



## SUCDEN COCOA'S FRAMEWORK OF ACTION ON ENVIRONMENTAL SUSTAINABILITY

### INTRODUCTION

At Sucden Cocoa, we recognize that the long-term viability of our business is intrinsically linked to the protection of the environment and the sustainability of the cocoa sector. Our objective is to contribute to a resilient cocoa industry in which farming families and communities prosper while forests, ecosystems, and natural resources are safeguarded. We are committed to conducting our activities with integrity and transparency, and to working in partnership with farmers, producer organizations, governments, clients, civil society and other stakeholders to identify, manage, and reduce the environmental and climate-related impacts of our operations and supply chains. This Framework of Action on Environmental Sustainability sets out Sucden Cocoa's approach to forest protection, responsible agricultural practices, climate risk management, and continuous environmental performance improvement, and establishes expectations for our employees and suppliers to uphold equivalent standards of environmental stewardship.

### CONTEXT

Deforestation, the loss of biodiversity and natural ecosystems, and changing climatic conditions are significant issues that directly impact cocoa farming families and the global cocoa supply chain. At the landscape level, various environmental impacts are changing the climate and soil conditions on which successful cocoa cultivation depends. The nature and severity of these impacts differ globally by origin and can include increased heat stress, rainfall variability, and soil degradation, leading to increased disease pressure, all of which negatively affect cocoa production.

At the farm and household level, environmental impacts can translate to declining yields, increased production costs, and increased use of agrochemicals, resulting in economic insecurity. At the same time the expansion of production areas also contributes to forest loss, furthering the decline of biodiversity and increasing greenhouse gas (GHG) emissions. The subsequent environmental damage is a major contributor to social vulnerability and human rights risks for farming families across the origins from which Sucden sources cocoa.

Ultimately, a future sustainable global cocoa supply relies on protecting forests, restoring healthy ecosystems, and supporting farmers to adopt climate-resilient farming systems. As a leader in the cocoa sector, Sucden recognizes and embraces the need for responsible business practices that enable a sufficient long-term cocoa supply while contributing to ecosystem protection and improved farming family and community well-being. We pursue these ambitions through partnerships with our clients and collaborative action with suppliers, implementation partners, and subject-matter experts. Our efforts include supporting climate adaptation, promoting nature-positive and low-carbon production systems, and assisting in a just transition for cocoa communities — including through improved

access to the knowledge, resources and incentives required to adopt climate-smart farming practices. Our prioritized and initial efforts are focused within our segregated supply chains<sup>1</sup>.

Sucden aligns its environmental objectives and practices with leading global frameworks that shape and impact responsible agricultural production. The EU Deforestation Regulation (EUDR) with its anticipated entry into application in December 2026 and EU Corporate Sustainability Due Diligence Directive (CSDDD), as currently expressed in the revised omnibus legislation of December 2025, articulate expectations for deforestation-free sourcing and environmental due diligence. International agreements such as the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement reinforce the need to reduce GHG emissions in alignment with contemporary global standards. Tools like the OECD-FAO Business Handbook provide practical guidance for environmental due diligence in agriculture, while ILO conventions acknowledge the link between environmental degradation and heightened farmer and family vulnerabilities.

In parallel, we continuously strive to meet rising sectoral expectations. The GHG Protocol, for instance, sets corporate standards for emissions accounting, including land-use change factors that reflect the climate impact of cocoa production. SBTi aligned reduction targets are increasingly recognized as indicators of credible, corporate climate action. Voluntary sustainability standards such as Rainforest Alliance and Fairtrade serve as implementation frameworks in origin and support market recognition of positive supplier environmental protection performance. Sucden is also committed to complying with the environmental and social compliance frameworks set by its partner Development Finance Institutions (DFIs) such as the International Finance Corporation (IFC) Performance Standards and the African Development Bank Group's Integrated Safeguards System.

These evolving frameworks collectively shape how Sucden identifies, monitors, and mitigates environmental risk across its cocoa supply chains. By aligning our internal systems with international and sectoral standards, we ensure that compliance obligations also serve as drivers for continuous improvement. We support this approach by reinforcing our measurement, reporting, and verification (MRV) systems to generate reliable data on land use, farming practices, GHG emissions, and environmental outcomes.

## MAJOR ENVIRONMENTAL RISKS AND PRIORITIES IN THE COCOA SUPPLY CHAIN

Sucden periodically conducts a Group-level materiality analysis of key environmental and social issues, which is disclosed in its annual Responsibility Report. Building on this analysis, Sucden Cocoa undertakes a more granular assessment of material environmental risks specific to its cocoa supply chains, identifying risks at origin, sourcing-region, and supplier levels. The current priority risks are as outlined below:

- **Deforestation and forest degradation** are critical concerns where agricultural expansion challenges landscape integrity as it contributes to climate change, undermines ecosystem resilience and creates non-compliance with emerging regulations.

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<sup>1</sup> 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.

- **Climate change** threatens cocoa productivity primarily due to rising temperatures and altered rainfall patterns, placing stress on ecosystems and degrading soil and water quality – potentially making some historical sourcing areas unsuitable for cocoa cultivation.
- **Agrochemical use** poses environmental risks when pesticides and fertilizers are applied incorrectly, potentially contaminating soil and water, while increasing health hazards for farming families and laborers.
- **Pests and diseases** continue to spread in most cocoa-growing regions, creating added stress on ecosystems and creating significant drops in farm productivity.
- **GHG emissions** linked to agriculture and land-use change are a primary driver of the sector’s carbon footprint and carry significant compliance and reputational implications.
- **Land tenure and use-rights insecurity** coupled with a lack of Free, Prior and Informed Consent (FPIC) elevates both environmental and social vulnerability. When Indigenous Peoples, local communities and farmers lack secure rights to land, they may avoid long-term sustainability investments or face increased risks of displacement, contributing to instability for communities and landscapes alike.

Together, these interconnected risks guide our prioritization of resources, supplier engagement approaches, and accountability within our sustainability strategy. Accordingly, this Framework sets out Sucden Cocoa’s approach to and ambitions on environmental sustainability and offers direction for aligning with evolving regulations and sectoral standards.

## SUCDEN’S POLICIES AND PROCEDURES

We embed environmental due diligence into procurement and supplier engagement through a set of policies and procedures that define our commitments and operational expectations<sup>2</sup>. The following collectively establish our requirements on forest protection, chemical management, traceability, and responsible sourcing.

- **Supplier Code of Conduct (CoC):** sets baseline requirements on environmental stewardship, legal compliance, and protection of human rights, creating a binding expectation for all cocoa suppliers and service providers.
- **Forest Protection Policy:** establishes a company-wide commitment that Sucden’s segregated cocoa sourcing activities do not result in deforestation, forest conversion, or peatland destruction while preserving biodiversity, and it articulates Sucden’s respect for FPIC and land rights.
- **Grievance Mechanism Policy:** provides a structured channel for individuals and communities to raise concerns related to environmental harm or human rights impacts associated with Sucden’s global supply chain activities.
- **Deforestation Risk Assessment:** this internal procedure defines how Sucden Cocoa assesses and verifies that cocoa plots from which segregated cocoa is sourced meet the requirement of no deforestation or land-use conversion after the cut-off date of 31 December 2020 — or earlier where required by Sucden’s clients or other standards — in compliance with Sucden’s Forest Protection Policy.
- **EUDR Due Diligence Protocol:** this internal protocol provides a global methodology for assessing and mitigating the risk of sourcing non-compliant cocoa, including verification of legality and plot-level

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

traceability across the segregated supply chain. It also defines processes for risk assessment, risk mitigation, and documentation required to meet all regulatory due-diligence obligations for EU market access.

- **Global Agrochemical Management Guidance Document:** Sucden Cocoa's internal guidance document on agrochemical safety and management.
- **Suppliers' handbooks:** thematic supplier guides related to material risks in countries of production provide specific information relating to the context, relevant regulatory requirements, and best practices for preventing and remedying these risks. Suppliers' handbooks cover topics such as the prevention of deforestation, child labor, forced labor, as well as responsible agrochemicals management, land rights & Indigenous People's rights and how to conduct a FPIC process. The supplier handbook on responsible agrochemicals management establishes locally informed requirements for agrochemical use, including a list of prohibited pesticides based on national legal requirements where applicable and the Rainforest Alliance Standard. It includes integrated pest management approaches, which incorporate cultural practices, physical barriers, and biological controls such as biopesticides.
- **Global Child Labor Monitoring and Remediation System (CLMRS) Framework:** This framework document outlines Sucden Cocoa's global approach to identifying and remediating harmful child labor practices, including exposure to pesticides.

These policies and procedures are routinely reviewed and updated to reflect evolving regulatory expectations, best practices, and insights gained from program implementation across origins. By embedding environmental safeguards into commercial decision-making, we reinforce accountability and ensure that responsible sourcing remains foundational to long-term business continuity.

## SUCDEN'S OPERATING FRAMEWORK

Sucden's environmental responsibility reflects the understanding that sustainable cocoa production depends on healthy ecosystems and thriving farming households, and it is our ambition to achieve both within the supply chains where we operate. Moreover, we recognize that different environmental risks demand tailored responses that reflect local agronomic and socio-economic contexts. Each approach must be grounded in meeting farming household needs, continuous learning, partnerships with our clients and DFIs, and collaboration with partners across the value chain, with a cross-cutting gender lens so that women can benefit equitably from each initiative. To achieve Sucden's ambition, we pursue six coordinated pathways, described below, that will reinforce one another over time.

- **Integrated Environmental Risk Management**
  - Traceability in our segregated supply chains is achieved by identifying and mapping the farms from which we are sourcing to fully evaluate the origins of our cocoa purchasing. This informs a risk assessment to identify where deforestation is most likely to occur in the future and plan for farm and landscape level interventions.
  - Risk screening for deforestation is embedded in our supplier engagement and responsible sourcing processes, in alignment with Sucden's Forest Protection Policy. The Forest Protection Policy, Deforestation Risk Assessment Procedure, and Agrochemical Management Guidance Document form foundational safeguards that guide procurement decisions globally.

- Through Sucden's third-party verified Cocoa Standard and certifications under Rainforest Alliance and Fairtrade, Sucden complements these efforts by providing third-party assurance that suppliers meet environmental standards on forest protection, chemical use, and sustainable land management.
- **Emission Accounting and Climate Action**
  - Our climate strategy prioritizes the reduction of GHG emissions from deforestation and land use change through deforestation-free cocoa sourcing in alignment with Sucden's Forest Policy.
  - Through partnerships with clients, farmers, and cooperatives, we support the adoption of low-GHG, climate-smart practices—such as efficient resource management, pruning, shade management, composting, and improved soil health—to reduce emissions while strengthening resilience and livelihoods. We also work with climate and technical experts to implement farmer-inclusive emissions reduction projects aligned with recognized protocols and science-based approaches. Sucden annually quantifies GHG emissions associated with cocoa sourcing in accordance with the GHG Land Sector and Removals Guidance and the Quantis GHG Accounting Manual for Cocoa. Emissions calculations are independently audited by a third party each year to ensure accuracy and transparency.
  - Sucden is actively working to reduce emissions related to the cultivation of cocoa. We are committed to setting a verified emissions baseline and monitoring emissions against that baseline.
- **Household Centered Sustainability**
  - In line with our Living Income Framework of Action Sucden promotes agricultural practices that strengthen both environmental outcomes and the well-being of cocoa-farming households, together with clients and implementation partners. Our approach starts from the farmer's reality: environmental sustainability must translate into improved resilience, productivity, and income stability for families.
  - Our agroforestry programs focus on optimizing cocoa production through appropriate shade management, improved nutrient cycling, soil fertility, and erosion control, while extending the productive lifespan of cocoa trees and increasing on-farm biodiversity. These systems strengthen climate resilience by creating favorable microclimates, supporting water cycling, reducing run-off and erosion, and enhancing above- and below-ground biomass. At the same time, agroforestry diversifies household income through intercropping and multi-purpose tree species, reduces production costs and exposure to income risks, and contributes to emissions reduction through carbon sequestration and the maintenance of soil carbon, supporting higher yields with minimal inputs and helping prevent deforestation and forest degradation.
  - Farmer training and coaching on regenerative agriculture and integrated pest management (IPM) is complemented, where possible, by practical support mechanisms — such as access to labor services and inputs. These elements contribute to making climate-smart practices accessible and advantageous for farmers, enabling larger-scale adoption according to their individual circumstances.
- **Landscape, Local Communities and Indigenous Peoples**
  - We support restoration of degraded land and other landscape-level approaches that seek to enhance biodiversity and community resilience in areas facing high deforestation pressure.
  - Women's groups and community engagement are supported through local community management and activity design that ensures equitable participation and benefit-sharing, including through inclusive community-led Payment for Environmental Services (PES) schemes.
  - In countries where Indigenous Peoples may be present, suppliers receive training on their rights and on implementing Free, Prior and Informed Consent (FPIC), supported by a dedicated handbook.

- **Innovation & Continuous Improvement**

- Sucden pilots and evaluates new solutions to accelerate environmental progress. These include the use of digital training and coaching tools for farmers, organic fertilizer production, and circular models (including biochar) that improve carbon sequestration and soil fertility. We adapt our procedures and strategies in response to evolving regulations, such as the EUDR, and informed by emerging best practices from program and partner feedback.

- **Collaborative Leadership**

- Sucden recognizes that environmental transformation requires collective action. Through our participation in sector-wide platforms such as the Cocoa & Forests Initiative, European Cocoa Association taskforces, and technical partnerships with suppliers and clients that typically include third-party experts, we align commercial commitments with environmental performance. We work to ensure that long-term sourcing partnerships reward demonstrated improvements in sustainability while reinforcing shared accountability across the value chain.

## MEASURING PROGRESS

Our environmental work is guided by measuring our progress toward protecting the ecosystems and farming families from which we source cocoa. To this end, we monitor the following:

- We track the number of **farm plots and hectares covered by Deforestation Risk Assessments**.
- We measure the number of **farmers receiving training and/or coaching on Good Agricultural Practice (GAP), Regenerative and Climate-Smart Agricultural Practices**, including integrated pest management, pruning, and agroforestry.
- At project-level, we also measure the **number of farmers who demonstrate Good Agricultural Practice (GAP) adoption** through the Adoption Observation methodology, as well as those benefiting from farm services like pruning support or inputs.
- In regions where we implement agroforestry activities, we report on the number of **shade and multi-purpose trees planted, hectares of agroforestry developed**, and farmers benefited. We also report on **cocoa trees distributed** toward farm restoration efforts.
- At the project level, we monitor and report the **GHG emission reduction and removal benefits** stemming from our climate projects.
- We report **the amount in Euros or U.S. dollars paid in sustainability premiums to farmers and Farmer Organizations**, reinforcing economic resilience and rewarding responsible cocoa production.
- Additionally, we report on the **number of men and women receiving PES incentives** for agroforestry or restoration.
- At a corporate level, we publicly report on the amount of **GHG emissions** associated with Sucden's cocoa supply chain in our annual Responsibility Report.

## OUR COMMITMENT

Sucden recognizes that protecting forests, restoring ecosystems, and reducing climate impacts in cocoa supply chains is a long-term effort that requires shared responsibility across governments, industry, communities, and farming households. We are committed to advancing our environmental performance in ways that uphold farming family wellbeing and contribute to global climate goals, in close partnership with our clients, alongside suppliers, implementation partners, and subject-matter experts. In this spirit, we commit to take steps toward:

- Setting a GHG emission reduction target for cocoa, which will be aligned with best in practice industry standards.
- Refining our farm mapping, deforestation, land-use change monitoring, and farmer incentive models to ensure continuous improvement across origins.
- Expanding agroforestry and climate-smart practices into new geographies to strengthen biodiversity, shade cover, and climate resilience.
- Scaling PES and gender-sensitive restoration initiatives that recognize and reward farming families and communities for environmental stewardship.
- Investigating the availability of pesticide alternatives and regenerative agricultural practices that improve soil health and reduce farming families' exposure to hazardous chemicals.
- Respecting existing land rights and adherence to the Free, Prior Informed Consent (FPIC) rules as described in ILO Convention No. 169 on Indigenous and Tribal Peoples (1989).
- Ensuring that Sucden's segregated sourcing of cocoa has no harmful impact on biodiversity or sensitive ecosystems.
- Promoting and supporting effective waste management, responsible water usage, and minimizing water pollution on cocoa farms.
- Publishing annual updates on our environmental progress, challenges, and lessons learned through our Responsibility Report.

Environmental responsibility is central to Sucden's cocoa business and to the future of cocoa-producing communities. By aligning with recognized frameworks, deepening multi-stakeholder action, and ensuring that farming families remain central to climate solutions, we aim to contribute to a cocoa sector in which production flourishes alongside forest conservation, climate stability and household resilience.