

# NEW TRENDS IN THE CREATION AND MANAGEMENT OF SOCIAL ENTERPRISES: STUDY CASES (II)

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## Tony's Chocolonely

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## OBJECTIVES OF THE CASE

The purpose of this case is to analyse the company's strategy to articulate its social mission, combining it with the economic viability of the activity. The case also serves as an example of unequal supply chains in international environments that perpetuate north-south economic inequalities. Students can also discuss and evaluate the company's expansion strategy and suggest different options.

The Dutch company Tony Choclonely<sup>1</sup> was founded by journalist Teun van de Keuken in 2006 as a result of an investigation he carried out into the cocoa supply chain that is generated by the production of chocolate and other products derived from this raw material.

The journalist travelled to West Africa between 2002 and 2007 and discovered that much of the chocolate currently sold in supermarkets is made from cocoa that has been obtained by farmers working in working conditions that could be described as “slavery” and that boys and girls are often found working on these plantations. It is estimated that more than 2 million children work in cocoa production in this area of the world.

This case is suitable for students enrolled in social innovation subjects, social enterprises, inclusive business and business strategy.

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1. <https://tonyschoclonely.com/int/es>

## 1. INTRODUCTION

Tony's Chocolonely<sup>2</sup> is a Dutch company founded by journalist Teun van de Keuken in 2006 as a result of an investigation he conducted into the cocoa supply chain that is generated by the production of chocolate and other derivatives of this raw material.

The journalist travelled to West Africa between 2002 and 2007 and discovered that much of the chocolate currently sold in supermarkets is made from cocoa that has been obtained by farmers working in working conditions that could qualify. “ of slavery “and that, very often, boys and girls are found working in these plantations. It is estimated that more than 2 million children work in cocoa production.

The cocoa supply chain originates in millions of small farmers. It is estimated that there are 2.5 million producers in the world, and that 60% of them are concentrated in two African countries: Ghana and Ivory Coast. This cocoa is bought at the lowest possible price as it is traded by a very small number of large multinational companies that have great power over small producers. Some of the world's leading manufacturers are Nestlé, Mars, Ferrero, Lindt & Sprüngli and Hershey (see Appendix 1 for a global ranking). This low price implies that farmers are forced to live in poverty, which generates child labour and a modern form of slavery among the adult population. In addition, these gains place farmers at the subsistence limits, which prevents them from making investments that would improve the productivity, quality and efficiency of the resources used. At the end of the supply chain are millions of consumers. Currently, the annual consumption of world cocoa is 4.7 million tons and the production of 4.8 million tons.

After journalist Teun van de Keuken found out that these big manufacturers refused to accept this reality, he decided to create his own product, chocolate bars that would guarantee that cocoa is produced and purchased in decent working conditions: Tony's Chocolonely. The suffix “lonely” is intended to capture the feeling

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2. <https://tonyschocolonely.com/int/es>

of loneliness that Teun felt when trying to contrast this situation with major chocolate companies. In 2006, the company registers and engages with a social mission: to eradicate the slavery of the chocolate industry. And for this it is inspired by three pillars:

1. To increase social awareness, through communication and dissemination actions that raise awareness of the current situation of modern slavery, both in adults and child exploitation.
2. Lead by example, establishing good practices in the supply, production and distribution chain.
3. Inspire the performance, so that its way of working and its message can serve as inspiration to other companies in the chocolate industry and also influence more conscious consumer choices.

From 2012, the company begins to buy cocoa directly from producers in West Africa. The company currently works with six cocoa cooperatives: 2 of them located in Ghana (called ABOCFA<sup>3</sup> and Suhum Union<sup>4</sup>) and 4 located in Ivory Coast (Kapatchiva<sup>5</sup>, ECAM<sup>6</sup>, ECOJAD and SOCOOPACDI).

## **2. MODERN SLAVERY AND CHILD LABOR IN THE 21ST CENTURY**

Child labour is widespread in the world, according to ILO (International Labour Organization) data, an estimated 152 million children are subjected to this type of work practice, affecting 64 million boys and 88 million girls. Girls are more affected as they are

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3. <https://www.uncommoncacao.com/abocfaghana>

4. <https://international-agriculture.com/tag/suhum-kraboa-coltar-cooperative-cocoa-farmers-union/>

5. <https://www.facebook.com/FairtradeIreland/photos/kapatchiva-coop-in-cote-divoire-has-567-members-spread-across-5-communities-kapt/10157292732988029/>

6. <https://www.ecam-meagui.com/>

often victims of sex trade and forced marriages, a situation that will continue to affect them throughout their adult lives. The geographical distribution of child labour is also uneven. Most are concentrated on the African continent, with 72.1 million children in this situation, followed by Asia and the Pacific (62 million), the Americas (10.7 million), Europe and Central Asia (5, 5 million) and the Arab States (1.2 million). About one-third of children ages 5 to 14 affected by child labour are out of the school system; and 38% of these children do work that is considered dangerous.

Modern slavery in adults is usually derived from receiving financial compensation too low to guarantee the maintenance of the family unit, which does not allow a dignified life, or being a victim of abusive interest loans, known as *loans sharks*, which traps them in a debt impossible to cancel. This keeps them in the well-known poverty trap, a mechanism that does not allow people to get out of a situation of poverty. For these people the forecast is that their future income will be lower than their current income and therefore they are getting poorer and poorer.

For several decades, international organizations have been establishing guidelines for eradicating this reality. For example, the United Nations Guiding Principles on Business and Human Rights are based on the framework developed by Professor John Ruggie known as “protecting, respecting and remedying” from which they are articulated in the following principles:

- a) *The current obligations of States to respect, protect and fulfil human rights and fundamental freedoms.*
- b) *The role of companies as specialized bodies of society that perform specialized functions and that must comply with all applicable laws and respect human rights.*
- c) *The need for the rights and obligations to be accompanied by adequate and effective resources in the event of non-compliance.*

These principles were also adopted by the OECD as a Guide for Multinational Enterprises in 2011. More recently, in 2015, it was incorporated into the SDGs (Sustainable Development Goals). Goal 8 refers to decent work and economic growth, and in particular Goal 8.7 refers to forms of modern slavery and child exploitation:

*“Take immediate and effective measures to eradicate forced labour, end modern forms of slavery and human trafficking, and ensure the prohibition and elimination of the worst forms of child labour, including the recruitment and use of children soldiers, and by 2025 at the latest, end child labour in all its forms.”*

In the case of the cocoa industry, two million children are affected and it is usually the same farming families who are forced to take their children out of school as they cannot afford to pay the salaries of adult workers. Working on cocoa plantations requires physical effort, because heavy loads have to be transported and machetes have to be manipulated to cut cocoa pods, and this has a high risk of injury. In addition, children are also exposed to chemical toxicity as cocoa trees are usually treated with pesticides and fungicides.

Although the standards and targets described by the United Nations and the OECD have been approved for decades, they are still voluntary by countries and companies and, according to published evidence, it is obvious that in many cases they are not met.

Part of the activity of the company founded by Teun van de Keuken is to lobby to push for legislative changes that will help eradicate labour exploitation, both for children and adults. This activity is carried out through the foundation linked to the company: Chocolonely Foundation<sup>7</sup>.

Tony's made a request in November 2019<sup>8</sup> for European and American governments to pass legislation that would oblige companies to adhere to these principles and also to try to persuade

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7. <https://chocolonelyfoundation.org/>

8. <https://tonyschocolonely.com/petition>

the producing governments of Ghana and Ivory Coast to modernize the agricultural policies with the aim of increasing their productivity.

The Dutch Senate has been the first to legislate in this regard. Child Labour Diligence Law requires both companies registered in the Netherlands and international companies that supply products or services more than twice a year to check for child slavery in their supply chain and, if so, it must take action to combat it. The action plan that the company designs must be aligned with the United Nations Guiding Principles on Business and Human Rights or with the Guide published by the OECD. Failure to comply with this law provides for imprisonment for the management of the company or significant financial fines. The law came into force on January 1, 2020.

### **3. SETTING COCOA PRICES**

The farmer is in charge of cultivating and harvesting the cocoa pods, fermenting and drying the beans. For all this work he receives a fixed price per tonne of cocoa: it is the so-called “origin price” and is established annually by the governments of Ghana and Ivory Coast but is also subject to international prices.

Although both cocoa production and consumption have risen steadily, prices have fallen sharply. In the 1970s each ton was paid at \$ 4,000 and currently sells for between \$ 2,400 and \$ 2,500 per ton, which is about a 40% reduction in price. This represents an average income for farmers of \$ 0.78 per day according to the 2018 Cocoa<sup>9</sup> Barometer compiled by a network of NGOs and unions that advocate for fair trade in this product.

In this regard, and perhaps thanks to Tony ‘s lobbying activities, a major development took place in June 2019: the governments of Ghana and Ivory Coast decided to intervene in the downward spiral of prices and set a premium of \$ 400 per tonne for each contract

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9. <https://www.voicenetwork.eu/cocoa-barometer/>

sold. This announcement generated a lot of volatility<sup>10</sup> in the cocoa futures market share which reached its annual high at \$ 2,602 per tonne<sup>11</sup>. One possible consequence is that large companies are looking for alternative suppliers of cocoa located in other African countries, such as Nigeria or Cameroon, or in Latin American countries such as Ecuador or Brazil. However, production in these countries is much lower and does not cover the current high world demand.

There have also been reasonable objections to the question of whether the premium will actually reach its destination: cocoa farmers. It should be remembered that these countries located in West Africa have high corruption rates and that the level of transparency is much lower than in the more economically developed countries. Ghana, which is a more stable country, is in the 78th position – out of a total of 180 – in the Perceived Corruption Index Ranking (year 2018) and Ivory Coast is in the 105th position.

#### **4. CERTIFICATIONS OF FAIR TRADE AND TRACEABILITY**

There are several fair trade certification systems that try to alleviate this situation by offering an economic premium to producers. Certification systems are very similar and the differences lie in the view on sustainability and its history. The two most important at the moment are: Fairtrade, which is the oldest, and Rainforest Alliance. Both systems address social factors –do not allow child or forced labour–, propose economic development and promote environmentally friendly agricultural practices.

**4.1.** Fairtrade argues that farmers are stronger when they join. As a result, Fairtrade farmers must join a cooperative, which will receive a monetary premium at the fixed price to improve the cooperative's working and productive conditions.

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10. [https://elpais.com/economia/2019/11/07/actualidad/1573118221\\_350870.html](https://elpais.com/economia/2019/11/07/actualidad/1573118221_350870.html)

11. Organització Internacional del Cacao <https://www.icco.org/>



**4.2.** Instead, Rainforest Alliance works with independent farmers and places more emphasis on conserving the environment. This organization absorbed in 2017 another important certification system –UTZ– which also works with independent farmers and focuses on professionalism and increased productivity.

Currently, due to greater social sensitivity, most multinational companies are implementing their own certification and traceability systems or working with one of these certification organizations. For example, Nestlé collaborates with UTZ (Rainforest Alliance) and Mars with both, Rainforest Alliance and Fairtrade.

When Tony's Chocolonely began its activity, the only certification that existed was Fairtrade Netherlands which is the one it adopted, but which fits perfectly with the company's mission because it guarantees a minimum price and works with cooperatives. However, for the company, certification is considered a necessary but not sufficient measure, as prices remain too low to allow a dignified life for farmers. In addition, according to Tony's, these certifications have long served as a justification for exempting liability to the cocoa buyers from labour practices in the supply of cocoa.

The company has developed a formula that allows you to calculate the price per kilogram that farmers should receive to live with dignity. This formula is based on the number of people per household, the cost of living in the country and the cost of crops. After applying it, it was found that a farmer should charge \$2.10/kg of cocoa in Ghana and \$2.20/kg in Ivory Coast. This can be used as a reference to find out exactly what additional premium Tony's Chocolonely has to pay after paying the Fairtrade certification premium.

For example, for the year 19/20 and for the product from Ivory Coast, Tony's premium was \$350, which guaranteed the farmer the minimum price.

|                | Ivory Coast    |
|----------------|----------------|
| Farmer price   | 1.375 \$ / ton |
| Fairtrade      | 475 \$ / ton   |
| Tony's Premium | 350 \$ / ton   |
| Total received | 2.200 \$ / ton |

**Figure 1.** Price of one ton of cocoa

**Source:** Tony's Chocolonely annual accounts

Finally, it should be noted that in many cases certified cocoa is usually mixed with non-certified cocoa and raw material purchases are made in conjunction with all mixed cocoa – certified and non-certified – and, in the end, a consumer may be paying for a chocolate that is certified but to be another person who is savouring it.

This reality is putting pressure on multinational companies to design traceability systems that guarantee the use of certified cocoa. An article published in the *Washington Post*<sup>12</sup> in June 2019 reports that large companies in the chocolate industry were committed to ending child labour two decades ago but that they have made very slow progress. Moreover, an independent study conducted by Tulane University in the United States showed how the number of children working on cocoa plantations increased by 50% between 2009 and 2014 in Ivory Coast, while in Ghana only decrease slightly. According to the *Washington Post* article, Mars can only trace the origin of 24% of the cocoa purchased, Hershey less than half and Nestlé 49%. Right now, Tony's Chocolonely is the only one that has 100% traceability of its guaranteed cocoa.

12. <https://www.washingtonpost.com/graphics/2019/business/hershey-nestle-mars-chocolate-child-labor-west-africa/>

## **5. THE FIVE PRINCIPLES OF COOPERATION OF TONY'S CHOCOLONELY**

Tony's cocoa traceability is achieved through the company's relationship with its suppliers in Ghana and Ivory Coast. This relationship is based on five principles and, the company considers that, once established, it is no longer necessary for farmers to resort to work practices close to slavery or child exploitation.

These principles are described below:

1. Cocoa beans are purchased directly from associated cooperatives and are therefore traceable. This ensures that consumers are buying and eating cocoa produced in decent working conditions.
2. Farmers' net income must provide a decent standard of living for all members of an average household.
3. Empowering farmers by investing in cooperatives, showing them how to operate more professionally, helping them to achieve economies of scale and improve their financial management.
4. Long-term relationships. A collaboration period of 5 years is guaranteed. During this time farmers are insured with the premium for their harvest and can invest in the assets they deem necessary such as new plants, agricultural equipment or training.
5. Higher quality and productivity. A farmer should be able to produce 800 kilos of cocoa per hectare. Currently, many farmers only produce 30-40%. The premium should be used to increase productivity and product quality.

The company has decided to open this model to the rest of the chocolate industry in hopes of contributing to global change<sup>13</sup> in line with its mission to “eradicate slavery in the chocolate industry”. Those companies that require the acquisition of cocoa can adhere to these five principles of cooperation and the company will provide

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13. <https://www.tonysopenchain.com/>

all the necessary information and tools to its competitors so that they can copy it. The company's vision is that the more companies using the same model the closer they will be to being able to fulfil their mission. This initiative is very recent but some producers interested in adopting the same model have already been pronounced.

## **6. THE SOCIAL MISSION AS A PRIORITY**

Tony's Chocolonly receives requests about the production of organic chocolate, that is, cultivated without the use of chemicals and on its level of commitment to the environment. Climate change is a particularly important issue as drought and extreme heat can reduce the quality of cocoa beans. The company's vision is to take these social demands into account but without going to the detriment of its main mission.

For example, the first certified organic cooperative in West Africa is ABOCFA which is currently a supplier to Tony's, but organic farming is not the one that generates the best revenue for its suppliers. These types of crops require a lot of skill, knowledge and investment capacity. Right now, this situation is far from the reality for many of the cocoa suppliers, so organic farming does not guarantee a positive social impact. Although Tony's buys a portion of the chocolate with organic certification, it has decided to prioritize the social impact before offering a 100% organic product.

With regard to environmental policy, the company encourages farmers to use the most environmentally friendly production methods. The training that cooperatives receive helps them minimize the use of pesticides and ensures proper and economical use of chemical fertilizers. The company has banned deforestation and is offsetting CO2 emissions through project funding from the Justdigg<sup>14</sup> platform. In 2012 they modified the wrappings of the chocolate bars, using recycled paper with FSC certification and

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14. <https://justdiggit.org/>

without coating. On the other hand, the metallic sheet inside the wrapper contains as much recycled material as possible and is also produced with the minimum possible thickness.

## 7. BUSINESS STRATEGY

The only product of the company is a chocolate bar that is not divided into equal parts as usual in these products. It is a way to exemplify the great inequality that exists in the chocolate industry. In some of the bars you can guess the geographical shapes of cocoa-producing countries, such as Ghana and Ivory Coast, but also others.



**Figure 2.** Design of a chocolate bar  
**Source:** Tony's Chocolonely website

Apart from the large classic bars, they also have small bars of 50 grams. The bars have different proportions of cocoa and also add other flavours or toppings such as caramel, almond or sea salt.



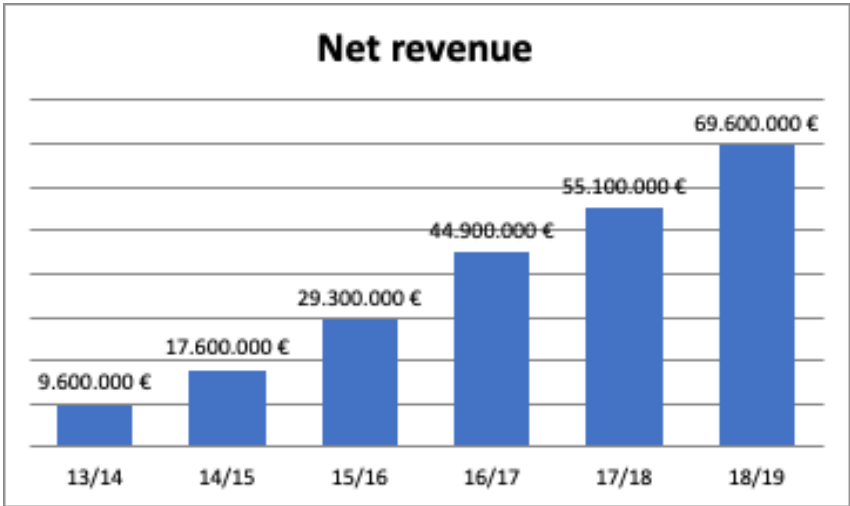
**Figure 3.** Images of the variety of products

**Source:** Tony's Chocolonely website

For many years, the distribution of the product was limited to a single store in Amsterdam called Tony's superstore, or it could be purchased online through Amazon or other e-commerce. The first focus of the company was to establish itself in the domestic market, the Netherlands, where it has achieved a 19% market share and the company considers that it is practically saturated.

The company finds that without economic and financial growth it is difficult to make a significant impact on the industry. In its annual report, the company sets financial targets for revenue growth of 50%, 40% gross margin and at least 1.9% minimum profit.

Figure 4 shows the increase in revenue over the last six years.



**Figure 4.** Evolution of Tony's Chocolonely revenue

**Source.** Own elaboration from the annual accounts

The company has not achieved the financial objectives set for 2019 and justifies it in the fact that it has been a year of investment and expansion that will give its results in the coming years<sup>15</sup>. In recent years it has focused on internationalization and its strategy is to divide the world into three types of market: Gold, Silver and

15. <https://tonyschocolonely.com/us/en/annual-fair-reports/annual-fair-report-18-19>

Bronze. Gold is the part of the world that the company considers most important and that is where they establish their own office and equipment. This has been done in the United States and also in the United Kingdom. In the Plata markets, they have looked for a distributor that has been formed by the company so that it can transmit its history and build the trademark. They are part of this silver market Germany, Sweden, Belgium, Finland, Norway and Denmark. In bronze markets opportunities will be sought through its export partner.

|   | 9/30/2019         | 9/30/2018         | 9/30/2017         |
|---|-------------------|-------------------|-------------------|
| Fixed assets                              | 5,654,667         | 4,303,208         | 1,871,099         |
| Intangible fixed assets                   | 1,205,695         | 903,307           | 734,222           |
| Tangible fixed assets                     | 4,448,972         | 3,399,901         | 1,136,878         |
| Inventories                               | 6,515,737         | 5,833,837         | 4,766,124         |
| Trade and other receivables               | 17,457,514        | 11,003,524        | 8,846,218         |
| Trade receivables                         | 12,829,706        | 8,097,800         | 6,362,773         |
| Other receivables                         | 2,871,596         | 980,989           | 783,228           |
| Pre-payments of Tony's additional premium | 1,756,212         | 1,924,735         | 700,217           |
| Loan CocoaSource                          | 0                 | 0                 | 1,000,000         |
| Liquid assets                             | 1,121             | 571               | 2,222             |
| <b>Total Assets</b>                       | <b>29,629,038</b> | <b>21,141,138</b> | <b>15,485,663</b> |
| Shareholder's equity                      | 3,003,244         | 3,214,914         | 1,417,949         |
| Issued and paid up share capital          | 37,085            | 37,112            | 35,829            |
| Agio reserve                              | 0                 | 209,338           | 0                 |
| Legal reserves                            | 237,285           | 216,432           | 216,979           |
| General reserves                          | 2,728,874         | 2,752,032         | 1,165,141         |
| Current liabilities                       | 25,217,861        | 15,631,329        | 11,641,047        |
| Trade creditors                           | 8,416,541         | 6,088,606         | 4,610,195         |
| Taxes and social security premiums        | 1,300,221         | 513,975           | 414,749           |
| Credit institutions                       | 12,227,267        | 6,146,275         | 2,651,026         |
| Other payables and accrued expenses       | 3,273,832         | 2,882,473         | 2,965,078         |
| Loan CocoaSource                          | 0                 | 0                 | 1,000,000         |
| Long-term liabilities                     | 1,407,933         | 2,294,897         | 2,426,667         |
| <b>Total Liabilities</b>                  | <b>29,629,038</b> | <b>21,141,138</b> | <b>15,485,663</b> |

Figure 5. Tony's Chocolonely Balance Sheet

Source. Tony's Chocolonely Annual Accounts

Part of the investment in assets comes from a former flour factory in the Dutch city of Zaandam. This facility is located in front of the sea and has a strong emblematic character in the area. Tony’s project is to rehabilitate the space to house a future amusement park that will explain the injustices with which chocolate is made and will simulate the operation of the current supply chain of this raw material. This initiative is reminiscent of the films “ *Willy Wonka & The Chocolate Factory*” (1991) or the latest version of Tim Burton, “ *Charlie and the Chocolate Factory*” (2005) in which a child enters a chocolate factory and lives a fantastic adventure. The commitment to this investment is aligned with the first pillar of the company: generating awareness in society.

The company’s annual report also details the impact expenditures dedicated to eradicating poverty on a voluntary basis: a total of 4 million euros, which represents 6.4% of income. In the note below, the company questions whether it makes sense for this contribution made to eradicate poverty to be considered part of the expenses in the profit and loss account.

**Tony’s impact costs**  
 All our voluntary contributions make up what we refer to as our impact costs. We incur these costs for the direct or indirect benefit of the farmers in our partner cooperatives and to promote our mission to make 100% slave free the norm in the chocolate business. We recognized € 4 million in impact costs in the reporting period, which corresponds to slightly over 6.4% of nett revenue. These are the costs that are actually shown in the statement of profit or loss. Does that make sense?

| Impact costs                     | 2018-2019        | 2017/2018        | 2016/2017        | 2015/2016        |
|----------------------------------|------------------|------------------|------------------|------------------|
| <b>Tony's Premium</b>            | 2.305.490        | 1.334.915        | 1.103.687        | 558.713          |
| <b>Fairtrade-premium</b>         | 820.345          | 623.014          | 555.600          | 373.976          |
| <b>Tony's additional premium</b> | 1.485.150        | 711.901          | 548.086          | 184.737          |
| <b>Impact project costs</b>      | 666.699          | 392.111          | 363.478          | 145.542          |
| <b>Fairtrade license fee</b>     | 334.566          | 361.107          | 284.851          | 206.080          |
| <b>Chocolonely Foundation</b>    | 700.420          | 550.520          | 449.242          | 293.056          |
| <b>total impact costs</b>        | <b>4.007.715</b> | <b>2.638.652</b> | <b>2.201.257</b> | <b>1.203.392</b> |

**Figure 6.** Tony’s Chocolonely additional payments  
**Source.** Tony’s Chocolonely Annual Accounts



The annual report also shows the margins per product obtained by the company. The gross margin is almost 51% which allows the company economic viability to continue its mission. In blue the additional contributions made by the company to eradicate slavery.

#### What is the price breakdown of a bar of chocolate?

Do you know the price breakdown of a chocolate bar? You can see that in this delicious pie:

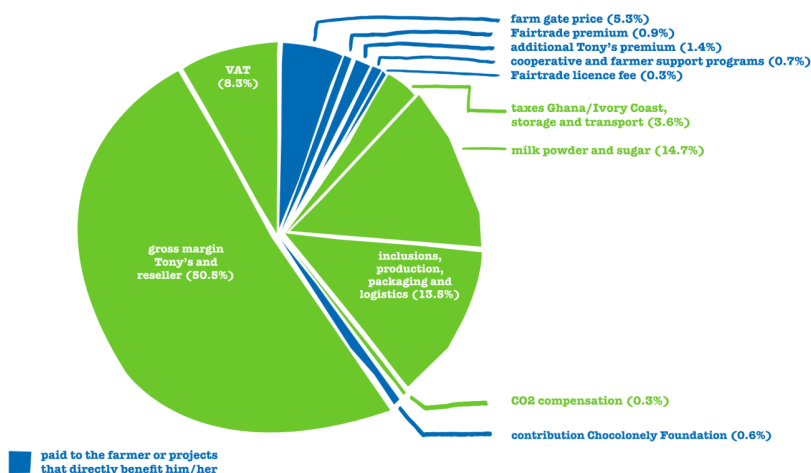


Figure 7. Breakdown of the price of a chocolate bar

Source. Tony's Chocolonely Annual Accounts

## 8. DISCUSSION QUESTIONS

- How would you rate Tony's Chocolonely company expansion strategy? What other expansion options can you think of for this company?
- Given the new requirements of the countries of Ghana and Ivory Coast, how do you think the company should react? Can you keep the same premium to farmers?
- Do you think the company is viable in the long run?

- Given the final sale price of the chocolate bar, is the increase in the premium that farmers receive with respect to this sale price significant? What other strategies could be developed to increase farmers' incomes?
- From a business perspective, how can Tony differentiate himself if the rest of the cocoa industry incorporates the same practices?
- How do you explain the high growth of Tony's in a mature market with great cocoa brands? What have been the keys and practices that have allowed Tony to be a market leader in Holland?

## **9. BIBLIOGRAPHY**

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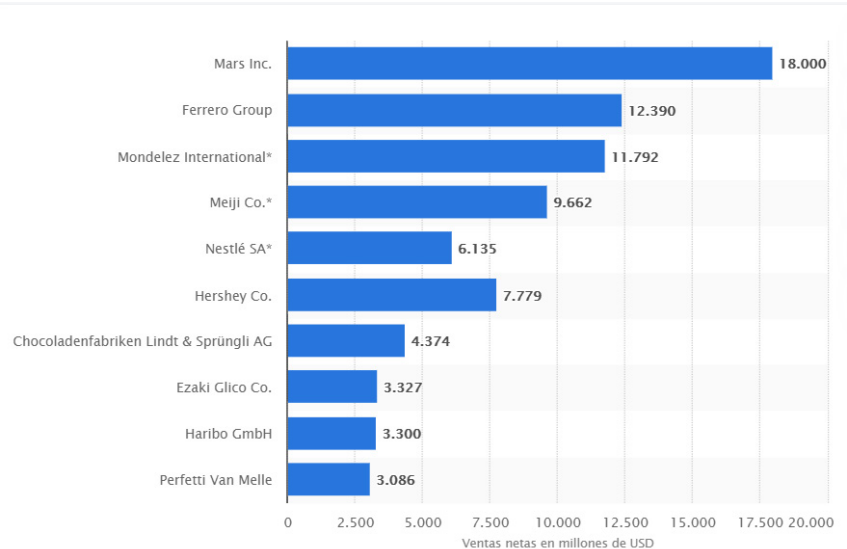
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- Tony's Chocolonely Annual Report 2018/2019  
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## 9.2 WEB PAGES OF INTEREST

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- Chokolonly Foundation  
<https://chokolonlyfoundation.org>
- Cooperativa ABOCFA  
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- Tony's Open Chain <https://www.tonysopenchain.com>
- Justdiggitt <https://justdiggitt.org>

# APPENDIX 1. LARGE MULTINATIONAL COMPANIES

Global net sales of major multinational cocoa companies in 2018 (in millions of dollars).



**Figure 8.** Net global sales of major multinational cocoa buying companies in 2018.

**Source:** Statista.

## **APPENDIX 2. TONY'S CHOCOLONELY STATEMENT ON INEQUALITY AND SOCIAL INJUSTICE**

Tony's our main mission is to fight for equality and fairness – it inherently affects how we aspire to do business. This is why we cannot idly stand by and be silent as black people in America and worldwide continue to suffer under the oppressive weight of racism. We must speak out against inequality and violence caused by racism.

It is with a heavy heart that we witness the current events, but it also fills us with hope to see so many people around the world march in solidarity and acknowledge that systemic racism is a global and deeply engrained problem. Systemic racism affects lives in many ways; be it unbalanced chances in the job market, unjust treatment in the justice system or unequal business relations.

These social and economic structures sustain and support structural inequality. They result in poverty and generate wider gaps in society as they are created by businesses that prioritize profit over people and the planet. It is this systematic injustice that Tony's has vowed to change. We focus our efforts on the people working in the cocoa industry. We're far from perfect and we continuously learn along the way while we aim to lead by example in creating more equality in the cocoa sector. Our mission is to end the most dire forms of inequality – modern slavery and illegal child labor – in the cocoa industry.

As Tony's, we know that change starts with creating awareness. Besides supporting via donations we're currently having further conversations how we can become even more active as a brand.

Our main priority remains unchanged: to fight inequality in the cocoa industry. Recent research has shown that illegal child labor is still increasing. But we also have more work to do in all Tony's offices worldwide. The current events made us realize that we need to step up our game when it comes to continuously being aware of our own implicit biases and to pro-actively strive for a much more diverse workforce. There is a lot of work to be done. We are not there yet.

We invite our community to join the conversation and be part of the change, together with us. We want to hear everyone's voices and enable everyone's efforts, so we can make this a better and more equal world for everyone.

Let's keep on raising the bar!

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### Collaborating entities

