



LINDT & SPRÜNGLI

UN GLOBAL COMPACT -  
COMMUNICATION on PROGRESS 2011



**CHOCOLADEFABRIKEN  
LINDT & SPRÜNGLI AG**

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# 1. Statement of continued support by top management

Dear stakeholder

Lindt & Sprüngli joined the UN Global Compact in 2009. By our commitment to the UN Global Compact we emphasize our efforts to embrace, support and enact a set of core values in the areas of human rights, labour standards, the environment as well as our efforts to combat corruption. As the different commitments, initiatives and projects outlined in this report show, we are working on further integrating the ten UN Global Compact principles in our strategy, culture and day-to-day operations.

As one of few chocolate manufacturers in the world, Lindt & Sprüngli has complete control over every step of its cocoa bean supply chain. The control over the entire production process is important in two perspectives: First, it enables us to guarantee the highest quality standards of our chocolate products. Second, controlling the supply chain and tracing the cocoa beans back to its origins enables us to improve and protect the welfare and livelihoods of the cocoa farmers that produce cocoa, our most important commodity. As the main social challenges of a chocolate manufacturer lie within the cocoa supply chain and within countries such as Ghana, we focus our CSR efforts especially on reducing the social and ecological impacts of our cocoa sourcing activities.

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 second Communication on Progress, we restate our commitment. The present report covers the period from 1.1.2011 to 31.12.2011 and addresses the progress made within the UN Global Compact key topics.

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. The group of companies currently has a total of 18 independent subsidiary companies and a number of representation offices. In 2011, Lindt & Sprüngli employed more than 7,700 persons worldwide.

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, labour, 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](http://www.unglobalcompact.org)

## **4. The UNGC Ten Principles**

### **Human Rights 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.

### **Labour Principles**

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 labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

### **Environmental Principles**

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

### **Anti-corruption Principle**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

## 5. Report on progress 2011

Lindt & Sprüngli is convinced that sustainable and socially responsible action is an important prerequisite for the company's long-term economic success. This issue is therefore dealt with at the highest management level and additionally monitored by a committee at Board of Director level (CSR Committee). The group of companies has formulated clear guidelines on the subject of sustainability which are reviewed, adjusted and further extended year on year.

In the following, these guidelines and other information about various achievements, activities, projects and memberships are lined out and show how Lindt & Sprüngli lived up to the ten principles in 2011.

### 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:** As a leading global premium chocolate manufacturer, Lindt & Sprüngli is committed to ethical and socially responsible company management. The same conduct is expected of our suppliers who make a written commitment through the Suppliers' Code of Conduct (established in 2009). The Supplier Code of Conduct 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 2011

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.

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

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

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. In cooperation with Armajaro, a major buyer and exporter of Ghanaian cocoa beans, Lindt & Sprüngli has set up a network of more than 25'000 cocoa farmers as well as according cocoa collecting points, storage depots and transport logistics. This network allows tracing cocoa back to cocoa producing communities. Currently Lindt & Sprüngli is running a pilot scheme, which will allow tracking cocoa back to the producing farmer. By means of a barcodes printed on cocoa bags, full traceability is ensured.

Read more: [Traceability](#)

For every ton of traceable Ghana beans, Lindt & Sprüngli pays a price premium of USD 60. In 2011 Lindt & Sprüngli purchased more than 25'000 tons of traceable Ghanaian cocoa, which leads to more than USD 1'500'000 price premiums. Half of the premium is transferred to the Ghanaian Cocoa Board in order to finance the national cocoa system, which fixes prices for cocoa in Ghana and thus protects Ghanaian farmers from volatile prices on the world market. The other half of the premium contributes to the Cocobod Armajaro Traceable Foundation (CATF) through Source Trust, a global Non-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.

In order to ensure the correct effective use of the price premiums, Source Trust reports on a quarterly basis to Lindt & Sprüngli. In addition, visiting delegations with representatives from the highest Group level verify at regular intervals the expedient use of resources financed by Lindt & Sprüngli.

Sponsored social projects in the year 2011 include:

- Construction of approximately 50 hand-dug wells and boreholes in different communities in Ghana to improve access to clean water all year round, also during the dry season. In communities that depended on polluted ponds, it is expected that the health of the community is going to improve and that incidents of water borne diseases (mainly diarrhoea) will decline significantly. By providing access to potable sources of water to the communities, inhabitants also save time as they no longer have to walk long distances to access water.

- Construction of four “Village Resource Centres” (VRC) in different communities in Ghana. The VRC consist of a prefabricated structure equipped with a number of computers with internet access. The VRCs are set up near schools and are used in the daytime by pupils as part of the regular teaching syllabus. Thus, the VRCs provide access to information and communication technologies in schools. In the evenings and at weekends the facilities are available to the farmers who gain access to training units focussed on the subject of cocoa growing and good agricultural practices.
- Construction of a classroom block in Ghana. After the collapse of the old school block, a new classroom block was built. Now, pupils are guaranteed a permanent place of study and enrolment in the school is expected to increase. The construction of further schools is currently in the planning stage.

Based on the positive experience gained with the purchasing model in Ghana, a similar project will be implemented for the procurement of fine cocoa from Latin America.

Read more: [Source Trust](#)

- **Sustainable Tree Crop Program (2007-2011):** In 2011 the Sustainable Tree Crop Program (STCP), where Lindt & Sprüngli participated for the last five years, was completed. The program was aiming at generating income growth for tree crop farmers in an environmentally and socially responsible manner. Lindt & Sprüngli’s support focused on Ghana and included the education of approximately 20’000 farmers in Farmer Field Schools, the education of more than 160 trainers for the Farmer Field Schools as well as the support of partnerships in order to improve the agricultural methods/techniques in approx. 50 communities. The completion of STCP led to a follow-up program, the African Cocoa Initiative (ACI). Lindt & Sprüngli committed to continue its engagement via this new initiative.
- **Donations:** In the year under review, donations and product contributions were made by all subsidiary companies to local organizations, associations, and social schemes. Particular importance attaches to the newly launched project partnership between Lindt & Sprüngli and the Roger Federer Foundation for Winter Aid Switzerland. When the new LINDT Chocolateria was inaugurated in mid-November in Kilchberg, a “Meet & Greet” with Roger Federer as well as five LINDT BEARS made of porcelain and signed in his own hand were auctioned at the Swiss online auction house Ricardo. The proceeds amounting to a total of CHF 7’451 (approx. USD 8’039) were donated in full to Winter Aid Switzerland which has benefited for many years from support by Lindt & Sprüngli (Switzerland) AG. This action marked the start of a project partnership between Lindt & Sprüngli and the Roger Federer Foundation in favour of a winter aid assistance program for deprived children in Switzerland. The arrangement stipulates that both partners will donate equal amounts of CHF 80’000 (approx. USD 86’302) each year for the next five years, making a total of CHF 400’000 (approx. USD 431’414). This initiative is designed to remedy the social isolation of children living in poverty.
- **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 2012

Several of the aforementioned activities have ongoing targets. Goals for 2012 and the following years include:

- Lindt & Sprüngli will continue its engagement in Ghana within the scope of the African Cocoa Initiative (ACI). Activities will include the improvement of the quality and productivity of cocoa cultivation and the continued education and training of farmers.
- The "Ghana Traceable" program will successively be extended from cocoa beans to cocoa butter. The scope of related activities will be expanded accordingly. In addition, the program will be further extended to "flavour" Criollo beans in South America and the Caribbean and thus benefitting farmers and communities in different regions.
- The implementation of the pilot scheme regarding barcode traceability will be continued.
- Continued verification of compliance with the Lindt & Sprüngli Supplier Code of Conduct by means of supplier audits.
- Continued support of the Winter Aid Switzerland in order to remedy the social isolation of children living in poverty.

## 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. We attach great importance to making sure that the principles of decent work are adhered to also in our supply chain. In particular, we condemn any form of unlawful child labour, wherever it may occur. That is one of the reasons for which we have been covering our entire consumer cocoa requirement from Ghana alone since 2006.

Our commitment is evidenced by the following policies:

- **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 labour or involuntary prison labour is strictly prohibited. Employment is voluntary."

Regarding Child Labour, the Supplier Code of Conduct states: "Child Labour Avoidance: Suppliers must not, under any circumstances, use child labour 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, colour, 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 2011

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 beans come 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 Monitoring:** The Lindt & Sprüngli Supplier Code of Conduct is a binding document for all suppliers. Compliance with the L&S Supplier Code of Conduct is verified at the supplier's facilities on a random sample basis from time to time. L&S is implementing a qualification oriented instead of a pass / fail audit approach, which is fully funded by Lindt & Sprüngli. In the year under review, in cooperation with an external partner, key emphasis was placed on the suppliers of packaging materials, which are sourced in China. By means of comprehensive self-assessments and subsequent on-site assessments, Lindt & Sprüngli's major suppliers of packaging material were evaluated on working conditions. The issues analysed were: 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. The assessment results are now being passed on to the suppliers, and requirements for improvement are formulated. It is planned to review suppliers that need to improve in follow-up assessments. The implementation of the corrective actions is supported by local/external experts. The main potential for improvement lies within the areas of health and safety, wages and benefits as well as management systems.

In order to raise awareness among Lindt & Sprüngli purchaser agents for sustainability issues in the supply chain – such as human rights – Lindt & Sprüngli purchaser agents were introduced to the Supplier Monitoring scheme in China as well as to the key findings of the supplier assessments.

- **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 2012

Our goals for 2012 in the realm of Labour Standards are:

- Supplier Assessment and Qualification Program in China: It is Lindt & Sprüngli's aim to continue the supplier development program for its suppliers of packaging materials in China and thus make sure all their suppliers comply with the Lindt & Sprüngli Supplier Code of Conduct. Based on the results of the self-assessments and on-site assessments, suppliers are required to improve their social performance. Improvement will be supported by local experts and controlled via follow-up on-site assessments. It is further planned to expand the program to all of Lindt & Sprüngli's suppliers in China.
- See also goals for human rights principles above.

## 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. The Group's environmental guidelines form the basis for the long-term achievement of our objectives, namely the conservation and regeneration of ecological resources. The following commitments and policies reaffirm our engagement:

- **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: [Environmental 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 2011

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:

- **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.

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 CDP since 2007. Through involvement in the Carbon Disclosure Project, Lindt & Sprüngli's efforts are measured and compared with those of similar businesses. The data gathered provides the basis for the latest and future efforts by the group of companies to cut CO<sub>2</sub> emissions.

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

- **National Packaging Consortium (CONAI):** CONAI is a private Italian consortium of firms working towards the recovery and recycling of packaging issued for consumption on national territory. CONAI safeguards the environment by embracing the entire packaging lifecycle, from production to end-of-life management.

Through its membership, Lindt & Sprüngli contributes to the financing of CONAI, which in turn promotes the adoption of environmental-friendly packaging, the recovery and recycling of packaging after its uses as well as raises citizens' awareness for separate waste collection.

Read more: [National Packaging Consortium \(CONAI\)](#)

- **Energy Agency for Industry / Swiss Energy (EnAW):** Lindt & Sprüngli's Swiss subsidiary, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, is a member of the Energy Agency for Industry / Swiss Energy program. The Energy Agency focuses on constantly increasing energy efficiency and limiting CO2 emissions in the trade, industry and services sectors. For this purpose it works closely together with companies to formulate specific goals and subsequently define an overall objective. Lindt & Sprüngli takes an active role in the regional platform of the Energy Agency for Industry (group "Zürichsee") and shares knowledge and best practices on the efficient use of energy with members of the regional platform.

Over its ten-year existence and until 2011, the participating companies in the group "Zürichsee" have been able to reduce their carbon emissions by nearly a third and increased their energy efficiency by a quarter. In the same time period, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG's own reduction of carbon emissions amounted for over 52%, and it increased its energy efficiency by more than 37%.

Read more: [EnAW](#)

- **Environmental and Quality Certificates:** Lindt & Sprüngli factories in Induno Olona and Luserna San Giovanni are certified with the ISO 14001 standard for environmental management. In 2011 the Lindt & Sprüngli production site in Aachen (Germany) was certified according to ISO 50001. 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. In order to control food safety hazards and to ensure that food is safe for human consumption, the Austrian production site has been certified with the ISO 22000 Food Safety System Certification. It is planned to introduce the FSSC 22 000 certification (ISO 22'000 "plus") to all Lindt & Sprüngli production sites within the next 2 years.
- **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 2011, the following projects were implemented:
  - At Lindt & Sprüngli Italy measures were taken in order to avoid using steam for the production plant. Instead of steam, production devices are warmed with hot water, which allows the company to reduce energy consumption.
  - At Chocoladefabriken Lindt & Sprüngli GmbH in Germany facade insulations have been renewed to reduce energy consumption.
  - At Lindt & Sprüngli Switzerland a new heating system was introduced, which allows recovering hot water after it has been used and consequently recovering its heat.
  - The Ghirardelli Chocolate Company in the USA moved its Mid-West warehouse to Chicago in order to facilitate intermodal freight shipment. As a consequence, Lindt & Sprüngli was able to reduce its carbon emissions by 1'400 tons, which is equivalent to the emissions of 264 passenger cars in one year.

- Several other energy-saving projects – such as optimization of water heat processes, miscellaneous electrical saving projects and insulations – were started or implemented in 2011.

In summary, due to these and other projects, Lindt & Sprüngli's energy consumption was further reduced in 2011.

- **Sustainable Palm Oil:** Lindt & Sprüngli's 2010 target to exclusively use certified crude palm oil as well as certified palm kernel oil has been achieved. Through Greenpalm, a certificate trading system for sustainable palm oil, Lindt & Sprüngli purchased 100% certified palm oil according to the RSPO book&claim system. In order to improve the performance and to minimize risks related to palm oil, Lindt & Sprüngli aims at purchasing sustainable palm oil according to the RSPO segregation supply chain model, which ensures that 100% of the physical product originates from RSPO certified plantations.
- **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 fulfil 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.
- **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.
- **“Ghana Traceable” Project:** Lindt & Sprüngli knows 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.
- **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 were 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.

- **Cru Trinidad Project:** In 2011, the Cru Trinidad Project, a research project that assessed the quality attributes of the Imperial College Selections (a selection of cocoa bean varieties), was completed. Lindt & Sprüngli supported the project not just financially, but also by contributing its analytical resources. The project aimed at determining the most sustainable cocoa varieties for future propagation and at the same time at the protection of biodiversity.
- **Print Annual Report:** Since 2008 Lindt & Sprüngli annual reports have been printed in a climate-neutral process. The volume of CO<sub>2</sub> produced during printing is calculated and neutralized by purchasing emission reduction certificates. In addition, the annual reports are printed on FSC paper from a controlled source. To ensure responsible paper consumption, the annual report is only sent out on special request since 2010.

## Targets 2012

Our environmental targets for 2012 are:

- 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 2012 with the aim to save energy, electricity, water, and to improve efficiency at different Lindt & Sprüngli plants.
- Lindt & Sprüngli also plans to introduce the FSSC 22000 Food Safety System Certification for all Lindt & Sprüngli production plants.
- In the long term, Lindt & Sprüngli aims at purchasing sustainable palm oil according to the RSPO Segregation Supply Chain Model.

## 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 favours 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 2011

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

#### Targets 2012

- No specific targets regarding anti-corruption momentarily.

## 6. About this COP

This is the second 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.

In order to provide a comprehensive picture, not only commitments initiated and activities pursued in 2011 are compiled in this COP, but all relevant commitments, guidelines and on-going activities and projects.



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