

Are banks partly responsible for child labour and deforestation in chocolate production?

Banks in Belgium do too little to combat child labour and deforestation in the production of cocoa and chocolate. Yet they have the necessary means to do so. Between 2016 and 2020, banks active in Belgium invested more than 26.5 billion euros in multinationals that dominate the cocoa and chocolate sector. According to Fairfin, an organisation that argues for more ethical and ecological sustainability in the financial sector, these investments were barely subjected to any social and ecological requirements.

When it comes to chocolate, Belgium is an undisputed giant on the world stage: Belgians are not only big chocolate consumers, our country is also the second largest exporter of chocolate in the world and one of the largest importers of cocoa beans. And **during this Easter period, 10% of the annual chocolate revenue is collected.**

New financial research by FairFin shows that between 2016 and 2020, banks operating in Belgium invested more than **26.5 billion euros** in multinationals dominating the chocolate trade. The banks thus bear a heavy responsibility, because poverty, child labour and deforestation are known problems in the sector that have persisted for decades. The big players in the cocoa sector have been acknowledging these problems for twenty years. Yet they have not made any progress in removing them from their supply chains.

- At **BNP Paribas**, FairFin found **10.6 billion euros** in investments, of which 1.4 billion euros at Mondelez. This American multinational is headed by a Belgian CEO and owns Côte d'Or, Milka and Oreo, among others.
- **ING** is linked to large companies active in the cocoa sector and has invested **4.4 billion euros**, including more than 400 million euros in Cargill. Cargill is a large cocoa trader and processor that was named the "Worst Company in the World" in 2019 by the environmental organisation Mighty Earth.
- **KBC** is also joining forces with a major player in the sector. They provide more than **170 million euros** in loans to Barry Callebaut, the world's largest cocoa trader. Just like the other companies mentioned here, Barry Callebaut was recently accused of using child slaves in its supply chain.
- Major international bank **Deutsche Bank**, on the other hand, is entwined with food giant Nestlé, with a staggering **6.8 billion euros** invested in the company. On top of that, Deutsche Bank gives **4 billion euros** in financial support to other multinationals active in the cocoa sector.

Jozef Vandermeulen, researcher at FairFin: *"Companies in the cocoa sector depend on these loans, bonds, and shares for their functioning. Banks are therefore perfectly placed to set requirements so that they do not finance harmful practices. But the conditions that banks currently use to control their investments in cocoa are too non-committal, too vague and not strict enough. We call on banks to clearly define their objectives on deforestation, child labour and poverty alleviation and to exert pressure by attaching strict conditions on the price and origin of cocoa to their investments. The whole production chain has to be taken into account."*

NGOs have been pushing for a higher price on cocoa for years to ensure a higher income for farmers. This would remove the breeding ground for harmful practices and is the first and most important step towards a more socially and environmentally sustainable sector. However, the multinationals refuse to do this because it gnaws away at their profits.

"Our government, too, allows too much to happen," says Jozef Vandermeulen. *"Belgium is a giant in the cocoa sector. That gives actors in our country great responsibility but our government is not using that position to improve the situation. There is a need for stricter legislation that obliges companies and banks to trace and tackle harmful practices in their supply chain, with real penalties if they fail to do so. Furthermore, our government is the main shareholder of BNP Paribas and the only shareholder of Belfius. It can therefore give these banks even more leverage to ensure that child labour is explicitly excluded throughout the production chain, including suppliers. Any company that does not comply with this should not receive any financing. The Belgian government should also advocate ensuring that cocoa suppliers receive a living income."*

To put extra pressure on the banks and make them aware of their responsibility, FairFin is launching [an online complaint letter today that people can send to their bank](#).

[Read the full dossier in Dutch here.](#)