

Forest and Natural Ecosystems Policy

Latest Update
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1. Introduction

1.1. Background

Forests and other natural ecosystems play an essential role in storing carbon, preserving biodiversity, regulating water supplies, reducing natural hazards, supporting climate adaptation, and sustaining the livelihoods and well-being of Indigenous Peoples and local communities.

However, deforestation and forest degradation continue to drive global warming and biodiversity loss, with the world losing around 10 million hectares of forest each year. Climate change is also placing increasing pressure on forest ecosystems, creating significant challenges for their long-term resilience and adaptability.

At Barry Callebaut, we recognize that the vitality of the world's forests and natural ecosystems is fundamental to our business. In 2016, we launched [Forever Chocolate](#), our long-term ambition to build a sustainable cocoa and chocolate supply chain. As part of this commitment, we set to become Forest Positive by 2025.

Accordingly, Barry Callebaut has committed to achieving zero deforestation and zero conversion in supply chains at risk, specifically cocoa and palm, by December 31, 2025. Although soy is not a major raw material for our business, we are also committed to ensuring that all soy-derived products we source are deforestation- and conversion-free by December 31, 2030.

1.2. Purpose

This policy provides guidance to Barry Callebaut's internal and external stakeholders on how the Group will implement its vision to align with these commitments from 2026 onward.

1.3. Scope

The scope of this policy includes the global operations of Barry Callebaut Group, and our subsidiaries. It covers the sourcing of raw materials, including:

- **Cocoa:** Cocoa beans, cocoa butter, cocoa powder, and chocolate mass.
- **Palm oil:** Palm oil and its fractions, palm kernel oil and its fractions, blends of the aforementioned, and Cocoa Butter Equivalent (CBE).
- **Soy:** Soy lecithin and soybean oil.

1.4. Overview

The present document describes reference frameworks, our policy commitments as well as requirements set forth internally to ensure compliance.

2. Policy Statement

2.1. Reference Frameworks

Since 2016, we have engaged in and committed to commodity-specific initiatives aimed at halting deforestation and the conversion of forests and natural ecosystems:

- **Cocoa:** As one of the leading signatories of the Cocoa & Forests Initiative (CFI) Frameworks for Action, Barry Callebaut has been at the forefront of defining the core commitments, verifiable actions, and time-bound targets required for deforestation-free and forest-positive cocoa supply chains in Côte d'Ivoire and Ghana.
- **Palm oil:** We have committed to a No Deforestation, No Peat, No Exploitation (NDPE) supply chain for palm oil.
- **Soy:** We have signed the [Statement of Support for the objectives of the Cerrado Manifesto](#), aiming to preserve the vital ecosystems of Brazil, and have pledged support for the [Amazon Soy Moratorium](#).

In addition, as part of our ambition to decarbonize our business and achieve net-zero emissions in line with the [Science Based Targets Initiative](#) (SBTi), our approach and commitments to deforestation-free cocoa and palm supply chains are aligned with the [Forest, Land, & Agriculture \(FLAG\) Guidance](#) issued by SBTi.

Finally, we also refer to and observe the principles set forth in international initiatives and frameworks, including but not limited to the [Accountability Framework Initiative](#) (AFI), the [New York Declaration on Forests](#) and the [Kunming-Montreal Global Biodiversity Framework](#). We are also committed to complying with the [European Union Deforestation Regulation](#) (EUDR).

2.2. Policy Commitments

We are committed to taking appropriate measures and working with our direct and indirect suppliers and with all relevant stakeholders to protect forests and natural ecosystems. This includes:

- Ensuring raw materials are produced and harvested in full compliance with all applicable local and national laws, rules, regulations and requirements of each country of production.
- Ensuring raw materials are not associated with deforestation, forest degradation¹ or conversion of other natural ecosystems, including peatlands, wetlands and grasslands/savannas.
- Ensuring raw materials are sourced in respect of the rights of Indigenous Peoples and local communities, specifically with regards to land rights, and in

¹Cut-off dates: Cocoa - 31 December 2020; Palm - 31 December 2015; Soy - 31 December 2020 (or earlier sectoral cut-off dates where they exist, e.g. Amazon Soy Moratorium 2008)

full alignment with the principle of right to free prior and informed consent (FPIC).

- Investing to foster long-term protection of forests and natural ecosystems.
- Supporting the inclusion of smallholders in supply chains.

2.3. Policy Requirements

Within Barry Callebaut, business functions share the responsibility to:

A. Ensure Raw Material Traceability:

In our direct supply chains, we aim to work with first-mile traceability.

In indirect supply chains, raw materials are tied to specific origins. Based on the deforestation and conversion risks at Origin level, we work with suppliers to define appropriate levels of traceability, which may include mapping to the producer, aggregator/intermediary or the jurisdiction levels.

Our goal is to achieve first-mile traceability across all supply chains by December 31, 2030.

B. Roll out Supply Chain Due Diligence:

We have developed a due diligence toolbox to assess and mitigate risks of non-compliance in our supply chain at the producer country, supplier and farm levels.

At each level, we are guided to i) understand the inherent traceability, deforestation and broader human rights risks tied to the cocoa, palm and soy supply chains in producer countries and regions; ii) identify and support actions for risk mitigation; and iii) make informed business decisions.

The tools we are using to assess risk include the following:

Risk Assessment Framework: We have developed and use a framework aimed at assessing deforestation risk at national/subnational level, supplier level and farm level.

Satellite Monitoring: We rely on satellite monitoring systems equipped with high-resolution imagery to detect forest disturbance in and around mapped plots in our supply chain.

The tools we are using to mitigate risk include the following:

Supplier Engagement: We are engaging with our direct and indirect suppliers to translate policy into action. With our direct cocoa suppliers, we deploy training, verification and working on a set of relevant incentives to reach compliance, along with thresholds for disengagement. For our indirect suppliers, we use information

collected during our risk assessment process to identify potential gaps, verification needs and develop joint action plans to address those gaps.

Yield Control: We rely on evidence-based and regionalized yield control, to effectively mitigate the risk of infiltration of non-compliant cocoa into our supply chain. We embed yield control thresholds into our first mile traceability system, allowing for automatic mitigation of risk during the sourcing stage.

Grievance Mechanism: We have established a grievance mechanism allowing all stakeholders to raise confidentially (and anonymously) concerns or report any activities that do not adhere to our policies or that are unlawful, using the [BC Integrity Line](#) or other channels. Our Grievance Management Procedure (GMA) details how we assess, investigate, resolve and remedy instances of non-compliance with the standards to which we hold ourselves and our suppliers accountable, in a timely and transparent manner.

Certification: We engage with a range of certification frameworks, including [Rainforest Alliance](#), the [Roundtable on Sustainable Palm Oil \(RSPO\)](#) and [Pro-Terra](#), which support our Supply Chain Due Diligence with information collection, dynamic evaluation and audit frameworks as well as supplier engagement.

C. Invest in Forest Protection:

We are heavily investing in Forest Protection as one of the most efficient and impactful ways to reduce deforestation, complementing other risk mitigation tools. We are engaging in forest protection activities in landscapes where cocoa and palm are at risk of being associated with deforestation.

D. Measure, Monitor and Report Progress:

We measure and monitor progress against our policy commitments, aligning with industry frameworks where relevant. We are committed to transparently sharing progress on our commitment with stakeholders, including monitoring and verification methods as well as KPIs and time-bound implementation plans. As such, progress is published in our [Annual Social and Environmental Report](#) and receives [limited assurance](#) by our auditing partner.

2.4. Related Policies

This Policy falls under our Forever Chocolate commitments and is complemented by the following policies:

- [Barry Callebaut Supplier Code](#)
- [Sustainable Sourcing Policy for Palm Oil \(NDPE Policy\)](#)
- [Sustainable Sourcing Policy for Soy](#)
- [Sustainable Sourcing Policy for Cocoa Beans](#)
- EUDR Sourcing Policy for Cocoa
- EUDR Sourcing Policy for Palm

- Agroforestry Policy
- Human Rights Statement
- Grievance Management Procedure (GMP)
- Traceability Policy
- Yield Control Policy

3. Definitions

Conversion: The loss of a natural ecosystem as a result of its replacement with agriculture or another land use, or due to a profound and sustained change in a natural ecosystem's species composition, structure, or function.

Cut-off Date: The date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation and no-conversion commitments. As stated above, Barry Callebaut refers to the following cut-off dates: i) Cocoa - 31 December 2020; ii) Palm - 31 December 2015; iii) Soy - 31 December 2020 (or earlier sectoral cut-off dates where they exist, e.g. Amazon Soy Moratorium 2008).

Deforestation: The loss of forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.

Deforestation and conversion-free: Raw materials that are sourced in accordance with policy requirements and cut-off dates set forth in the policy.

Degradation: Changes within a natural ecosystem that significantly and negatively affect its species composition, structure, and/or function and reduce the ecosystem's capacity to supply products, support biodiversity, and/or deliver ecosystem services.

Direct Sourcing: Products purchased by a Barry Callebaut entity in the country of production directly from the first organization that collects and aggregates volumes for sale, or from any earlier point in the supply chain (such as farmers, cooperatives, or intermediaries).

Due Diligence: A risk management process implemented by a company to identify, prevent, mitigate, and account for how it addresses environmental and social risks and impacts in its operations, supply chains, and investments.

First mile Traceability: Products that can be traced back to the exact plot of land on which they were produced. For cocoa, beans must meet the following four criteria:

- Farm(er) information collection: All cocoa plots are polygon-mapped and essential farmer data is recorded.
- Transaction registration: Purchases and physical flows are digitally captured from the farmer to Barry Callebaut's first delivery point.
- Yield control: Farmer yields align with the thresholds defined at Group level.
- No mixing: Segregation processes ensure cocoa beans remain unmixed.

Forest: Land spanning more than 0.5 hectares with trees higher than 5 metres and a canopy cover of more than 10%, or trees able to reach these thresholds in situ (FAO). It does not include land that is predominantly under agricultural or other land use. Forest includes natural forests and tree plantations. Agroforestry systems, including where crops are grown under tree cover, are not considered as forests, but as constituting agricultural use.

Forest Protection: In the case of this policy, forest protection represents active investments in initiatives and institutions seeking to strengthen Protected Forest Areas. It can also include support to expand land titling activities for private or community-managed forests and incentivize farming communities to preserve biomass on and around farms.

Indirect Sourcing: All products that are not directly sourced (e.g. from international trade houses or (local) exporters).

Natural Ecosystem: An ecosystem that substantially resembles — in terms of species composition, structure, and ecological function — one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species' composition, structure, and ecological function are present.

Polygon: The shape obtained by mapping a plot with a digital tool (mobile application, GPS, drone, satellite or any other relevant solution) in order to obtain its geolocation (latitude and longitude points, as well as perimeter).

Supplier: Organizations that source cocoa, palm and soy raw materials and volumes on behalf of Barry Callebaut.