

## CAIMZ Consulting

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
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**Advisor:** Angela Shelley

**Topic:** Bittersweet: Fair Trade and Labor Issues in the Cacao Industry

**Audience:** European Commission

## Sustainable Development Goal

SDG #8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG #12: Ensure sustainable consumption and production patterns.

## Executive Summary

The cacao industry faces complex economic, social, and environmental dilemmas. More than 70% of the world's cacao supply comes from the southern shores of West Africa, mostly set for export and processing elsewhere, with the top leading importers of cacao beans being the Netherlands, United States, Germany, France and the United Kingdom. Entire communities are dedicated to growing the crop that attracts lucrative governments and international traders. Stemming from these profit-driven systems brings low wages for workers and farmers, poverty and forced child labor. According to Fair Trade, Côte d'Ivoire and Ghana, the leading cacao exporters, introduced a Living Income Differential in 2019 to increase the amount paid to farmers for cacao. However, this differential is not enough to provide a living wage and address the root cause of poverty and child labor. The EU accounts for 60% of world cacao imports and with stronger regulations can have an enormous impact on the livelihoods of cacao farmers.

Our team, CAIMZ Consulting, recognizes the progress and growth the EU has contributed towards the responsible production and consumption of cacao and its role in supporting fair labor practices. We suggest a two-pronged approach for the public procurement commission of the EU to continue making strides to address the social inequities in the cacao production industry. First, we propose the commission to require companies conducting business in the EU to provide transparency and documentation into their fair trade and labor practices that meet set metrics and reporting standards. The second approach we suggest is that companies (with an annual revenue above a certain amount) that source from a list of countries of interest must conduct a yearly third-party audit for fair trade and labor conditions. With these recommendations, we aim to address the financial and ethical implications to ultimately suggest a long-term course of action designed to sustain both the EU cacao industry operations while ensuring that the EU works towards the UN's sustainable development goals.