoU is afgesloten	70% (Barry Callebaut, Abocof, Ecookim)	90% (Lokale partners, Ocosasource)	100%

Hoofddoel	Thema	Onderdeel	Onze Standaard	Variabelen	Eind 2012	2013	2017
Serious About People		Een eerlijke prijs	Alle ingrediënten worden ingekocht volgens de eisen van een van de internationale certificeringsstandaarden en waar mogelijk gaan we hier overheen.	% ingrediënten dat gecertificeerd is	80%	80%	100%
			De cacao-boeren ontvangen een eerlijk deel van de verkoopprijs van de chocolade	% van prijs dat naar boer gaat bij Tony's tov industrie-gemiddelde.	zelfde	25%	50% (door extra efficiëntie oop en hogere prijs)
		Recht op gezondheidszorg	Tony's draagt eraan bij dat boeren, waar Tony's mee werkt, en hun families toegang tot gezondheidszorg hebben	% families van Tony's boeren dat naar dokter gaat indien noodzakelijk. % families op redelijke afstand (x) tot medische voorziening.	AgroBoc-onderzoek	lokaal onderzoek; baseline study	doctorsbezoek: 80% (ntb) redelijke afstand: 100%
		Naar School	Van de boerenfamilies waarvan Tony's cacao koopt gaan meer kinderen naar school dan gemiddeld landelijk.	% kinderen t/m 16 van Tony's boeren dat naar school gaat. % kinderen t/m 16 dat kan lezen en schrijven	AgroBoc-onderzoek	lokaal onderzoek; baseline study	lokaal onderzoek; baseline study
	Consument	Tony's Chocoolony is het meest favoriete chocolade merk	Awareness meten via brandtracker	Bekendheid (spontaan, geholpen, past bij mij, past four weeks usage)	N/A	nulmeting	ntb
		Onze fans kennen onze visie en ondersteunen deze	Tony's informeert zijn fans zo eerlijk, volledig mogelijk hierdoor weten ze wat er speelt in de cacao-eten	% fans dat weet waarom en hoe Tony's chocolade gemaakt wordt	N/A	eerste online meeting doen	80%
		Tony's heeft een positieve impact op de natuur	Co2 uitstoot meten, reduceren en compenseren	Tony's keten is Co2 positief (product/verpakking, productie/kantoor, transport en teelt)			
	Klant	Informeren	Tony's informeert haar klanten zo eerlijk, volledig en tijdig mogelijk				
		Lange termijn relaties	Tony's sluit langstermijn samenwerkingsovereenkomsten met haar belangrijkste klanten en stemt verkoopcondities en voorwaarden af				
		Tevredenheid	Tony's neemt bij haar klanten een klanttevredenheidsonderzoek af en de klanten zijn erg tevreden over Tony's				

Hoofddoel	Thema	Onderdeel	Onze Standaard	Variabelen	Eind 2012	2013	2017
	Leverancier	Informeren	Tony's informeert haar leveranciers zo eerlijk, volledig en tijdig mogelijk	Tony's sourcing plan is compleet en is, op aanvraag, toegankelijk voor alle betrokkenen	nee	gedeeltelijk	ja
		Lange termijn relaties	Tony's sluit langstermijn samenwerkingsovereenkomsten met haar belangrijkste leveranciers en stemt inkoopcondities en voorwaarden af				
		Tevredenheid	Tony's neemt bij haar leveranciers een tevredenheidsonderzoek af en de leveranciers zijn erg tevreden over Tony's				
Raise the Bar	Bewustwording van als-vernij in de chocolade	afzetmarkten Tony's Chocoolony					
		West-Afrika					
	Concurrentie/ Chocolade sector Informeren, inspireren & feedback meten	dialog met concurrentie/ chocolade sector	Tony's motiveert andere spelers om tony's model te omarmen, is op de hoogte van andere initiatieven in de markt en neemt de beste ideeën over.	#presentaties en publicaties van Tony's model. # kritische revisiesessies Tony's model	4	6 presentaties voor bedrijven, model aangepast en eerste aanpassingen model	
		publicaties					
		transparantie rapport			ja	ja	ja
		feedback van concurrentie en chocolade sector meten					
		groei					
		winstgevendheid					
		goed voorbeeld doet volgen		#bedrijven / initiatieven dat (een deel van) Tony's manier van zaken doen heeft overgenomen	0	0	5
	De certificering voortbij		Tony's handelsmodel : draagt actief bij aan veranderingen die de sector beter efficiënter maken.	Veranderingen waaraan Tony's actief heeft bijgedragen	bio & ft premie gaat naar ABOCPA	Max Havelaar bijdrage omlaag	FT systeem wordt door boeren beoordeeld als meest efficiënte model.

Hoofddoel	Thema	Onderdeel	Onze Standaard	Variabelen	Eind 2012	2013	2017
Raise the Bar		grondstof premie	directe premie betaling aan coöperatie/boeren	% prijspremie ontvangen door de coöp'boer tov conventionele prijs (farm gate price)	N/A	10%	20%
		overige afdrachten	bijdrage aan certificatie, NGO en goede doelen	% van de netto omzet die wordt afgedragen	1,88%	1,88%	< 0,8%
	Giving Back	bijdrage stichting Chocolonely Foundation		% van de netto omzet afgedragen aan de stichting Chocolonely Foundation	2% ** ivm inhaalbetaling voor 2010 / 2011 / 2012	0,60%	1%

### Data collection process

- Avance helps Tony's cooperatives in Ghana and Ivory Coast to set-up a data collection system for data on development of cooperatives and livelihood of farmers
- Cooperatives collect data and send yearly report to Tony's
- Tony's visits cooperatives yearly to check data
- Avance externally checks data and suggests improvements for the whole process
- Avance performs extended field-research once every 3 years
- Tony's organizes annual meeting with relevant stakeholders to improve impact measurement approach and find ways to increase social impact
- Avance and expert panel assess Tony's impact on changing industry yearly
- Tony's compares data to Tony's data of previous year(s) and other similar available data



Exhibit M – Balance sheets 31 December 2009-2012 [21]

	2009	2010	2011	2012
<b>Activa</b>				
<b>Vaste Activa</b>				
Immateriele vaste activa	28,520	23,863	134,932	143,700
Materiele Vaste activa	20,945	15,021	37,016	125,174
	<b>49,465</b>	<b>38,884</b>	<b>171,948</b>	<b>268,874</b>
<b>Viottende Activa</b>				
Voorraden	78,289	106,487	220,103	300,846
Vorderingen	24,263	2,894	393,939	629,187
Liquide Middelen	22,897	29,687	5,088	1,733
	<b>343,816</b>	<b>425,574</b>	<b>619,130</b>	<b>931,766</b>
	<b>393,281</b>	<b>464,458</b>	<b>791,078</b>	<b>1,200,640</b>
<b>Passiva</b>				
Eigen Vermogen				
Geplaatst en gestort kapitaal	18,000	18,000	32,000	32,000
Agioreserve	-	-	314,125	314,125
Wettelijke en statutaire reserves	-	-	34,392	57,781
Algemene reserve	(52,004)	(52,004)	(26,112)	(150,862)
Resultaat boekjaar		60,284	(101,361)	98,474
	<b>(34,004)</b>	<b>2,628</b>	<b>253,044</b>	<b>351,518</b>
<b>Kortlopende Schulden</b>	<b>427,285</b>	<b>438,178</b>	<b>538,034</b>	<b>849,122</b>
Schulden aan kredietinstellingen	124,587	129,613		
Aflossingsverplichtingen langlopende schulden	3,179	-		
Schulden aan leveranciers en handelskredieten	153,865	187,660		
Schulden aan groepsmaatschappijen	63,399	63,343		
Vennootschapsbelasting	-	11,485		
Overige Belastingen en premies sociale verzekeringen	4,938	17,067		
Overige Schulden en overlopende passiva	77,317	29,010		
	<b>427,285</b>	<b>438,178</b>	<b>538,034</b>	<b>849,122</b>
	<b>3,933,281</b>	<b>464,458</b>	<b>791,078</b>	<b>1,200,640</b>

Exhibit N – Income statements 2009-2012 [21]

	2009	2010	2011	2012
Netto-omzet	947,636	1,623,173	2,445,208	4,532,130
Kostprijs van de omzet	658,540	1,156,288	(1,621,556)	(2,617,836)
<b>Bruto-omzetresultaat</b>	<b>289,096</b>	<b>466,885</b>	<b>823,652</b>	<b>1,914,294</b>
Personeelskosten	141,453	162,083	489,296	622,820
Afschrijvingen	11,734	11,746	24,806	61,321
Overige bedrijfskosten	160,653	213,034	429,646	1,088,969
<b>Som der kosten</b>	<b>313,840</b>	<b>386,863</b>	<b>943,748</b>	<b>1,773,110</b>
<b>Bedrijfsresultaat</b>	<b>(24,744)</b>	<b>80,022</b>	<b>(120,096)</b>	<b>141,184</b>
Rentelasten en soortgelijke kosten	(6,083)	(8,309)	(13,236)	(18,120)
<b>Resultaat uit gewone bedrijfsuitoefening voor belastingen</b>	<b>(30,827)</b>	<b>71,713</b>	<b>(133,332)</b>	<b>123,064</b>
Belastingen resultaat uit gewone bedrijfsuitoefening	-	(11,429)	31,971	(24,590)
<b>Resultaat na belastingen</b>	<b>(30,827)</b>	<b>60,284</b>	<b>(101,361)</b>	<b>98,474</b>

Exhibit O – Development of net revenue 2009-2012 [8]

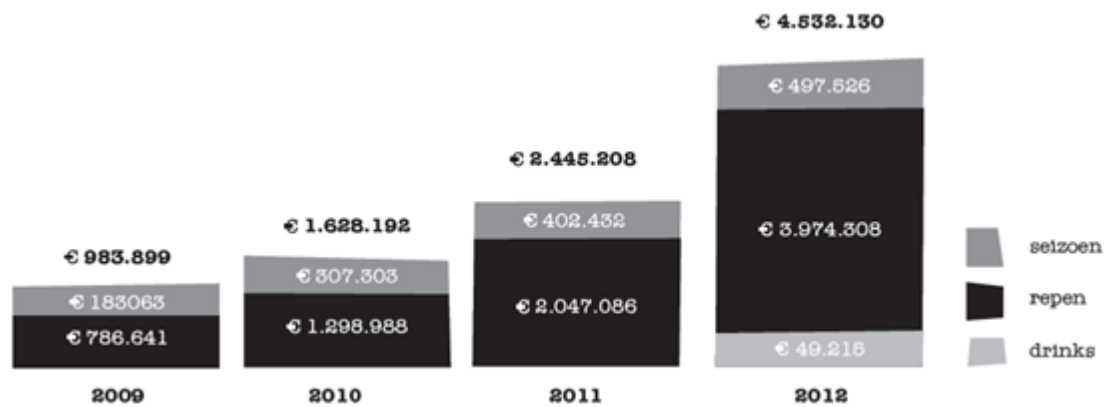


Exhibit P - Fairtrade price premiums and licence fee [8]

	2010	2011	2012	2012 (feitelijk betaald)
<b>Fairtrade</b>				
volume chocolade (in kilos)	172.584	260.542	474.785	
premie cacao	\$ 20.141,00	\$ 40.540,00	\$ 73.877,00	
premie suiker	\$ 4.028,00	\$ 6.081,00	\$ 11.081,00	
totaal	\$ 24.169,00	\$ 46.621,00	\$ 84.958,00	€ 65.417,66
<b>Chocolonely Foundation</b>		€ 38.937,00	€ 56.450,00	€ 95.387,00
<b>Max Havelaar</b>	€ 29.888,00	€ 45.145,00	€ 84.852,00	€ 84.852,00
			€ 206.719,66	€ 245.656,66

Exhibit Q – Global chocolate retail market value [24]



Exhibit R - Comparison Tony's with largest other consumer goods companies, 2012 figures [25]






					
<b>Mission/ vision</b>	<ul style="list-style-type: none"> <li>100% slave-free chocolate</li> </ul>	<ul style="list-style-type: none"> <li>"Good Food, Good Life" is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night</li> </ul>	<ul style="list-style-type: none"> <li>The Five principles: Quality, Responsibility, Mutuality, Efficiency and Freedom</li> </ul>	<ul style="list-style-type: none"> <li>Create delicious moments of joy. That's our dream</li> </ul>	<ul style="list-style-type: none"> <li>High quality, crafted precision, product freshness, careful selection of the finest raw materials, respect and consideration for our customers</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>4.5 mln EUR</li> </ul>	<ul style="list-style-type: none"> <li>7,524 mln CHF chocolate</li> <li>10,438 mln CHF confectionery</li> </ul>	<ul style="list-style-type: none"> <li>30,000 mln EUR (est., 2011)</li> </ul>	<ul style="list-style-type: none"> <li>35,015 mln USD total</li> <li>9,356 mln USD chocolate</li> </ul>	<ul style="list-style-type: none"> <li>7,800 mln EUR (est.)</li> </ul>
<b>Profit</b>	<ul style="list-style-type: none"> <li>0.2 mln EUR</li> </ul>	<ul style="list-style-type: none"> <li>1,782 mln CHF confectionery</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>3,637 mln USD total</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Number of farmers</b>	<ul style="list-style-type: none"> <li>529</li> </ul>	<ul style="list-style-type: none"> <li>690k farmers in milk, cocoa and coffee</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>300k certified farmers for cocoa and coffee</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Investment in farmers</b>	<ul style="list-style-type: none"> <li>95,000 EUR in 2012</li> </ul>	<ul style="list-style-type: none"> <li>110 mln CHF in next 10 years</li> </ul>	<ul style="list-style-type: none"> <li>300 mln USD in next 10 years</li> </ul>	<ul style="list-style-type: none"> <li>400 mln USD in next 10 years</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

Exhibit S - Assortment of Tony's chocolate products [8]



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