



LINDT & SPRÜNGLI

UN GLOBAL COMPACT -
COMMUNICATION on PROGRESS 2010



**CHOCOLADEFABRIKEN
LINDT & SPRÜNGLI AG**

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1. Statement of continued support by senior executive

Dear stakeholder

Lindt & Sprüngli joined the UN Global Compact in 2009, thus demonstrating its commitment to the ten principles in the area of human rights, labour, environment, and anticorruption. We are proud to be signatories to the Global Compact and express our ongoing support to the ten principles. We will continue to make the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals.

Lindt & Sprüngli is one of the few chocolate manufacturers in the world which has complete control over every step of its production and supply chain. The control over the entire production process enables us to guarantee the highest quality standards. However, more important with regard to the principles of the Global Compact is that we assume responsibility by taking measures that contribute significantly to the protection and improvement of our workers' welfare and livelihoods.

With the declaration of our commitment to the universally accepted principles of responsible business through participation in the UN Global Compact, we promised to report on the ways in which we demonstrate this commitment. With this first Communication on Progress, we do not only restate our commitment, but also report on progress made since joining the Global Compact.

Yours sincerely,



Ernst Tanner

Chairman and Chief Executive Officer

Dr. Dieter Weisskopf

CFO - Responsible for Corporate Social Responsibility

2. Company profile

Lindt & Sprüngli is a Swiss chocolate manufacturer and recognized as a leader in the market for premium quality chocolate, offering a large selection of products in more than 100 countries around the world. During more than 160 years of Lindt & Sprüngli's existence, it has become known as one of the most innovative and creative companies making premium chocolate, with six production sites in Europe, two in the USA and distribution and sales companies on four continents.

The beginnings of Lindt & Sprüngli are in 1845, when father and son for the first time manufactured solid chocolate in their small confectionery Sprüngli & Son, at that time yet a partnership. Since then, the company has gone through many different eras, but the entrepreneurial spirit and passion for making chocolate that drove both the Sprüngli family as well as Rodolphe Lindt, when he invented the first truly melting chocolate and later on sold his business to Sprüngli, are still alive.

For the past 165 years, Lindt & Sprüngli has been committed to render top quality. This begins with the selection of the finest raw materials, ranging from their careful processing to the elegant packaging of the finished product.

The profound know-how and the sound experience in the areas of product development, manufacturing and marketing accumulated by the LINDT Maîtres Chocolatiers over generations, is the principal core competence of Lindt & Sprüngli and the secret of the company's success.

New and surprising creations find their place next to established chocolates in the extensive product range each year. The LINDT brand has become the embodiment for premium chocolate with Swiss origin, uncompromising quality and long-standing tradition.

3. About the UN Global Compact

The UN Global Compact is the largest voluntary corporate responsibility initiative in the world. It is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. By doing so, business can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

Endorsed by chief executives, the Global Compact is a practical framework for the development, implementation, and disclosure of sustainability policies and practices, offering participants a wide spectrum of work streams, management tools and resources - all designed to help advance sustainable business models and markets.

Overall, the Global Compact pursues two complementary objectives:

- Mainstream the ten principles in business activities around the world
- Catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

The Global Compact incorporates a transparency and accountability policy known as the Communication on Progress (COP). The annual posting of a COP is an important demonstration of a participant's commitment to the UN Global Compact and its principles. Participating companies are required to follow this policy, as a commitment to transparency and disclosure is critical to the success of the initiative.

In summary, the Global Compact exists to assist the private sector in the management of increasingly complex risks and opportunities in the environmental, social and governance realms, seeking to embed markets and societies with universal principles and values for the benefit of all.

Further information: www.unglobalcompact.org

4. The UNGC Ten Principles

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Businesses should make sure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor
- Principle 5: Businesses should uphold the effective abolition of child labor
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation
- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility
- Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

5. Report on progress 2010

In the following we describe how Lindt & Sprüngli lives up to the ten principles.

5.1. Human Rights

- **Principle 1: Protection of Human Rights**
- **Principle 2: Complicity in Human Rights Abuses**

Commitments and policies

Lindt & Sprüngli commits itself to the protection of various human rights in different policies and company commitments. The following commitments and policies reflect this respect for human rights on a more general, as well as, on a specific level.

- **Credo:** Social Responsibility is one of Lindt & Sprüngli's core values as anchored in the company's Credo, which was established in 1995. The core values - quality, commitment and qualification, customer orientation, social responsibility and profitability - are key drivers of success for Lindt & Sprüngli and reflected in all company policies.

Read more: [Credo](#)

- **Chairman's Statement on CSR:** Lindt & Sprüngli commits itself to responsible sourcing and best-in-class processing. Lindt & Sprüngli further "assumes responsibility by taking measures that contribute significantly to the protection and improvement of our workers' welfare and livelihoods". It is further stated that as a good corporate citizen and fair taxpayer, Lindt & Sprüngli is also committed to the communities where the company and its employees live and work. Lindt & Sprüngli supports various local initiatives and is continually creating attractive employment opportunities.

Read more: [Chairman's Statement](#)

- **LINDT promise:** The "LINDT Promise" is the company's pledge that all products leaving its factories live up to Lindt & Sprüngli's commitment to sustainable behaviour along the supply chain. The "LINDT Promise" describes the company's commitments and policies related to sustainable action along the supply chain (sustainable sourcing, producing, and consuming).

Read more: [LINDT promise](#)

- **Supplier Code of Conduct:** The Supplier Code of Conduct (established in 2009) demands that suppliers comply with all applicable national and international laws and regulations including those under the International Labour Organization (ILO) and the United Nations' Universal Declaration of Human Rights. It strictly prohibits corruption and bribery, discrimination and child labour. It guarantees freely chosen employment, fair compensation and working conditions, as well as, freedom of association.

The Supplier Code of Conduct and a corresponding Compliance Declaration are signed by each supplier. The suppliers' subcontractors must also implement this Supplier Code of Conduct. Lindt & Sprüngli reserves the right to conduct periodic, unannounced

inspections of suppliers. Non-compliance with the Supplier Code of Conduct may ultimately result in the termination of the supplier's contract.

Read more: [Supplier Code of Conduct](#)

- **Business Code of Conduct:** In the Business Code of Conduct (established in 2003) Lindt & Sprüngli commits itself and all its employees to Compliance with Governmental Laws & Regulations, and an Equal Opportunity Employment Policy, and defines principles for Employment of Relatives, Company Representation, Proper Use of Company Funds and Assets, Conflicts of Interest, Company Information, and Sound Judgment.

Read more: [Business Code of Conduct](#)

- **Health & Safety Policy:** Lindt & Sprüngli has established clear health and safety guidelines in 2008 to ensure the wellbeing of the company's employees worldwide. Therein Lindt & Sprüngli commits itself to conducting its business in an ethically, legally and socially responsible manner. The Health & Safety Policy pursues the goal of prevention of work-related injury and illness.

Read more: [Health & Safety Policy](#)

Projects, Activities and Performance 2010

Different projects and activities by Lindt & Sprüngli contribute in various ways to the protection of human rights.

- **Memberships:** Lindt & Sprüngli is an active member in various initiatives that contribute to the protection of human rights in general. Besides the membership in the UN Global Compact, Lindt & Sprüngli is a member of:

- **World Cocoa Foundation (WCF):** The WCF supports cocoa farmers and their families worldwide. WCF programs raise farmer incomes, encourage responsible, sustainable cocoa farming and strengthen local communities.

Lindt & Sprüngli is an active member of WCF and is – through its subsidiary Ghirardelli Chocolate Company, US – represented in the Board of WCF (Steve Genzoli, Co-Vice Chairman). The WCF works to improve the livelihood of farmers, to improve health and occupational safety, to educate youth, and to exchange research. It also contributes to the Sustainable Tree Crops Program (see below).

Read more: [World Cocoa Foundation \(WCF\)](#)

- **Sustainable Tree Crops Program (STCP):** STCP seeks to generate growth in rural income among tree crop farmers in an environmentally and socially responsible manner in West/Central-Africa.

Lindt & Sprüngli supports the Sustainable Tree Crops Program in Ghana, where a good portion of Lindt & Sprüngli's cocoa is sourced. STCP's activities in Ghana are predominantly focused on social initiatives and concentrated in 2009/2010 on enhancing cocoa productivity and household income of farmers, sensitizing them for income alternatives, and institutional and policy innovation. The STCP in

Ghana works mainly with training and capacity building for farmers, stakeholder engagements, field observations, and other activities.

Read more: [Sustainable Tree Crops Program \(STCP\)](#)

- **Oebu:** This Swiss network for sustainability in business promotes the ongoing development of the Swiss economy according to sustainable principles.

Through its membership, Lindt & Sprüngli supports the goals of Oebu, such as social and ecological sustainability.

Read more: [Oebu](#)

- **"Ghana Traceable" program** (pilot project launched in 2008; ongoing): Lindt & Sprüngli has launched a traceability program to track raw materials and better understand the farmers' and suppliers' needs. The social and environmental aspects of the company's sourcing operations are taken into account and contributions are made to improve education and infrastructure in farming communities. The company also tries to limit the involvement of intermediaries, thereby allowing providers to get fair prices for their quality products.

For every ton of traceable Ghana beans, Lindt & Sprüngli pays a price premium, half of which goes to the licensed local cocoa buying company. The other half is paid into a local Not-For-Profit organisation, Cocobod Armajaro Traceable Foundation (CATF) through Source Trust, a global Not-For-Profit Organisation. CATF and Source Trust cooperate in Ghana under an agency agreement between them whereby Source Trust collects traceability premiums on behalf of CATF and funds CATF who then distributes the received funds according to the traceability agreement between the CATF members. Projects funded by CATF include among others investments in infrastructure, health, education, sanitation, water and power supply and the funding of farmer training and husbandry schemes.

Sponsored social projects in the year 2010 include:

- Construction of hand-dug wells and boreholes in different communities in Ghana to improve access to clean water (for an example, click [here](#)),
- Construction of a classroom to improve access to education (for an example, click [here](#))
- Construction of farmer's shops to provide access to recommended materials and products at a fair price (for an example, click [here](#))
- Distribution of malaria bednets to improve health (click [here](#) for an overview).

In addition, a feasibility study to extend the traceability project to South America and the Caribbean has been conducted in 2010.

Read more: [Traceability](#)

- **Taxes:** Lindt & Sprüngli has documented and implemented a comprehensive and uniform group-wide transfer price system strictly applying OECD rules and based on 'arms-length' price principles. Third-party comparable studies are made on an ongoing basis to

benchmark company policy with market prices. It is the company's policy to be fully transparent in all of its tax matters and not to enter into any special tax-driven schemes.

Targets 2011

Several of the aforementioned activities have ongoing targets. Goals for 2011 and the following years include:

- "Ghana Traceable" program: extension to cocoa butter and thus expand scope of related activities, thus benefitting more farmers and communities.
- "Ghana Traceable" program: extension to "flavour" Criollo beans in South America and the Caribbean and thus benefitting farmers and communities in different regions.

5.2. Labour

- **Principle 3: Freedom of Association and Collective Bargaining**
- **Principle 4: Forced and Compulsory Labour**
- **Principle 5: Child Labour**
- **Principle 6: Discrimination**

Commitments and policies

Lindt & Sprüngli commits itself to being a fair employer and adhering to the principles on labour as stated by the UN Global Compact. This is evidenced by the following policies and commitments.

- **Chairman's Statement on CSR:** "Lindt & Sprüngli assumes responsibility for its employees by offering them a healthy, safe and socially sustainable workplace".

Read more: [Chairman's Statement](#)

- **Supplier Code of Conduct:** Regarding Freedom of Association and Collective Bargaining, Lindt & Sprüngli states: "Suppliers have to respect the rights of employees to form and join trade unions and bargain collectively."

Regarding forced and compulsory labour, the Supplier Code of Conduct states: "Freely Chosen Employment: The use of forced, bonded or indentured labor or involuntary prison labor is strictly prohibited. Employment is voluntary."

Regarding Child Labour, the Supplier Code of Conduct states: "Child Labor Avoidance: Suppliers must not, under any circumstances, use child labor as defined by ILO and United Nations Convention and/or national law, whichever is more stringent."

Regarding Discrimination, the Supplier Code of Conduct states: "Non-Discrimination: Suppliers shall strictly adhere to all applicable laws and regulations prohibiting discrimination in hiring and employment on the grounds of race, religion, age, nationality, color, gender, sexual orientation, physical ability, health condition, political opinion, creed or other basis prohibited by law."

The Supplier Code of Conduct encompasses all applicable national and international laws and regulations including those under the ILO and the UN Declaration of Human Rights. As mentioned, both the Supplier Code of Conduct and a corresponding Compliance Declaration are signed by each supplier.

Read more: [Supplier Code of Conduct](#)

Projects, Activities and Performance 2010

By implementing different activities and projects Lindt & Sprüngli contributes to the Global Compact Principles on Labour.

- **"Ghana Traceable" program** (pilot project launched in 2008; ongoing): This project, as introduced in more detail above, is also relevant in the context of labour standards. As the project identifies where the Cocoa comes from and who Lindt & Sprüngli's suppliers

are, it establishes a base for control activities regarding various criteria, among other things labour standards.

Read more: [Traceability Project](#)

- **Supplier Assessment and Qualification Program:** Lindt & Sprüngli started in 2010 a project to implement the Supplier Code of Conduct with its suppliers. The aim is to verify that the Supplier Code of Conduct requirements are implemented at production units. After mapping 30 production units for Lindt & Sprüngli packaging materials in China, all producers conducted a self-assessment. Issues covered are, among others, forced, bonded, indentured and prison labour, child labour, freedom of association and right to collective bargaining, discrimination, harassment and grievance procedures, health and safety, wages and benefits, working hours, and environment. Then, these self-assessments were evaluated against the Lindt & Sprüngli Supplier Code of Conduct to identify the factories which do not comply with the requirements (risk evaluation). Next steps are planned for 2011 (see below).
- **European Works Council:** To strengthen freedom of association and collective bargaining, Lindt & Sprüngli organizes, in line with EU requirements, an annual meeting – the European Works Council – where workers' representatives from all Lindt & Sprüngli European Union subsidiaries and Switzerland are given the opportunity to exchange their opinions and meet with group management.

Currently, Lindt & Sprüngli's workers are collectively organized in Austria, France, Germany, Italy, Switzerland and the USA.

- **Job opportunities and part-time employment:** In order to offer opportunities for all people and thus to work against discrimination, Lindt & Sprüngli offers special job opportunities for physically and mentally challenged individuals and an apprenticeship program for young people, both in blue- and white-collar professions. Lindt & Sprüngli offers flexible and part-time employment opportunities. Lindt & Sprüngli also works together with social welfare offices.

Targets 2011

Our goal for 2011 in the realm of Labour Standards is:

- **Supplier Assessment and Qualification Program in China:** Based on the self-assessments conducted in 2010, Lindt & Sprüngli identified the most important producers of packaging material in China (risk evaluation). For these suppliers a third party is going to conduct onsite assessments at the production sites in China in 2011. By implementing the Supplier Code of Conduct, Lindt & Sprüngli focuses on an ongoing qualification process through supporting the factories to meet the requirements instead of applying a pass or fail approach.

5.3. Environment

- **Principle 7: Precautionary Approach**
- **Principle 8: Environmental Responsibility**
- **Principle 9: Environmentally Friendly Technologies**

Commitments and policies

Lindt & Sprüngli strives to be a company that cares for the environment and the communities it lives and works in. This is affirmed by the following commitments and policies.

- **Credo:** "Environmental concerns play an ever increasing role in our decision making process. We respect and feel responsible for the needs of the communities in which we live in."

Read more: [Credo](#)

- **Chairman's Statement on Social Responsibility:** Lindt & Sprüngli commits itself "to reduce CO2 emissions and waste, as well as, energy and water consumption along the entire production chain".

Read more: [Chairman's Statement](#)

LINDT promise: Lindt & Sprüngli is committed to closely monitoring, controlling and improving the environmental aspects of production and distribution, such as energy use and its related carbon dioxide emissions, as well as, the use of water and paper / cardboard. Continuous efforts are made to reduce the impact per ton produced.

Read more: [LINDT promise](#)

- **Environmental Policy:** In this policy, established 2009, Lindt & Sprüngli commits itself to reduction of any negative impact its business has on the environment. Lindt & Sprüngli acknowledges that its environmental effort must be comprehensive and implemented at different stages of its activity. Therefore, the company issues principles to be adhered to by all manufacturing and distribution companies of the Lindt & Sprüngli Group.

The principles include:

- legislation (compliance with all applicable environmental legislation and adherence to stipulations of standards and certification schemes Lindt & Sprüngli is committed to),
- investments (consider environmental impact of capital investment projects),
- procurement (seek environmentally responsible procurement of raw materials and natural resources),
- packaging (find balance between needed gift giving premium character of packaging & quality aspects of product protection and environmental aspects by reducing packaging size and using predominantly recyclable materials),

- working environment (establish a working environment that allows employees, suppliers, partners and customers, as well as, governmental, non-governmental and community organizations to freely address environmental concerns, as well as, suggestions and ideas for the improvement of Lindt & Sprüngli's environmental performance),
- continuous improvement (analyze and evaluate regularly opportunities promising significant improvements to Lindt & Sprüngli's environmental performance, with particular attention given to reduction of i) greenhouse gas emissions, ii) energy consumption, iii) waste volume and iv) fresh- and waste water volume),
- set and measure environmental goals (define environmental "Key Performance Indicators", with focus on the reduction of greenhouse gas emissions, energy consumption, waste volume and fresh- and waste water volume, set measurable long term improvement targets of the KPI's and measure respective performance regularly. Participate in international initiatives as i.e. the "Carbon Disclosure Project" (CDP) to benchmark with peer companies),
- and communicate and report (demonstrate that environmental issues are acknowledged and taken seriously in the Lindt & Sprüngli Group by communicating internally and externally in a transparent manner).

Read more: [Health & Safety Policy](#)

- **Supplier Code of Conduct:** Lindt & Sprüngli commits itself to conducting business in an ethical, legal and socially responsible manner. Lindt & Sprüngli expects similar principled conduct from everyone with whom the company has commercial dealings. Further, Lindt & Sprüngli strives to continuously improve the sustainability of its operations and products and encourages its suppliers to participate in this effort by adopting sustainable practices in their operations.

The Supplier Code of Conduct further declares: "Suppliers recognize that environmental responsibility is integral to producing high quality products. Suppliers shall comply with all applicable environmental laws, regulations and industry standards, such as requirements regarding industrial wastewater treatment and discharge, air emission controls, recycling, chemical and waste management and disposal, environmental permits and environmental reporting. Further, Suppliers shall comply with any additional environmental requirements specific to the products or services being provided to Lindt & Sprüngli as called for in design and product specifications and contract documents. Suppliers have to implement and maintain effective environmental policies to meet these requirements."

Read more: [Supplier Code of Conduct](#)

- **Policy on Genetically Modified Organisms (GMO):** Lindt & Sprüngli does not use any raw materials that have been genetically modified or that are derived from genetically modified organisms, as long as non-modified raw materials are available. Until now, it has been possible to follow this policy in all products complying at the same time with the strictest food regulations concerning use and labeling of GMOs. Lindt & Sprüngli will continue to adhere to all regulatory requirements regarding the use and the labeling of genetically modified organisms.

Projects, Activities and Performance 2010

Various projects and activities in the realm of environmental responsibility were implemented in the past year:

- **Memberships:** Lindt & Sprüngli is an active member in various initiatives. Relating to environmental responsibility, the membership in the Roundtable on Sustainable Palm Oils is relevant:

- **Roundtable on Sustainable Palm Oil (RSPO):** RSPO carries out its activities in and around the entire supply chain for palm oil to promote the growth and use of sustainable palm oil through cooperation within the supply chain.

Through its membership, Lindt & Sprüngli commits itself to supporting and promoting the use of sustainably produced raw materials for the production of high quality chocolate products. In 2010, Lindt & Sprüngli evaluated sourcing models enabling the company to switch to the use of certified palm oil products for the production of vegetable fats meeting the specifications of Lindt & Sprüngli. Furthermore, Lindt & Sprüngli engages in an ongoing exchange of information and discussion with suppliers of vegetable filling fats. Following the assessment of the current palm oil usage and its origin, Lindt & Sprüngli is in the process of insisting its suppliers only deliver RSPO-certified palm oil from sustainable sources. By 2011, Lindt & Sprüngli aims at exclusively using certified Palm oil / Palm kernel oil.

Read more: [Roundtable on Sustainable Palm Oil \(RSPO\)](#)

- **World Cocoa Foundation (WCF):** Lindt & Sprüngli's membership in the World Cocoa Foundation (WCF, described in more detail above) also contributes to a more environmentally responsible and sustainable cocoa production.

Read more: [World Cocoa Foundation \(WCF\)](#)

- **Carbon Disclosure Project:** The Carbon Disclosure Project is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. Thousands of organizations measure and disclose their greenhouse gas emissions, water use and climate change strategies through CDP.

Lindt & Sprüngli, with its eight production units worldwide, has been participating in the Carbon Disclosure Project (CDP) since 2007. At present, Lindt & Sprüngli does not collect data on SO_x and NO_x output. While the company is constantly striving to reduce emissions, it has not yet set absolute goals for the reduction of CO₂, SO_x and NO_x.

Read more: [Carbon Disclosure Project \(CDP\)](#)

- **Lake Zurich Energy Model Group:** Lindt & Sprüngli's Swiss subsidiary, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, is an active member of the Lake Zurich Energy Model Group. This association comprises various member companies committed to the efficient use of energy. Over its ten-year existence,

the participating companies have been able to reduce their energy consumption by nearly a quarter.

- **ISO Certificates:** Lindt & Sprüngli factories in Induno Olona and Luserna San Giovanni are certified with the ISO 14001 standard for environmental management. The production facilities in Kilchberg (Switzerland), Aachen (Germany), Oloron (France), Gloggnitz (Austria), Induno Olona and Luserna San Giovanni (Italy) are certified with the ISO 9001:2000 standard for quality management. A similar, although not audited system is installed in two US production sites.
- **Energy efficiency, renewable energy and reduction of emissions:** Every year Lindt & Sprüngli compiles a list of projects that produce a reduction in terms of CO2 emission or contribute to energy efficiency. In 2010, the following projects were implemented.
 - At Lindt & Sprüngli SpA in Italy a solar panel system for the production of electrical energy was installed.
 - At Chocoladefabriken Lindt & Sprüngli GmbH in Germany roof insulations have been renewed to reduce energy consumption.
 - At Lindt & Sprüngli (USA) Inc., a project was started to use peelings of cocoa beans for energy production (CO2 neutral).
 - Several other energy-saving projects - such as optimization of steam process, replacement of windows, or installation of new vapor valves - were started or implemented in various plants in 2010.

In order to develop energy control in all of its companies, Lindt & Sprüngli revised its reporting guidelines in 2010.

Lindt & Sprüngli's energy used was further reduced in 2010.

- **Waste reduction:** Lindt & Sprüngli closely monitors the waste produced and strives to continuously reduce the volume of packaging wherever possible. The packaging materials it uses have to fulfill the highest standards in hygiene. Lindt & Sprüngli is set on using recycled, recyclable and biodegradable materials whenever stringent quality standards allow. The company continues its research in this area. Since many seasonal products are bought as gifts, their packaging tends to be significantly larger than for products that are available all year round. Lindt & Sprüngli also tests all packaging materials for their biodegradability.

In the year 2010, Lindt & Sprüngli started to develop a "usage report"; a manual providing definitions and KPI's on the correct planning, buying, storage, handling and usage of materials. Monitoring waste is a central element of this report. Lindt & Sprüngli is starting to collect information on waste on a monthly basis (as opposed to yearly information up to now). The aim is to lower the percentage of waste per unit produced further.

Regarding waste, the local companies have different projects to reduce waste.

- **Fresh and wastewater:** Lindt & Sprüngli continuously monitors and analyses the use of water and the output of wastewater in the production process and intends to further

reduce the use of fresh water in this process, which, in turn will impact the output of wastewater.

In 2010, water consumption was significantly reduced.

- **“Ghana Traceable” Project:** Lindt & Sprüngli knows exactly where the raw materials come from and who produces them. This enables the company to identify the best ways of supporting local farmers and communities – and to maintain a level of biodiversity that guarantees future environmental health and commercial success. Sustaining rich biodiversity and creating opportunities to move away from monocultures is an important cornerstone in Lindt & Sprüngli’s strategy to ensure long-term growth in raw material supply and sustainable land use.
- **Cru Trinidad Project:** Lindt & Sprüngli supports a Trinidad-based research project to assess the quality attributes of the Imperial College Selections; a selection of cocoa bean varieties. The information obtained will help determine the most sustainable varieties for future propagation. Lindt & Sprüngli supports the project not just financially, but also by contributing its analytical resources. The project contributes to more biodiversity.
- **Minimize use of pesticides:** Lindt & Sprüngli stringently tests its chocolate for over 200 different pesticides. Through Lindt & Sprüngli’s support of the Sustainable Tree Crop Program, the company and its project partners are able to promote, among other things, improved agriculture that can minimize the use of pesticides.
- **Knowledge transfer:** Through various projects, e.g. the projects implemented by the Sustainable Tree Crop Program or the World Cocoa Foundation, Lindt & Sprüngli supports farmers in sustainable, traditional growing and empowers them by reintroducing disappearing techniques. Lindt & Sprüngli further supports public research institutes in the growing regions and partners with local and governmental bodies.
- **Transport:** Investments in new production facilities are made with environmental factors in mind. Products are produced close to the main consumer bases. Lindt & Sprüngli requires its carriers to use only double floor trucks to transport the goods between the Lindt & Sprüngli companies (European Intercompany Logistic Concept). Key raw materials (except cocoa) are also procured for the most part from local suppliers. The same applies in large measure to the purchasing of packaging materials. Paper and cardboard are sourced generally within the region of the production sites.

Lindt & Sprüngli has invested USD 50 million in one of its US subsidiary, Lindt & Sprüngli (USA) Inc., so as to substantially reduce the transport volumes of semi-finished and finished products from Europe to the USA in 2009/2010. This strategic decision resulted in shorter transport routes and lower energy consumption. The total number of containers transported was reduced by 38% in 2010 compared to 2009.

Currently, Lindt & Sprüngli is working on implementing a load planning software. With this project, Lindt & Sprüngli strives to optimize the capacity utilization of the transport vehicles and to further reduce the number of transports.

Targets 2011

Our environmental target for 2011 is:

- The company's goal is to continue reducing energy consumption per ton produced by an average of 2.0% over the coming years.
- The company's goal is to continue reducing water consumption per ton produced by an average of 2.0% over the coming years.
- Various projects are planned for 2011 with the aim to save energy, electricity, water, and to improve efficiency at diverse Lindt & Sprüngli plants. Projects cover the implementation of an energy management system, façade insulation, rain water usage, high efficiency lightning, steam network improvements, and heat recovery in the roasting process, to mention just a few.

5.4. Anti-Corruption

▪ Principle 10: Anti-Corruption

Commitments and policies

Corruption is an issue that is addressed in our policies:

- **Business Code of Conduct:** Lindt & Sprüngli commits itself to principles regarding conflicts of interest, and states that "Employees are not permitted to accept gifts and favors that will influence sound business judgment". Other principles in the Business Code of Conduct to prevent conflicts of interest include secondary employment by other firms or persons; memberships in boards of directors, standing committees, or similar bodies of any outside organization; financial interests in any companies, suppliers or customers that could compromise loyalty to Lindt & Sprüngli; transactions with companies in which the employee, a relative, or a friend have an interest; acquisition of shares exceeding 5% in a competitor, supplier or customer of Lindt & Sprüngli.

Read more: [Business Code of Conduct](#)

- **Supplier Code of Conduct:** Lindt & Sprüngli sets out the requirements expected of its suppliers and vendors regarding - among others - compliance with law and regulations, and corruption and bribery. The Supplier Code of Conduct states: "Suppliers shall comply with all applicable national and international laws and regulations, including the International Labour Organization (the "ILO") and the United Nations' Universal Declaration of Human Rights, industry standards, and all other relevant statutory requirements whichever requirements impose the highest standards of conduct. It further states that "suppliers shall conduct their business in accordance with the highest ethical standards. Suppliers have to comply with all applicable laws and regulations concerning corruption, bribery, fraud and unfair and prohibited business practices."

Read more: [Supplier Code of Conduct](#)

Projects, Activities and Performance 2010

- The Supplier Code of Conduct and the commitment concerning anti-corruption have been signed by all suppliers.

Targets 2011

- No specific targets regarding anti-corruption momentarily.

6. About this COP

This is the first Communication on Progress published by Lindt & Sprüngli. It compiles information that is relevant to the ten principles of the UN Global Compact.

However, since the first two principles on Human Rights are very broad and encompass topics such as right to social security, right to work, right to rest, right to education, or right to an adequate standard of living (for a full list click [here](#)), the commitments and activities of Lindt & Sprüngli as described in this COP are kept on a general level. The compilation is as complete as possible.



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