



Pathway to support EUDR readiness in cocoa

Relevant for micro, small and medium and large traders or operators



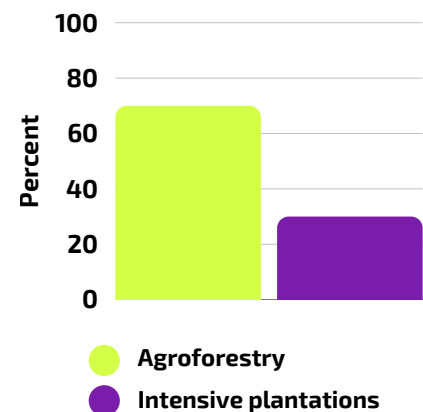
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The EU Deforestation Regulation (EUDR) is designed to ensure that commodities, including cocoa and its derived products, entering the EU market are deforestation-free and sustainably produced. This guidance is tailored to help producers, companies and Fairtrade partners understand the deforestation risks specifically in the cocoa supply chain and comply with the EUDR requirements.

Cocoa - Facts and Figures

Compared with commodities such as beef, palm oil or soy, cocoa has a relatively small overall deforestation footprint. However, cocoa production can have a significant impact on biodiversity hotspots, including the Upper Guinean Rainforest in West Africa, the Amazon region in Latin America, and tropical rainforests in Southeast Asia (Kroeger et al., 2017). In Colombia and Peru, cocoa cultivation has so far been associated with low levels of deforestation (Alliot et al., 2016; Castro-Nunez et al., 2020; Löhr et al., 2021). Cocoa from smallholder farming contributes little to no deforestation, whereas large-scale cocoa plantations have contributed to deforestation in parts of the Peruvian Amazon (Grandez, 2021; Higonnet, 2017). A key driver of deforestation linked to cocoa are full-sun production systems, which pose a threat to tropical rainforests in West Africa, the Amazon and Southeast Asia. In particular, full-sun cocoa cultivation has been identified as a major cause of deforestation in Côte d'Ivoire and Ghana (Bitty et al., 2015; Higonnet et al., 2017).

Distribution of agroforestry and intensive plantations in global cocoa cultivation



Challenges and risks

Companies sourcing cocoa increasingly face sustainability risks that can disrupt supply chains, undermine long-term productivity, and create reputational and regulatory exposure. The following risks and challenges are crucial to understand for resilient cocoa landscapes and stable farmer livelihoods:

- **Causes for the expansion of cocoa farming into forest land** (Kroeger et al. 2017; Schroth et al., 2016):
 - rising demand for chocolate
 - ageing cocoa trees
 - lack of good agricultural practices
 - reduction in suitable land area due to climate change
- **Weak property rights:** also prompt migrant farmers to quickly establish farms on forest land as an attempt to establish a property right (Ruf, 2011).
- **Dominance of monoculture production:** in full sun cocoa production, intensive use of agrochemicals causes health risks, climate impact & biodiversity loss on farms. Organic and agroecological production sidestep these problems (Bitty et al., 2015; Higonnet et al., 2017).
- **Climate change:** Cocoa is a highly sensitive crop to drought. Yields are reduced and whole production areas become unsuitable for cocoa, as temperatures rise & droughts, tropical storms & hurricanes become more frequent and intense (Lahive et al., 2019).

EU Deforestation Regulation requirements

Companies selling products on the European market need to show that their supply chains are deforestation-free. Fairtrade Standards align with the EU Deforestation Regulation (EUDR). Building on a foundation of fair livelihoods and ethical data principles, Fairtrade offers companies and producers the support and security to meet EUDR requirements and go beyond compliance to meaningful forest protection.

1 Validated geolocation data

Fairtrade provides hands-on support and digital tools – via Plot Insights – to producer organisations to collect geolocation data, conduct data quality checks, and transform the data into the format required by the EU TRACES platform.

2 Deforestation monitoring data

Fairtrade's partner, Satelligence, creates a high-quality deforestation risk analysis for each Fairtrade producer organisation, shared via Plot Insights. Satelligence uses best-in-class custom satellite imaging, visualisation, and risk identification technologies, which reduces false positives and generates alerts for farms on or near deforested land or protected areas.

3 Insights for risk assessments

Companies have access to the [Fairtrade Risk Map](#) to support their risk assessments. The risk map provides information about deforestation-related risks for the commodities and origins that Fairtrade certifies, with insights validated by producers themselves. Customised risk reports on companies' supply chains can be developed as an additional service.

4 Traceability with secure, auditable geolocation data exchange

Once a trade contract exists, exporters and importers will be able to request secure access to EUDR-required geolocation data from their Fairtrade producer organisation suppliers through a new digital connection between Plot Insights and Fairtrade – the system where sales of Fairtrade products are tracked through Fairtrade supply chains. Geolocation data of specific farms within the same cooperative can be assigned to a cocoa export lot number, which is in turn linked to a unique contract in Fairtrade. Producer organisations can consent to share this data with their exporter and importer via the contract.

5 Going beyond compliance

Sourcing Fairtrade products helps mitigate deforestation risks by addressing root causes. This includes addressing poverty through living income reference prices and income diversification programmes; hands-on training from Fairtrade producer networks in climate resilient farming practices and forest protection; and requirements in the Fairtrade Standards such as traders contributing to cooperatives' deforestation prevention efforts.



Photo: Fairtrade Sweden



Further information:

[Fairtrade Risk Map Cocoa](#)

[Fairtrade Impact Platform](#)

Traceability in Cocoa Supply Chains

Cocoa, along with a few other Fairtrade products, can be sold under a traceability system known as mass balance. Under mass balance, companies are allowed to mix Fairtrade certified and non-Fairtrade ingredients during processing, provided that the exact volumes sold on Fairtrade terms are accurately tracked and independently audited throughout the supply chain.

Why is mass balance used?

Full traceability requires certified products to be physically separated from non-certified products at every stage of the supply chain.

For cocoa, this is often technically challenging, costly and commercially restrictive. Cocoa is typically processed in large volumes and passes through complex manufacturing processes that do not easily allow for small, segregated batches.

What does mass balance achieve?

- helps ensure that Fairtrade farmers are not excluded from market opportunities, and
- gives consumers confidence that the quantity of Fairtrade certified ingredients in the final labelled product corresponds to the volume sold by Fairtrade farmers.

Fairtrade Standards apply the First Mile Traceability principle. This means that each producer organisation (PO) must be able to trace cocoa back to the farm of the member who produced it.

Producer organisations are responsible for ensuring traceability from the individual farm through to the point at which the member sells the cocoa to a third party.

What First Mile Traceability looks like in Ghana

Step 1

Cocoa bags are tagged with ID code of member and farm. Each member has a unique code and each farm has a unique code.

Step 2

When the member sells the cocoa bag to a Licensed Buying Company (LBC), the number of bags sold per member is recorded in the member's passbook and in their own records.

Step 3

The LBC shares the sales data with the PO. The PO checks this information with members.

Fairtrade is a trusted partner in EUDR readiness, supporting producers and small businesses to prepare for the regulation deadline.



Photo: Tobias Thiele Fairtrade Fairpicture



Further information:
[Fairtrade Supply Chain Traceability](#)

Further guidance material:
Mass Balance,
Processor/Manufacturer,
Coffee

How Fairtrade complements the EU Deforestation Regulation at each stage of the supply chain

Fairtrade Standards and programmes support farmers and producer organisations to produce and trade cocoa that does cause deforestation.

1 Cocoa grows on farm

Fairtrade cooperatives protect forests:

Cocoa Standard 3.4.2 & 3.4.3: Cooperatives assess and monitor risk of deforestation as part of a wider HREDD analysis.

Fairtrade Cocoa Standard 3.4.1: No deforestation after 31 Dec 2018.
Fairtrade Cocoa Standard 3.4.5: Cooperative has geo location data for all 100% of farm units. Polygons if over 4 hectares.
Fairtrade Cocoa Standard 3.4.6: Payers and conveyers (typically exporters) have same data as 3.4.5 and share this with cooperatives.
Programme intervention: Through our partnerships, Fairtrade provides farm-level satellite deforestation risk data to coops based on farm mapping data they provide, to meet **Cocoa Standard requirement 3.4.2.**

2 Cocoa is harvested, fermented and dried by farmer

Cooperatives use the results for a deforestation prevention and mitigation plan; raise awareness of risk areas amongst farmers and activities or production practises that have a negative impact; and promote the implementation of production practises that have a positive impact.

Fairtrade Cocoa Standard 2.1.4: First mile traceability – cooperatives deploy digital solutions to trace cocoa beans sold to the cooperative back to their individual farms or fields.

Fairtrade Cocoa Standard 2.1.1: Checking that only Fairtrade cocoa enters the supply chain – cooperative records individual member production and total production of the cooperative. This includes both estimated and actual production. Estimated production is compared to actual production and/or sales. Significant differences are recorded, investigated and measures taken to prevent reoccurrence.

Fairtrade Cocoa Standard 2.1.3: First mile traceability – cooperatives document the product flow map and traceability procedure from farmer to first buyer. Risk identification of any mixing of cooperative member and non member cocoa.

3 Farmer sells to cooperative

4 Cooperative transports cocoa to warehouse

Cocoa Standard 3.4.4
 Exporters, importers, manufacturers, brands and retailers support cooperatives to prevent and mitigate deforestation

Fairtrade Small-scale Producer Organisation Standard 2.1.1: Fairtrade certifies all members of the cooperative, any cocoa bought by the cooperative from non-members must be segregated and cannot be sold as Fairtrade.

5 Cooperative segregates cocoa and sells to exporter

6 Exporter sends beans or processed products to countries of consumption

7 Importer supplies beans or processed products to finished consumer goods manufacturer

8 Goods supplied to retailer for sale to consumer

