



LINDT & SPRÜNGLI

UN GLOBAL COMPACT –
COMMUNICATION ON PROGRESS 2012



**CHOCOLADEFABRIKEN
LINDT & SPRÜNGLI AG**

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Content

1. Statement of continued support by top management	1
2. Company profile.....	2
3. About the UN Global Compact.....	3
4. The UNGC Ten Principles	4
5. Report on progress 2012	5
5.1. Human Rights	5
Commitments and policies	5
Projects, Activities and Performance 2012	7
Targets 2013.....	10
5.2. Labour.....	11
Commitments and policies	11
Projects, Activities and Performance 2012	12
Targets 2013.....	13
5.3. Environment.....	14
Commitments and policies	14
Projects, Activities and Performance 2012	16
Targets 2013.....	21
5.4. Anti-Corruption	22
Commitments and policies	22
Projects, Activities and Performance 2012	22
Targets 2013.....	22
6. About this COP	23

1. Statement of continued support by top management

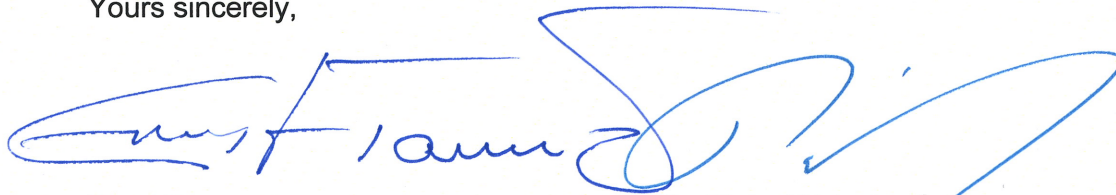
Dear stakeholders,

We are proud to share our third Communication on Progress with you. With this Communication on Progress we aim at displaying our commitment and activities in the year 2012. Overall, we have extended our activities and set new targets to manage our economic, environmental and social impacts.

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 from two angles: 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 sustainability efforts especially on reducing the social and ecological impacts of our cocoa sourcing activities. To strengthen our commitment to the highest sourcing standards, we initiated in 2012 a programme on independent verification of our traceable cocoa supply in Ghana that will be implemented for all our traceable Ghana cocoa beans in the period of 2012-2016. The independent verification of the cocoa farmers will allow Lindt & Sprüngli to assure the absence of human trafficking, forced labour and the worst forms of child labour. Furthermore, for every ton of traceable cocoa purchased we make contributions to a foundation, which supports projects to improve cocoa cultivation and infrastructure in the very regions we source our cocoa beans from. The positive results of this unique purchasing model have convinced us to extend the traceable purchasing concept to the Caribbean and Latin American growing areas where most of our fine flavour cocoa beans originate from in order to cover our entire cocoa supply chain by 2020.

Lindt & Sprüngli is aware that the vast area of sustainability requires constant efforts to understand and actively approach the challenges ahead. With this in mind, we continuously strive to improve our contribution to a sustainable future, so that our stakeholders can fully trust in Lindt & Sprüngli's premium quality chocolate products.

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. In 2012, Lindt & Sprüngli employed more than 8,157 persons worldwide. To safeguard future growth, geographical expansion plays a particularly important role and is driven by the incorporation of its own organizations. In the financial year 2012, new subsidiary companies were inaugurated in Shanghai, China, and in Moscow, Russia. As a result the company currently has more than 20 independent groups and its own regional representations all over the world.

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
- Catalyse 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

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 2012

Sustainable and socially responsible action is firmly rooted in Lindt & Sprüngli's corporate philosophy and an important prerequisite for the company's long-term economic success. This major issue and all the related aspects are therefore dealt with at the most senior management level and monitored by a Board of Directors' committee. The Corporate Social Responsibility Committee consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board of Directors. The CFO attends the meetings. The Corporate Social Responsibility Committee supports the Board of Directors in setting the strategic direction for the activities of the company, whilst aiming for comprehensive sustainable management. Furthermore, it is responsible for the development and adaptation of all globally valid corporate policies in this area, and monitors compliance in the legal aspects.

In the following, the Lindt & Sprüngli guidelines, policies and other information about achievements, activities, projects and memberships are lined out and demonstrate how Lindt & Sprüngli lived up to the ten principles in 2012.

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 human rights in its company policies and company commitments. The following commitments and policies reflect the respect for human rights and its entrenchment in the company.

- **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.

Each supplier signs the Supplier Code of Conduct and a corresponding Compliance Declaration. 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 2012

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. 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 on-going development of the Swiss economy according to sustainable principles.

Read more: [Oebu](#)

- **Social commitment:** All the subsidiary companies belonging to the group make numerous regular donations to local organizations, association and social schemes. Particular importance attaches here to the project partnership launched in the previous year between Lindt & Sprüngli and the Roger Federer Foundation in favour of a promotional program of the Winter Aid for deprived children in Switzerland.

Read more: [Communication on Progress 2011](#)

- **Sustainable Cocoa Cultivation:** Tracking raw materials back to their regions of origin and even to individual producers is a pre-condition of sustainable cocoa sourcing and cultivation. Knowing the regions and farmers where the selected materials originate from enables Lindt & Sprüngli to control quality at the source, respect the environment and biodiversity, and gives the opportunity to support and improve the lives of farming communities. In 2012, Lindt & Sprüngli has set new objectives for sustainable sourcing and cultivation of cocoa that will allow the company to respond to socially reprehensible practices such as the worst forms of child labour.

Sustainable Cocoa Cultivation

As a premium chocolate manufacturer, Lindt & Sprüngli has always retained full control over every stage of chocolate production with a permanent and uncompromising commitment to quality. But quality begins with the procurement of the finest raw materials from the best growing regions. Only carefully selected cocoa beans from these particular regions are used, including fine cocoa from Latin America and the Caribbean, together with consumer cocoa from Ghana where one of the highest-quality varieties is cultivated.

However, the quality of cocoa procurement at Lindt & Sprüngli has several different facets and is not simply confined to certain flavour features or impeccable fermentation processes. Sustainability issues such as responsible and socially compatible cocoa cultivation are equally important to us. The traceability of the cocoa beans back to their origin forms the basis for the Lindt & Sprüngli concept of sustainability. The “Ghana Traceable” project has therefore been implemented in cooperation with Armajaro and Source Trust since 2008. Lindt & Sprüngli is not just one of the founding members of this purchasing model, but also by far the largest buyer of traceable cocoa beans from Ghana in this context. Each sack of cocoa beans from Ghana can therefore be traced back to the village community of the particular growing district. Close contacts maintained by our partners Armajaro and Source Trust with the farmers who supply our cocoa beans on site enable a deep understanding of local social conditions. This allows us to respond to any socially reprehensible practices such as the worst forms of child labour. The additional premiums paid by Lindt & Sprüngli as part of this purchasing model are employed locally for specific purposes and make an effective contribution to the improvement of farmers’ living conditions and earnings.

Since the inception of this partnership in 2008, Lindt & Sprüngli has invested some 5.5 million USD in infrastructure and social projects via the non-profit organization Source Trust. For example, work began in September 2010 on the construction of a new junior high school in the Dunkwa District. This facility was opened in 2011 and an annex for the teaching staff was added in 2012. A further part of these special premiums goes to Village Resource Centers (VRC), which are equipped with computers and Internet access and used by pupils and teachers alike for education, and also by farmers for training purposes. In addition, we are committed to the provision of drinking water supplies and have already financed a substantial number of wells. The projects supported by Lindt & Sprüngli are accompanied by our partners on site and verified at regular intervals by visiting delegations from the company at the highest group level.

Because of the positive experience gained with the purchasing model in Ghana we have been motivated to set up a similar project for the procurement of high-grade cocoa from Latin America. After initial clarifications with partners on site, we began to procure relatively small quantities of traceable cocoa beans from Ecuador and Madagascar in 2011. The proportion of these cocoa beans has been constantly extended in the financial year 2012. In Ecuador, Lindt & Sprüngli is now acting as a financing partner to support a research project for the clear identification of high-quality Arriba cocoa beans.

For quality reasons, Lindt & Sprüngli cannot dispense with comprehensive control of every single production stage or the procurement of cocoa beans based on our own selection criteria. That is why we ourselves accept responsibility for the socially compatible and sustain-

able handling of the principal raw material, cocoa; we do not leave this task to the familiar sustainability labels. With our procurement model in Ghana, we have demonstrated our dedication to these values in our own particular way. We have undertaken to communicate this action in transparent and detailed terms to the public.

Lindt & Sprüngli has likewise decided to initiate a program for verification of the traceable cocoa supply chain by independent entities. As part of this project, more than 42,000 farmers will be covered between 2012 and 2016 in around 34 districts in Ghana that deliver cocoa to Lindt. Relevant data will thus be gathered in order to gain a thorough insight into the farmers' social and economic circumstances and to implement more efficient improvement measures. Targeted trainings in the various agricultural, social, and environmentally relevant sectors will further enhance awareness of these issues. The introduction of an internal control system additionally enables information to be generated to trace the development and improvement of the living conditions of the farmers, their families, and the particular village communities, thereby laying an increasingly solid foundation for the permanent prevention of the worst forms of child labour. This verification covers cocoa procurement by Lindt & Sprüngli from Ghana in the first instance and is to be extended by 2020 to the entire cocoa procurement chain.

Lindt & Sprüngli social projects implemented in Ghana since 2008

Project type	Total since 2008
Trained farmers	3 609
Schools	1
Nurseries	1
Boreholes	102
VRCs	21
Moskito net's	38 600
Farmer Shop	1

See [Lindt & Sprüngli Annual Report 2012](#)

Read more: [Source Trust](#)

Lindt & Sprüngli infrastructure projects: Village Resource Centres

For every ton of traceable cocoa beans from Ghana, Lindt & Sprüngli pays a price premium, which is invested in infrastructure project in the communities of cocoa farmers. Examples of infrastructure projects are the Village Resource Centres (VRCs), which allow rural schools to have access to information technology facilities.



Mercy Quansah is a 13 years old student at Assin Adubiase Junior High School in Ghana. As the oldest of three children, she says that her younger siblings are eager to learn from her about different computer parts, which make them want to learn more about all kind of subjects.

Mercy describes with glee how she gets to have three IT periods per week of between

35-70 minutes. Since she had never used a computer before Mercy never imagined that she would ever learn to type, create folders and use the computer the way she can now. According to her “the opportunity to use a computer is so important for us because it makes any work so much faster and easier.”



Targets 2013

Several of the aforementioned activities have on-going targets. Goals for 2013 and the years beyond include:

- Lindt & Sprüngli will constantly increase the degree of cocoa traceability from Caribbean and South American origins in the period 2012 - 2020.
- Lindt & Sprüngli initiated an independent verification program in 2012. The verification program will cover more than 42,000 farmers in around 34 Lindt & Sprüngli districts in Ghana in the period 2012 - 2016. It is also Lindt & Sprüngli's intention to extend the independent verification process to cover Lindt & Sprüngli's entire cocoa supply chain by 2020.
- Lindt & Sprüngli will continue to invest in infrastructure project such as Village Resource Centres and boreholes for Lindt & Sprüngli cocoa famers.
- Lindt & Sprüngli will continue to verify the compliance with the Supplier Code of Conduct by means of supplier audits.
- Lindt & Sprüngli will continue to support the Winter Aid Switzerland in order to remedy the social isolation of deprived children.

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 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, each supplier signs both the Supplier Code of Conduct and a corresponding Compliance Declaration.

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

Projects, Activities and Performance 2012

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

- **"Ghana Traceable" program:** This project was launched in 2008 and is particularly relevant in the context of labour standards. Traceable cocoa allows Lindt & Sprüngli to track raw materials back to the farmers and to take appropriate measures to ensure the respect for labour rights.

Read more: **Sustainable Cocoa Cultivation**, [p. 7](#)

- **Supplier Monitoring:** The Lindt & Sprüngli Supplier Code of Conduct is a binding document for all suppliers. Compliance with the Lindt & Sprüngli Supplier Code of Conduct is verified at the supplier's facilities on a random sample basis. Lindt & Sprüngli is implementing a qualification oriented instead of a pass / fail audit approach, which is fully funded by Lindt & Sprüngli.

In the year under review, Lindt & Sprüngli placed in cooperation with an external partner, key emphasis 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 assessments considered the following labour issues: 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. Local and external experts support the implementation of the corrective actions. The main potential for improvement lies within the areas of health and safety, wages, working hours, benefits and management systems.

- **Safety at the workplace:** The improvement of safety at the workplace is a top priority. That is why a binding "Health and Safety" program was introduced some years ago for all the production companies within the group. Compliance with that program is regularly verified by internal audits. The program has now become an established feature of the corporate culture and is not only being implemented in an exemplary manner by our staff members but also actively supported by them. As a result, the number of occupational accidents in the Lindt & Sprüngli production companies has been greatly reduced.
- **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 2013

Our goals for 2013 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 our suppliers of packaging materials in China and to make sure all suppliers comply with the Lindt & Sprüngli Supplier Code of Conduct. Based on the results of the self-assessments and on-site assessments, suppliers will be 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 packaging material 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 to the 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 (analyse 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 is committed 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 Lindt & Sprüngli products complying at the same time with the strictest food regulations concerning use and labelling of GMOs. Lindt & Sprüngli will continue to adhere to all regulatory requirements regarding the use and the labelling of genetically modified organisms.

Projects, Activities and Performance 2012

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 CO₂ 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 2012, 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 reduced its carbon emissions and increased its energy efficiency.

Read more: [EnAW](#)

- **Environmental and Quality Certificates:** Lindt & Sprüngli factories in Induno Olona, Luserna San Giovanni and Oloron are certified with the ISO 14001 standard for environmental management. The Lindt & Sprüngli production site in Aachen (Germany) is certified according to ISO 50001 for energy 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. In 2012, the following Lindt & Sprüngli production sites were certified:
 - Lindt & Sprüngli Germany: ISO 50001 (energy management) and FSSC 22000 (food safety)
 - Lindt & Sprüngli France: ISO 14001 (environmental management)
 - Lindt & Sprüngli Italy: ISO 22000 (food safety)
 - Caffarel: ISO 22000 (food safety) and OHSAS 18000 (health & safety management)
- **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 2012, the following projects were implemented:
 - Lindt & Sprüngli France, Austria and Germany introduced in 2012 a new LED lightning concept. The installation of new lightning is expected to reduce energy consumption.
 - Lindt & Sprüngli USA improved its compressed air systems.
 - Caffarel, an Italian Lindt & Sprüngli subsidiary, replaced in 2012 several cooling units in order to improve energy efficiency.

- Several other energy-saving projects – such as the replacement of cooling and heating units or compressed air projects – were started or implemented in 2012.
- **Waste reduction:** Lindt & Sprüngli closely monitors the waste produced and strives to continuously reduce the volume of packaging wherever possible. The packaging materials Lindt & Sprüngli 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.
- **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.
- **Print Annual Report:** Since 2008 Lindt & Sprüngli annual reports have been printed in a climate-neutral process. The volume of CO₂ 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.
- **African Cocoa Initiative:** A new project, the African Cocoa Initiative, has been launched in late 2011. The African Cocoa Initiative aims to double cocoa productivity for 100'000 farm households through capacity building of local and national institutions, and in doing so to raise per capita income by 150 - 200 %. The program is a public-private partnership, bringing together WCF, cocoa industry members, the Sustainable Trade Initiative und US Agency for International Development, together with key government institutions in the four countries of Cameroon, Côte d'Ivoire, Ghana and Nigeria. ACI is a USD 13.5 million, 5-year program with the goal of institutionalizing effective public and private sector models to support sustainable productivity growth and improved food security on diversified cocoa farms in West Africa. Lindt & Sprüngli's support is focused on the project in Ghana.

Read more: [African Cocoa Initiative](#)

- **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. This in turn will impact the output of wastewater.
- **Water supply:** In the cocoa producing country Ghana, Lindt & Sprüngli has invested in the construction of boreholes and hand dug wells to improve the health of local communities.

Lindt & Sprüngli infrastructure projects: Boreholes and hand dug wells

With Lindt & Sprüngli price premiums, 102 boreholes have been constructed in farmer communities since 2008. Clean and safe drinking water significantly improves the quality of life and health of farming communities.



Addea-Manu Augustine, a 57 years old cocoa farmer, lives with his wife and four children in Ghana. Besides managing his cocoa farm he is also a schoolteacher at Aboso village primary school.

Addea uses the borehole every day to collect around four buckets of water for the children at his school to drink and wash their hands in. Before the borehole was built, his family had to walk half a mile to collect water from a narrow stream. Since the borehole was constructed he only needs walk 200 metres and the water is visibly cleaner than the stream water. Addea says that as a result of drinking contaminated stream

water many people developed regular illnesses, which caused red rashes to appear on their arms, fevers and dysentery, symptoms typical of Typhoid, a life-threatening bacterial disease transmitted by the ingestion of food or contaminated water.

Addea passionately explains that water is life. The clean and disease-free water has improved the health of the entire community and made the school children happier and healthier.



- **Sustainable Palm Oil:** Lindt & Sprüngli shares the concerns related to the protection of rainforests and biodiversity and are actively engaged in the area of palm oil. We are committed to the following measures:
 - Lindt & Sprüngli is since 2008 an active member of the RSPO (Roundtable of Sustainable Palm Oil). The initiative was founded in 2004 by the WWF and supports and promotes sustainable palm oil production. We are purchasing 100% certified palm oil according to the RSPO book & claim system. Our goal is to source RSPO certified palm oil according to the "segregated" level for all Lindt products by 2015. The change from book & claim to segregation is already initiated and will be implemented gradually. More information at www.rspo.org.
 - Lindt & Sprüngli does research regarding alternatives to palm oil in Lindt & Sprüngli premium chocolate: a) In the development of all new products, b) Based on the on-going investigation regarding replacements in existing formulations.
 - Our palm oil suppliers are also required to sign our Supplier Code of Conduct in which they attest to their full commitment to a sustainable environment.
 - The WWF "Palm Oil Buyers Scorecard 2011" listed Lindt & Sprüngli as one of the leading world companies in the field of sourcing sustainable palm oil.
- **Traceability:** 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 African Cocoa Initiative, 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.

- **Cacao Nacional Traceability:** In 2012 Lindt & Sprüngli started to support a new project in Ecuador, the “Cacao Nacional Traceability”-project. Lindt & Sprüngli joined forces with the World Cocoa Foundation (WCF) to provide a financial gift to the U.S. Department of Agriculture (USDA) - Agricultural Research Service’s Sustainable Perennial Crops Laboratory (SPCL) to support genetics research on fine-flavour cocoa varieties found in Ecuador. The research may help ensure long term supply of cocoa and chocolate products that contain prized flavour attributes. The research findings will be used to develop mechanisms promoting the conservation of traditional Ecuadorian varieties and will work to verify the quality of the traditional *cacao nacional* reaching the market place. *Cacao nacional* grows in Ecuador only and is one of the finest flavour cocoa beans in the world.

Targets 2013

Our environmental targets for 2013 and the years beyond 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 2013 with the aim to save energy, electricity, water, and to improve efficiency at different Lindt & Sprüngli plants.
- With regards to palm oil, Lindt & Sprüngli plans to change from the RSPO "Book & Claim" to the “segregation level” for all Lindt products by 2015. In addition, Lindt & Sprüngli is committed to stop using palm oil in fillings for new products.
- Lindt & Sprüngli plans to introduce the FSSC 22 000 certification (ISO 22'000 “plus”) to all Lindt & Sprüngli production sites until end of 2014.

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 which ever 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](#)

- **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 on-going 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.

Projects, Activities and Performance 2012

- All suppliers have signed the Supplier Code of Conduct and the commitment concerning anti-corruption.

Targets 2013

- No specific targets regarding anti-corruption momentarily.

6. About this COP

This is the third 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 2012 are compiled in this COP, but all relevant commitments, guidelines and ongoing activities and projects.



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