

SUCDEN COCOA'S FRAMEWORK OF ACTION ON HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE

CONTEXT

Effective due diligence processes are the foundation of responsible business conduct. For companies operating in global agricultural supply chains like cocoa, such processes are essential for assessing, preventing, and addressing potential risks related to human rights and the environment. In cocoa, the most salient risks include child and forced labor and farmer poverty, as well as environmental challenges such as deforestation, land degradation, and climate change. These risks often intersect, reinforcing one another and creating systemic challenges for farming households and communities.

In recent years, the perspectives of governments, civil society, international institutions, and industry actors have converged into a broader set of expectations of a company's responsibilities as they operate within global supply chains. The OECD Due Diligence Guidance for Responsible Business Conduct, along with the OECD-FAO Guidance for Responsible Agricultural Supply Chains, provide directions to companies on how to responsibly identify and manage risks. In parallel, historical regulations prohibiting the import of goods made with forced labor into the US, and new regulatory frameworks – including the UK Modern Slavery Act, the EU Forced Labor Regulation (FLR), the anticipated entry into application of the EU Deforestation Regulation (EUDR) and EU Corporate Sustainability Due Diligence Directive (CSDDD), as currently expressed in the revised omnibus legislation of December 2025 – are raising the bar for how companies conduct robust due diligence and demonstrate accountability and transparency in how risks are addressed.

Given this context, this framework of action is grounded in its respect for international agreements such as the UN Guiding Principles on Business and Human Rights, ILO conventions, and the Sustainable Development Goals, which further underscore that respecting human rights and protecting the environment are fundamental business responsibilities. It is complementary to Sucden's Human Rights Policy which recognizes and aligns with the UN Global Compact and its Ten Principles and the Universal Declaration of Human Rights (1948), and Sucden's Forest Protection Policy.

For Sucden, cocoa trading represents not only a critical business division but also a global value chain where the risks to people and planet can be particularly pressing. Sucden Cocoa recognizes that an operational due diligence process is essential to building supply chains that are resilient, sustainable, and equitable for farming families, communities, and ecosystems. Sucden is committed to implementing and continuously improving due diligence processes to assess, prevent and address the most salient risks within each of its cocoa supply chains, in close collaboration with our clients, alongside our peers, suppliers, implementation partners, and subject-matter experts. Our prioritized and initial efforts are focused within our segregated supply chains¹.

¹ Sucden's segregated supply chains are designed to provide a high level of transparency and traceability, enabling cocoa to be traced from first-tier suppliers back to the farms of original supply.

DEFINING THE CHALLENGE

Cocoa is predominantly produced by smallholder farmers, many of whom operate in challenging socio-economic and environmental contexts. Risks, as well as farming conditions, vary across countries and regions, making it necessary to operationalize different due diligence processes in each producing country. For example, in West Africa, it is generally acknowledged that child labor and farmer poverty are priority issues, whereas in Latin America, the rights of Indigenous People may be at risk, and in every country, there is the need to protect remaining forests. Globally, cocoa supply chains are often fragmented, with multiple intermediaries and varying degrees of farmer affiliation, making the identification of families and populations within a specific supplier network more difficult.

Another challenge lies in balancing short-term compliance requirements with the long-term systemic change needed to address root causes that underpin the salient concerns. Human rights and environmental risks are often interconnected with structural barriers such as poverty, weak rural infrastructure including limited access to basic social services or poor road networks, limited farmer organization capacity, and political instability or other security concerns – each of which cannot typically be fully corrected by the action of a single stakeholder or the private sector acting in isolation. This means that due diligence must go beyond one-off assessments and audits. Instead, it requires an ongoing, adaptive process, grounded in stakeholder dialogue, evidence, and collaboration with other actors that share an interest in an improved supply chain. Nonetheless, true systemic change can only take place with the support of the governments in the countries in which we operate, functioning through long-term, public-private dialogue and action frameworks.

SUCDEN'S SUPPORTING POLICIES

Sucden's approach to due diligence is grounded in a set of policies that define how the company sources goods responsibly while upholding its commitments to people and the planet. These policies guide its activities across each cocoa supply chain and ensure that Sucden acts consistently within agreed international norms and stakeholder expectations. Core policies impacting on our due diligence activities are noted here²:

- **Supplier Code of Conduct:** The Supplier Code of Conduct (CoC) sets clear expectations for all suppliers, service providers, and subcontractors. It requires compliance with laws and international standards on financial transactions, labor practices, human rights, and environmental protection. It prohibits child and forced labor, insists on fair compensation and safe working conditions, and requires suppliers to ensure that no cocoa is sourced from deforested or degraded forest land or from legally protected areas whilst protecting land rights. Adherence to and compliance with the Supplier CoC are mandatory conditions for doing business with Sucden.
- **Human Rights Policy:** Sucden's Human Rights Policy commits it to respect and promote fundamental human rights throughout its value chains. The policy aligns with the UN Guiding Principles on Business and Human Rights and core ILO conventions and focuses on salient issues such as child and forced

² Sucden's Global Policies are publicly available at <https://www.sucden.com/en/corporate-responsibility/business-practices/>

labor, gender equality, and safe working conditions. Sucden also works to improve farmers' ability to earn a living income as part of advancing human dignity in cocoa-growing regions.

- **Forest Protection Policy:** Sucden's Forest Protection Policy outlines its approach to prevent deforestation and forest conversion and respects the land rights of all stakeholders within its cocoa supply chains. Sucden, within its segregated supply chains, does not source from protected areas and from land affected by deforestation or forest-degradation after 31 December 2020, and requires traceability of all sourcing farms. Through direct intervention or multi-stakeholder collaboration, Sucden Cocoa's approach prioritizes deforestation risk management and farm mapping, agroforestry and climate-smart practices, and landscape rehabilitation, with the dual aim of protecting ecosystems and supporting the livelihoods of surrounding local communities, including Indigenous peoples where present.
- **Grievance Mechanism Policy:** Through this policy, Sucden offers a structured channel for individuals and communities to raise concerns related to environmental harm or human rights impacts associated with Sucden's supply chain activities.

Together, these policies form the foundation for embedding due diligence into Sucden's business practices and relationships. They provide the baseline against which the business evaluates risk, engages suppliers, and shapes its contribution to building a more sustainable and resilient cocoa sector.

SUCDEN'S APPROACH TO DUE DILIGENCE

Sucden's due diligence operational framework is guided by the OECD Six-Step Model for responsible business conduct³, which we are working to progressively implement across our cocoa supply chains. Sucden's due diligence processes are grounded in the work the company continues to carry out to address child labor and eliminate deforestation from its supply chain.

1. **Embed Responsible Business Conduct into Policies and Management Systems:** Sucden's commitments are anchored in formal policies, including those outlined earlier. These policies are integrated into supplier contracts and apply across Sucden's cocoa value chains. Internally, responsibility for implementation of its due diligence activities is managed through the following management processes:
 - **The Sucden Management Board** provides overall oversight on corporate responsibility issues, including endorsing Sucden Global Policies.
 - **The Sucden Cocoa Management Teams** are responsible for defining the strategic approach and ensuring that the strategy can be operationalized. This includes the development of Sucden policies, or procedures and monitoring their effective implementation in the cocoa supply chain.
 - **The origin-based Cocoa Sustainability and Sourcing Teams** are responsible for on-the-ground implementation of Sucden procedures as well as documenting identified risks and reporting progress to Management.
 - **The Compliance and Internal Audit Teams** are responsible for ensuring the proper implementation of Sucden's procedures, while also supporting continuous improvement.

³ <https://www.oecd.org/en/topics/due-diligence-for-responsible-business-conduct.html>

2. **Identify and Assess Adverse Impact:** Sucden uses a combination of risk assessment methodologies to identify and prioritize salient issues in its cocoa supply chains. This includes country- and region-specific analyses of child and forced labor, land rights, and deforestation risks. To assess the presence of child labor and the risk of deforestation, traceability to the farming household is implemented in Sucden's segregated supply chains, enhancing the ability of Sucden to respond as needed. Assessments of forced labor risk currently focus on piloting methodologies that identify the presence of forced labor risk indicators at a community or broader landscape level.
3. **Cease, Prevent, or Mitigate Adverse Impact:** Sucden seeks to prevent adverse human rights and environmental effects by carrying out mandatory checks on the business and compliance practices of its origin suppliers and providing training to suppliers and farmers. We invest in impactful sustainability interventions with the support of clients, Development Finance Institutions (DFIs) and expert third parties, with the intent of improving household income, the adoption of climate smart practices, and better labor practices. We participate in numerous multi-party initiatives in support of these efforts. When non-compliant practices are found, we seek to remediate such practices in a manner that is supportive rather than punitive—when possible.
4. **Track Implementation and Results:** Sucden tracks its due diligence progress through internal monitoring, and periodic external evaluations. For example, the Deforestation Risk Assessment system provides monthly monitoring of forest cover changes, while our Child Labor Monitoring and Remediation System (CLMRS) continuously tracks the number of children monitored, cases identified, and remediation outcomes, prioritizing our segregated supply chains. Improvements in tracking emissions and adult labor practices are under development in alignment with evolving sector standards and best practices. As we review our results, we continually look for more innovative approaches to our assessment and implementation processes.
5. **Communicate How Impacts Are Addressed:** Sucden publicly reports annually through Sucden's global Responsibility Report, disclosing its approach to the most salient risks such as child and forced labor, living income, and deforestation. We are committed to transparency and participate in multi-stakeholder platforms such as the Cocoa & Forests Initiative, where we publicly share progress against forest protection commitments. Aggregated and anonymized child labor data is shared with the International Cocoa Initiative which becomes part of their annual report on the status of child labor efforts. Data is aggregated and reported to Sucden's customers, investors and suppliers and its global sustainability managers to drive corrective action and improvement.
6. **Provide for or Cooperate in Remediation When Appropriate:** For child labor, remediation activities are ongoing as part of the CLMRS or equivalent approaches that we are exploring and implementing prioritizing our segregated supply chains, and are based on practices developed through multi-stakeholder and multi-sector initiatives. For other concerns, Sucden provides channels for remedy through its Grievance Mechanism Policy and related complaint mechanism which is provided to business partners, suppliers, and communities. This mechanism enables concerns related to human rights or environmental impacts to be raised to Sucden and addressed in line with the UN Guiding Principles on Business and Human Rights.



Across these steps, Sucden recognizes that risks and necessary responses differ by geography, context, and stakeholder group. The priority is to address the highest-risk issues for people and the environment, while continuing to improve the effectiveness of our cocoa due diligence and related actions.

LOOKING AHEAD

Sucden understands that due diligence directed toward the protection of human rights and the environment is not a one-time exercise but a continuous process of improvement, through close collaboration with our clients, alongside our peers, suppliers, field partners, and subject-matter experts. As such, our ambition is to:

- Strengthen traceability, landscape approaches, and risk assessment systems to meet or exceed regulatory requirements such as the EU CSDDD, the EUDR, and the EU FLR, as well as other human rights and environmental requirements within other jurisdictions.
- Expand collaboration with multi-stakeholder organizations, expert groups and peers to align approaches and build collective solutions.
- Seek innovative solutions to the challenge of collecting human rights, and environmental information that objectively reflect realities within the complex supply chains in which Sucden Cocoa operates.
- Further develop human rights due diligence processes that assess and address the presence of forced labor indicators as well as gain a deeper understanding of cocoa farm household income (see Sucden's Living Income Framework of Action at www.sucden.com).
- Continue to build supplier and farmer capacity to respect human rights and protect the environment in cocoa production.
- Act in a manner that is supportive to farmers, their families, and communities rather than in a punitive or exclusionary manner.
- Enhance transparency by publishing annual updates on our due diligence processes, salient risks, progress, challenges and lessons learned in Sucden's Responsibility Report.

Sucden's approach is grounded in the conviction that due diligence is not only a compliance requirement, but should also be a driver of resilience, trust, and long-term sustainability in the cocoa sector.