



LINDT & SPRÜNGLI

LINDT & SPRÜNGLI (AUSTRALIA) PTY LIMITED

ABN 43 079 224 892

MODERN SLAVERY STATEMENT 2022

For the Reporting Period: 1 January - 31 December 2022

Lindt & Sprüngli (Australia) Pty Ltd ("Lindt Australia") acknowledges the Traditional Owners of country throughout Australia and recognises their continuing connection to land, water and culture. We pay respects to their cultures and to their Elders past, present and emerging.

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Foreword by our CEO and CFO

We are driven by our commitment to delight our consumers and enchant the world with chocolate. This is the foundation of our continuous growth. At the same time, our success is supported by our commitment to responsible business conduct aimed at contributing to a sustainable future for both the environment and society at large. The global challenges of the past year have also impacted our sustainability performance. While we remain committed to our targets, we know that increased efforts are needed to achieve them.

Responsible sourcing of our key raw material, cocoa, is a priority. Given the challenges the sector faces, we seek to contribute to improving the livelihoods of farmers, reducing the risk of child labor, while conserving biodiversity and natural ecosystems. That is why we initiated the Lindt & Sprüngli Farming Program in Ghana in 2008. Our visit to Ghana in November allowed the two of us to learn first-hand from farmers and our local partners about their challenges and the impact of our Farming Program. The dialog with farmers, field staff, our suppliers, and other local partners confirmed the importance of our engagement in the countries of origin.

We are very proud that today more than 112,000 farmers from seven countries of origin are benefiting from our Farming Program. More than 1 million shade trees have been distributed in 2022 alone, as well as more than 7.5 million resilient cocoa seedlings since the start of the Program. In the year under review, we invested CHF 27.5 million in sustainability

programs for cocoa sourcing (beans, butter, powder, and chocolate mass). In 2022, we were able to further increase the share of sustainably sourced cocoa to 67%, bringing us closer to our target of 100% by 2025.

We also made further progress on our commitment to define science-based climate targets. We have submitted our climate targets to the Science Based Targets initiative and will announce the verified targets in the second half of the year.

Furthermore, we prioritize the responsible sourcing of our raw and packaging materials and will continue to make significant efforts to develop more sustainable packaging solutions. We also strengthened our responsible marketing practices and decided not to direct any marketing communication to children under the age of 16 (previously 13) – a commitment formally taking effect on July 1, 2023. Promoting a diverse culture will also be a focus in the coming years. While some of our subsidiaries have already embarked on this journey, we plan to roll out a Group-wide Diversity & Inclusion strategy.

In addition, increasing regulatory requirements for sustainability reporting must be addressed. We are in the process of implementing new systems and processes to improve the quality of our data. By providing additional transparency, we aim to retain our stakeholders' trust in our company.



Dr Adalbert Lechner
CEO Lindt & Sprüngli Group



Martin Hug
CFO Lindt & Sprüngli Group



Dr Adalbert Lechner (right) and Martin Hug on a cocoa farm in Ghana



Sustainability highlights 2022

Our success is supported by our commitment to responsible business conduct aimed at contributing to a sustainable future for both the environment and society at large.

Responsible sourcing standards

defined for Paper, Vanilla, and Sugar



67%

of cocoa (beans, butter, powder, and chocolate mass)
sourced through sustainability programs

Formalized our commitment
to respect human rights in a

Human Rights Policy

Committed CHF 1.25 million to the

Child Learning and Education Facility (CLEF)

to tackle root causes of child labor

Our global Guiding Principles and
our Purpose, Mission, Values (PMV)
initiative were translated into concrete and
actionable elements in our

Values Framework

Responsible marketing

We do not direct any communication to children below
13 years of age. As of July 2023, Lindt & Sprüngli is
no longer directing any marketing communication to
children under the age of 16

Climate targets

submitted to the Science
Based Targets initiative (SBTi)



About this statement

The Lindt & Sprüngli (“the Group”) annual Sustainability Report 2022 is the central means of communication on the progress we, the Lindt & Sprüngli Group, are making in implementing our Sustainability Plan, which is based on an assessment of the topics with the highest actual and potential impact on our business along the value chain. For additional comprehensive information on our plan, goals, measures and progress, refer the 2022 Sustainability Report available online at <https://www.lindt-spruengli.com/sustainability/reports>

Lindt & Sprüngli (Australia) Pty Ltd (“Lindt Australia”) is again proud to report on our progress to date and ongoing activities to understand, identify and address the risks of modern slavery in our operations and supply chains. In the process we are pleased to have collaborated with many of our supply chain partners to share knowledge and raise the level of awareness in addressing modern slavery. Collaboration and communications provide an essential framework for building lasting, consensus-based mitigating solutions to the challenge of modern slavery.

In addition to collaborating with our external supply chain partners, we continue to review and refine our strategies in addressing modern slavery. According to the 2023 Global Slavery Index published by Walkfree in May 2023, there were 41,000 individuals living in modern slavery in Australia in 2021.

While Lindt Australia has not identified any incidents of modern slavery in our review to date, we understand modern slavery is a complex problem and combating it is an ongoing process. We are committed to ongoing collaboration with the supply chain partners and wider industry to address modern slavery. Our modern slavery statement is set out in accordance with the seven mandatory criteria as detailed in the Commonwealth Modern Slavery Act 2018 – Guidance for Reporting Entities.



Identify the reporting entity and describe its structure, operations and supply chains

Mandatory Criteria One and Two

Reporting Entity

The reporting entity is Lindt & Sprüngli (Australia) Pty Ltd (“Lindt Australia”), ABN 43 079 224 892, 16 Hollinsworth Road, Marsden Park NSW 2765, Australia. Phone +61 2 9854 2500.

Lindt & Sprüngli (Australia) Pty Ltd (“Lindt Australia”) is the sole Australian entity of the holding company Chocoladefabriken Lindt & Sprüngli AG.

Chocoladefabriken Lindt & Sprüngli AG (“Lindt & Sprüngli”) is incorporated and domiciled in Kilchberg ZH, Switzerland. Lindt & Sprüngli is a globally operating group with activities in the area of developing, producing, and selling chocolate products in the premium quality segment and has been listed on the SIX Swiss Exchange since 1986.

Lindt Australia’s main activities are the manufacturing, marketing and sale of premium chocolates for local consumption. Our manufacturing plant and warehouse are co-located with the head office at Marsden Park. While Lindt Australia operates under Group-wide framework, policies and procedures, but where local laws, regulations and statutory requirements demand stringent standards, Lindt Australia will observe local requirements and ensure full compliance through additional local policies and procedures.

Structure

The Chief Executive Officer (CEO) of Lindt Australia has total responsibility for the day-to-day running of the Australian entity. The CEO is aided by members of the Executive Committee who include Chief Financial Officer (CFO), Operations Director, HR Director and other senior executives.

At Lindt Australia, the CFO has executive responsibility for modern slavery. The Procurement Manager, leading a multi-functional working group on modern slavery, is responsible for day-to-day running of activities to deliver on modern slavery improvement strategy.

Operations and Supply Chains

Lindt Australia employs approximately 500 people in total across our businesses – split into head office and support staff, manufacturing and packing staff, sales and merchandising roles, and retail sales roles. Lindt Australia has numerous retail stores across Australia. We source production inputs from various supply chain partners, and all the supply chain partners with whom we have direct interactions are locally-based. We work with various distributor groups in our marketing and sale network. We use contract transport companies to deliver our products to our customers’ warehouses and distribution centres across Australia. Our customers include Coles and Woolworths.

Human Rights Working Group

The Lindt & Sprüngli Human Rights Working Group (HRWG) is a cross-functional sub-committee of the Sustainability Leadership Team at the Group level. It is responsible for guiding the company’s human rights due diligence strategy, driving its implementation, and supporting efforts to embed it throughout the organization and our supply chain.

Our value chain

Our mission: We create premium chocolate and related confectionery for the global market. We strive to meet consumer preferences and cooperate with our partners along the value chain to contribute to a sustainable tomorrow.

Lindt & Sprüngli operates an integrated supply chain model with thousands of suppliers globally, and Lindt Australia sources its production inputs from a combination of related inter companies and third-party suppliers. Production inputs in the form of goods and services include raw materials, packaging materials and other support services, such as cleaning, waste, transport, etc. Lindt Australia's supplier base is mainly local suppliers, contractors and providers. Cocoa and various other key raw materials are sourced directly by Group Procurement and other major production sites of other subsidiaries – via the Group's responsible sourcing framework.



1.



2.



3.



4.



5.

Sourcing

We source high-quality raw materials such as cocoa and hazelnuts to create our products, and packaging materials to protect them. We source related services such as distribution, logistics, production equipment, and technology.

Transportation

Raw and packaging materials are traded, stored, and transported to our production sites.

Production

We transform raw materials into premium chocolate, taking care to use precious natural resources efficiently, provide a safe working environment, and follow our sustainable packaging principles.

Retail

Our products are sold through our own shops, online, and by our retail partners.

Consumption

We provide delightful and high-quality products to our consumers. We anticipate trends and take care to fulfill our consumers' expectations of responsible and transparent marketing.

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls

Mandatory Criterion Three

Operations

Lindt Australia is headquartered in Sydney NSW. We employ approximately 500 people across our businesses – split into head office administration and support roles, manufacturing and packing, sales and merchandising roles, and retail sales. All our businesses are located in Australia. According to the Global Slavery Index, this is an inherently low risk jurisdiction.

<https://www.walkfree.org/global-slavery-index/>

All employees are remunerated in accordance with Australian employment conditions and standards.

Lindt Australia has strong corporate governance and internal controls. Our various policies including Business Code of Conduct, Health and Safety Policy, Human Rights Policy, Speak Up Policy, Supplier Code of Conduct and Compliance Declaration, plus an internal document of Values Framework. It promotes a culture that treats everyone fairly, appropriately and consistently. The Australian labour market is regulated. There are tight regulations in the manufacturing and

retail sector. We therefore hold the view that risks of modern slavery in the workforce directly employed by our operations is negligible.

In manufacturing, during peak seasonal demands, we supplement the regular workforce with contract workers, who are contracted via labour hire agreements through local labour hire agencies. This is potentially open to higher risks. While the labour hire sector is known to present an increased risk of modern slavery, the inherent risk is perceived as low since Australia has relatively strong labour laws and protection for workers. In addition, Lindt Australia manages this using preferred and known labour hire agencies who have undergone a pre-qualification process.

Supply Chains

Across the Group, external purchases are generally split into direct and indirect procurement categories. The direct categories consist of mainly cocoa products, raw materials (such as hazelnuts, palm oil, vanilla, etc.) and packaging materials, with thousands of supply

chain partners globally. The indirect categories, consist of services such as supply chain (logistics), business services, marketing & sales, and production support (including supplementary contract labour).

Lindt & Sprüngli's responsible sourcing program will target 80% of our procurement expenditures for raw and packaging materials bearing significant sustainability risks to be covered by a sustainable sourcing program by 2025.

Lindt Australia's top 30 suppliers are divided into two groups – (A) a small number of inter-company purchases/suppliers and (B) external suppliers, which consist of predominantly five sub-categories: (1) road freight contractors, (2) provider of contract warehouse and logistics, (3) providers of supplementary contract labour, (4) ocean freight forwarders, and (5) providers of packaging materials.



Inter-company purchases are conducted via Lindt & Sprüngli's global supply chain network of approved providers under the Group's inter-company guidelines, ensuring quality and safety of products. The sourcing of cocoa and other key raw materials will be discussed later.

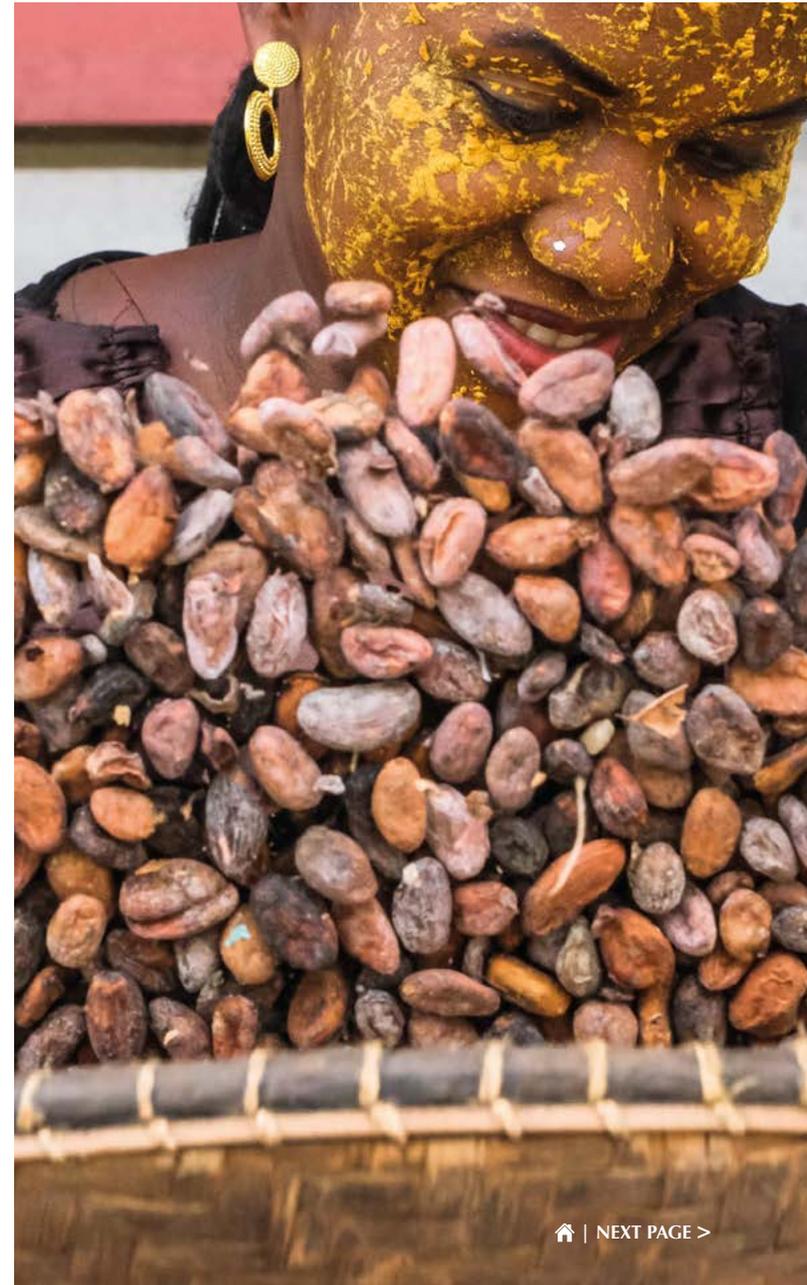
The use of road freight contractors can be open to modern slavery risks but this is inherently low, because the refrigerated transport industry requires a highly skilled workforce of drivers, and Lindt Australia has open communication line with our suppliers, including a channel for complaints and concerns – Speak Up/ Whistleblowing.

The provision of contract warehouse and logistics is from a large reputable provider who has been working with Lindt Australia over many years and it has in place the appropriate modern slavery structure and governance and works collaboratively with us. Lindt Australia conducts regular performance assessments of this provider. The inherent risk is low.

We supplement our workforce in peak seasons with contract workers, who are contracted via labour hire agreements through local labour hire agencies. While the labour hire sector is known to present an increased risk of modern slavery, the inherent risk is low since Australia has relatively strong labour laws and protection for workers. In addition, Lindt Australia manages this using preferred and known labour hire agencies who have undergone a pre-qualification process.

The packaging material providers consist of local companies with both local and offshore manufacturing bases, including in China. There is a higher risk of labour exploitation of vulnerable workers in China.

As previously outlined, Lindt Australia does not source cocoa, however given the well-known challenges the sector faces, the Sustainability Plan of the Group seeks to contribute to improving the livelihoods of farmers, reducing the risk of child labour, while conserving biodiversity and natural ecosystems. The responsible sourcing of our key raw material, cocoa, is a priority.



Describe the actions taken and the effectiveness of those actions in addressing modern slavery risks

Mandatory Criteria Four and Five

The following section includes comprehensive reporting on the Group's actions on the risks identified earlier as part of Lindt Australia and/or part of the confectionery industry in general.

It shows the actions we take, why we care and how we care, from the way we conduct our business, to the actions we take related to human rights, through our responsible sourcing approach. It shows how we track our progress.

We have commitments, track progress across the sustainability plan and communicate the actions and progress publicly and annually.



Why we care

Upholding business integrity and human rights is fundamental to how Lindt & Sprüngli operates and to building trust with our partners, communities, and stakeholders.

We prioritize these principles because the interconnectedness of global value chains raises human rights issues such as discrimination, land rights, child labor, forced labor, the right to health, and the impacts of environmental damage on people. Additionally, responsible business conduct is key to combating corruption and anti-competitive behavior.

We are committed to being compliant with all legal and regulatory requirements, as well as our own Group policies.

How we care

Lindt & Sprüngli attaches great significance to responsible corporate behavior. This is reflected in our Values Framework and our various Group policies, which define the way we do business.

Our Board of Directors oversees and promotes good compliance practices throughout the company. Employees of Lindt & Sprüngli are supported by our dedicated Compliance function, which provides guidance and leadership, as well as by all other functions engaged in our compliance program. We monitor and implement compliance through our corporate functions, our Lindt & Sprüngli internal

control system, and our external auditors. In 2022, Group Compliance performed a detailed review and update of Lindt & Sprüngli's compliance strategy.

Our governing documents:

- [Business Code of Conduct](#)
- [Corporate Governance Report 2022](#)
- [Environmental Policy](#)
- [Health and Safety Policy](#)
- [Human Rights Policy](#)
- [Responsible Marketing Policy](#)
- [Speak Up Policy](#)
- [Supplier Code of Conduct and Compliance Declaration](#)
- Values Framework (internal document)





Respecting human rights

In June 2022, the CEO, Group Management, and the Board of Directors approved the Lindt & Sprüngli Human Rights Policy. This policy articulates our commitment to respect human rights. This entails implementing a due diligence process aimed at preventing, mitigating, or ceasing adverse human rights and environmental impacts throughout the organization and our supply chain. Our human rights commitment is guided by international conventions and standards, including the [UN Guiding Principles](#) on Business and Human Rights, International Bill of Human Rights, [ILO Declaration on Fundamental Principles and Rights at Work](#) and core International Labour Standards, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact.

Communication, dissemination, and training on human rights

The Lindt & Sprüngli Human Rights Policy is available to workers and external stakeholders on our corporate website, and accessibility is facilitated by offering translations in six languages. We further communicate it to suppliers via reference in the Supplier Code of Conduct and notification on our supplier management system. In 2022, we began a process to have all existing suppliers sign our updated Code, which refers to the Human Rights Policy. The Code states that suppliers take the responsibility to implement the requirements and necessary due diligence processes with their own employees, agents, temporary workers, sub-contractors, homeworkers, suppliers, and sub-suppliers with whom they work in the delivery of goods and services to Lindt & Sprüngli.

We also communicate this policy to new and existing employees via reference in Lindt & Sprüngli's Business Code of Conduct. All workers were also notified of the new policy through our intranet system, a memo from the Group CEO to all Country Managers to share with their leadership teams, and e-mails to all local CFOs, Procurement leads, and Human Resources (HR) leads to share with their respective teams. A human rights training course for relevant employees (e.g., Procurement and HR managers) and general communications are planned to begin rolling out in 2023. Meanwhile, reference materials and an introduction to the UN Guiding Principles (UNGPs) and to business and human rights at Lindt & Sprüngli are available to, and shared with, employees via our intranet.

Through EcoVadis, our assessed suppliers receive access to human rights training materials and resources to support them in meeting our human rights commitments. 52% of our procurement expenditure is assessed via EcoVadis. The resources and training include guides on how to develop labor and human rights policies and reports, and whistleblower procedures, as well as training on employee health and safety, child and forced labor prevention, diversity and inclusion, and other topics. Through the Lindt & Sprüngli Farming Program (Farming Program) for cocoa, we go deeper into our supply chain by offering training and support for farmers and community members on salient issues such as: child labor sensitization and health and safety, among other agricultural, environmental, social, and business topics.

Identifying human rights risks and impacts

We are committed to conducting ongoing human rights due diligence. In 2021 and 2022, we worked with a specialized strategy and management consultancy with expertise in human rights, responsible innovation, and social impact – to engage external experts to validate our initial risk findings and advise on the strategy and implementation of our ongoing due diligence. This included representatives from business and human rights consultancies, labor associations, diversity experts, and NGOs representing cocoa stakeholders including: the Earthworm Foundation, Fair Labor Association (FLA), International Cocoa Initiative (ICI), and VOICE Network, among others.

This work allows us to identify our most salient human rights issues and opportunities to improve our management approaches. As of 2023, we will conduct risk analyses annually to identify, weigh, and prioritize human rights and environmental risks in our operations and direct and indirect supply chain.

Salient issues

- Access to water and sanitation
- Biosphere loss / deforestation
- Child labor
- Climate change
- Discrimination, harassment, and violence
- Forced labor
- Health and safety
- Land rights
- Living income and wages
- Working hours



Assessing and addressing salient issues

Our actions to respect human rights and address our salient issues are integrated into our business on an ongoing basis. The Lindt & Sprüngli Sustainability Plan incorporates targets and action plans for different salient issues in our operations and supply chain, including: the risk of child labor in cocoa farming or through third-party certifications for priority non-cocoa raw materials, safety and labor practices in our own operations, monitoring of and engagement with suppliers on wages, working conditions, and environmental management, and consumer-related issues.

In many areas, we conduct special assessments of actual and potential human rights risks and impacts to help inform our action plans. For example, we assess health and safety in our operations through site audits and the ongoing Lindt Production Way (LPW) process.

In our supply chain, we assess and manage a wide range of salient matters through our approach to ongoing supplier due diligence. This includes supplier assessments which result in risk ratings and corrective action plans that include labor and human rights topics such as freedom of association, forced labor, child labor, working hours, health and safety, and other topics.

In 2020, we updated our raw material risk assessment with consideration of human rights risks of different raw mate-

rials and their origins. This assessment continues to inform our responsible sourcing approaches for priority raw materials, including selection of third-party standards. For example, we source certified palm oil from the Roundtable for Sustainable Palm Oil (RSPO). RSPO states that effective implementation of its Principles and Criteria is designed to lead to safe and decent work for all community members (including no forced labor, protection of children, freedom of association, non-discrimination, and working hours in line with ILO conventions, respect for land and use rights, and better ecosystem protection, among other impacts). In fact, the standards are in line with international and local standards including the UN Declaration on the Rights of Indigenous Peoples, the UNGPs, and ILO Conventions on Forced Labor, and the standard includes public participation of affected communities.

Cocoa is our most important raw material. Even though we do not contract with cocoa farmers directly, and work through suppliers, we voluntarily go beyond expectations by supporting farmers and their communities through our Lindt & Sprüngli Farming Program. Through the Farming Program, we aim to create decent and resilient livelihoods for cocoa farmers and their families and to encourage more sustainable farming practices.

Engaging with affected stakeholders

In our due diligence processes, we aim to consider the parties and/or persons potentially and actually affected and/or their legitimate representatives.

In 2022, we consulted labor associations, diversity experts, and NGOs representing cocoa stakeholders to better understand our human rights risks and impacts. We also engaged with the European Works Council and employee union representatives, as we do annually, to discuss matters such as financial and economic developments, sustainability initiatives, corporate finance and personnel planning, our Health & Safety program, as well as training and absence reporting.

Furthermore, we continuously engage with key stakeholders, namely our employees and suppliers. Every three years, we conduct global employee surveys, which solicit feedback on matters such as working conditions and compensation, training for new skills and competencies, as well as career development, diversity, equality, and work-life balance. Workers are also engaged in health and safety audits conducted by third parties, which helps us understand the risks and discuss potential ways to prevent or mitigate them. Critically, our [Speak Up Line](#) is also open to individuals, community representatives, and organizations –

Our actions to respect human rights and address our salient issues are integrated into our business on an ongoing basis.

including potentially or actually affected stakeholders. This includes, but is not limited to, employees and workers of Lindt & Sprüngli companies, our suppliers and business partners, and community members.

Our Farming Program includes monitoring and evaluation based on annual internal monitoring of all cocoa farmers to assess compliance with Program requirements and progress regarding more sustainable farming practices and better livelihoods. Feedback from farmers during this process also informs opportunities to improve Program operations to maximize our outcomes.

Human rights governance

The Lindt & Sprüngli Human Rights Working Group (HRWG) is chaired by the Human Rights Officer and composed of the heads of Group Sustainability, Group Procurement, Group Human Resources, Group Environmental Health & Safety, and Group Legal Affairs. The CFO, in their capacity as the Group Management member responsible for sustainability, provides executive oversight and liaises with the CEO and other members of Group Management. Ultimate oversight for human rights resides with our Board of Directors, represented by the Sustainability Committee.

In 2022, the HRWG officially met five times for human rights training, and to maintain the strategy, oversee performance, and review and guide appropriate actions in response to human rights risks. Group Management and the Board of Directors each met once to respectively review the company's human rights risks and action plan strategy, and to approve the Human Rights Policy. Going forward, Group Management and the Board of Directors will be briefed at least annually, as per the Human Rights Policy.

Evaluating the effectiveness of our due diligence

Lindt & Sprüngli's Human Rights Policy was approved mid-year 2022. Consequently, we plan to conduct the first annual review of due diligence processes and salient risks, and assess the effectiveness of our actions in 2023, and annually thereafter.

Meanwhile, our review of progress against the targets and goals set forth in the Lindt & Sprüngli Sustainability Plan, and reported throughout this Sustainability Report, makes up a critical component of our performance assessments. Similarly, we set and track performance criteria of our supplier's EcoVadis ratings.





Business integrity

In today's society, consumers, business partners, and employees of companies place increased emphasis on companies acting with integrity and in an ethical manner. Conducting business in such a manner helps foster trust and build lasting relations. At Lindt & Sprüngli, we conduct business in an ethical and principle-based manner, even in the absence of applicable regulatory requirements. Our commitment to integrity, fairness, and respect for everyone is reflected in our company's purpose and values, our Business Code of Conduct, and additional Group-wide policies. Equally, we expect any third parties with whom we work to apply equivalent measures. Throughout the Lindt & Sprüngli Sustainability Plan, business integrity is at the core of all our efforts – implemented in our supplier chain through our Supplier Code of Conduct; in the way we perform together; and as we work to ensure the quality and safety of our products.

Our Business Code of Conduct

The Lindt & Sprüngli Business Code of Conduct establishes our core values and expectations for our employees across all aspects of our business. It affirms our standards for non-discrimination and ethical behavior. In 2022, we updated the Business Code of Conduct to integrate our commitment to respect human rights. It also includes reference to our state-of-the-art Speak Up system, which is an important channel for addressing any Code violations or grievance concerns.

The Business Code of Conduct is distributed to each new employee as part of their onboarding. They are required to acknowledge receipt and acceptance of this Code through a paper form or online acknowledgment on the company's internal learning platforms. It is available to all employees on our intranet at all times. We also measure the acceptance of the terms via our Global Employee Engagement Survey (2022: 77/100 "In my work environment the regulations of the Business Code of Conduct [see definition] are followed" – 2019: 78/100). Any failure to comply with the Business Code of Conduct may result in disciplinary action, includ-

ing the possibility of dismissal and, if warranted, legal proceedings or criminal sanctions.

Group HR is responsible for managing business integrity in our operations with support from our local subsidiaries. While legal compliance is overseen by Group Compliance, primary responsibility for legal compliance resides with the subsidiaries and department leaders.

Speak Up – our grievance mechanism

At Lindt & Sprüngli, we expect everyone connected to or engaging with our company to do the right thing to protect our customers, assets, reputation, and each other. Employees are encouraged to contact their HR teams, either at the local or Group level, to express any suggestions or concerns they might have. We take all concerns in the workplace very seriously and our employees can be assured that they will be heard, protected, and supported.

In October 2021, we established an independent and secure global Speak Up Line to encourage employees and third parties to raise any concerns they might have about suspected misconduct, without fear of retaliation. It is a channel for persons to safely state and address their concerns about any suspected misconduct within Lindt & Sprüngli operations, and specifically any violation of the Business Code of Conduct, Supplier Code of Conduct, laws, or policies under which we operate.

The Speak Up Line is open to employees and third parties and is run by an external party. It is communicated internally to our employees through our intranet, the Business Code of Conduct, and via other communication channels (posters, e-mails, town hall meetings, etc.), as well as publicly

In today's society, consumers, business partners, and employees of companies place increased emphasis on companies acting with integrity and in an ethical manner.



communicated on our corporate website and to our suppliers in our Supplier Code of Conduct. Our Speak Up Line is accessible web-based or via telephone and available 24/7, 365 days a year. Concerns can be addressed in the reporter’s native language and anonymously if country regulations

Concerns raised through Speak Up in 2022

- 43 reports have been reviewed and investigated, thereof:
- 39 are closed (further details see below) and four continue to be investigated;
 - Seven are deemed out of scope of the Speak Up Line, but nonetheless have been reviewed and supported by our HR department to investigate and take appropriate remediation action;
 - Remediation action has been taken, the most notable of which has included five dismissals and three formal warnings.

The table below represents the 39 closed cases, the assigned categorization, the number of cases per category, and, of those received, the number which have been substantiated:

| Category | Cases received and closed | Thereof cases substantiated |
|---------------------------------------|---------------------------|-----------------------------|
| Breaches of the Lindt Code of Conduct | 24 | 3 |
| Harassment and discrimination | 7 | 6 |
| Other | 1 | 0 |
| Out of scope | 7 | 1 |
| Total | 39 | |

permit. Cases reported through the Speak Up Line are investigated on the basis of the Lindt & Sprüngli investigation manual and remediation guidelines by dedicated and impartial case managers. These case managers are regularly trained and use a gender-sensitive approach. Any person who reports a concern via the Speak Up Line will receive regular communications and updates, to detail the investigation progress and, where needed, to request additional information to support the investigation.

Substantiated concerns help us to become aware of and address issues such as breaches of our Code of Conduct, discrimination, and harassment. Our policy is to investigate all genuine concerns, however they are raised or identified, including minor ones. The confirmed concerns are then remediated in accordance with the law.

We continuously review and assess the case categories received and what measures or actions, additional to the remediation taken related to the specific case, are required. We also review whether reported cases are within the intended scope of the Speak Up Line to determine if additional purpose and scope communications are required. Additionally, we continue to train investigators to ensure they are provided with clear guidance to support the important role they play in such investigations.

With respect to the Speak Up Line system, we routinely seek input to improve the robustness and quality of the user experience. We proactively engage with our platform service provider to review the whistleblowing hotline, expand the number of languages serviced, and simplify the online reporting process. We engage with thought leaders and peer companies to understand and aspire to best practices.

Compliance and respect for fair competition

We do not participate in any corrupt or anti-competitive behavior.



Status 2022: No deviations

Corruption and anti-competitive behavior result in economic damage by causing commercial losses, promoting social inequality, and undermining democratic processes. Lindt & Sprüngli is therefore committed to the principle of free competition, and we comply with all applicable domestic and international legal requirements. The internal Lindt & Sprüngli Competition Law Policy outlines the provisions employees are expected to adhere to.

During the reporting period, there were no confirmed instances of corruption or anti-competitive behavior. At regular intervals we conduct mandatory awareness-raising and training courses to support the implementation of our policies. These courses help ensure that everyone at Lindt & Sprüngli, including all members of management, supervisors, and employees, follows our core values and complies with our regulations and guidelines.





Rural development

The cocoa sector faces a multitude of challenges related to human rights and environmental protection, such as child labor, deforestation, and persistent low incomes and poverty among cocoa farmers.

Cocoa sustainability approach

We are committed to advancing effective solutions and strengthening our own contributions to address these issues by partnering with relevant stakeholders including suppliers, NGOs, researchers, government institutions, technical service providers, and through multi-stakeholder partnerships. Our commitment to responsible sourcing of cocoa is based on five principles that enable us to deploy an effective program aimed at three outcomes addressing the most pressing challenges and highest salient sustainability risks in the cocoa supply chain.

Responsible cocoa sourcing principles

Our approach to responsible cocoa sourcing is based on these five principles:

1. Pursuing long-term supplier partnerships
2. Deploying our own sustainability program
3. Establishing traceable and transparent supply chains
4. Continuous improvement based on monitoring and external verification
5. Partnerships and engaging in collective action through sector initiatives

1. Pursuing long-term supplier partnerships

Our cocoa sustainability approach is based on long-term agreements with strategic suppliers, who are committed to partnering and collaborating with Lindt & Sprüngli to achieve the defined outcomes. These jointly developed sourcing agreements not only regulate commercial and quality parameters of the cocoa sourced, but also include a detailed description of how the Lindt & Sprüngli Farming Program will be executed in the specific supply chain. This includes, for example, minimum requirements such as establishing solid traceability systems, the registration process for farmers and polygon mapping, as well as annual activities and targets, organizational setup and staffing, and a transparent budget for the implementation of the Farming Program. Besides bringing a high level of transparency, this approach helps to establish clear expectations between Lindt & Sprüngli and our suppliers.

112,803

farmers in seven origin countries benefit
from the Farming Program

It also provides our partners with planning security and allows us to establish traceability along the supply chain and support the same farmers over multiple years to achieve better outcomes. Stable partnerships, in combination with our own Farming Program (see below), enable us to allocate funds transparently, aiming for direct impact on the ground and facilitating access to high-quality beans for our premium chocolate products.

2. Deploying our own sustainability program

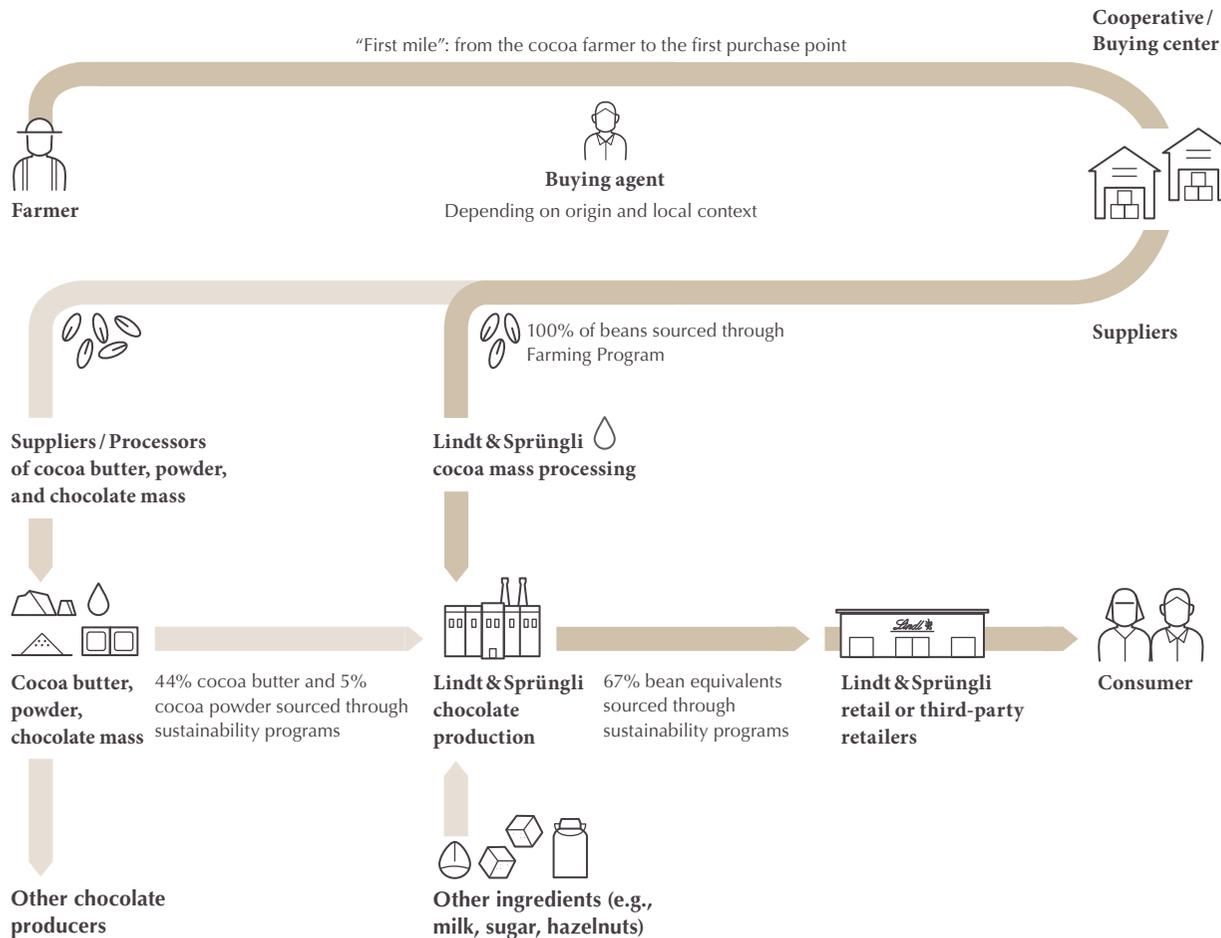
Our own cocoa sustainability program, the Lindt & Sprüngli Farming Program, is at the heart of our “rural development” focus area in the Lindt & Sprüngli Sustainability Plan, through which we aim to contribute to creating decent and resilient livelihoods for cocoa farmers and their families and to encourage more sustainable farming practices. The Lindt & Sprüngli Farming Program is based on an overarching **Theory of Change** that outlines our intervention logic, including the activities and the desired outcomes and impact. It serves as a framework for the Farming Program implementation design, which has evolved continuously since it was established, while the Theory of Change itself has not changed. Based on the generic Theory of Change, the specific Farming Program content is co-designed and developed with suppliers. This allows us to adapt the Farming Program to the local context and address the needs of farmers and their communities in a particular region, while keeping a global Farming Program standard.

We initiated the Farming Program in 2008, which is now active in seven origin countries, benefiting a total of 112,803 farmers. These origin countries include Ghana, Côte d’Ivoire, Ecuador, the Dominican Republic, Peru, Madagascar, and Papua New Guinea. After achieving our goal to source 100% of our cocoa beans through the Farming Program in 2020, we extended the Farming Program to include cocoa butter in 2021. In the reporting year⁹, we sourced a total of 61% of cocoa bean equivalents through our Farming Program¹⁰. For the first time, we also sourced a share (5%) of powder through our Farming Program.

⁹All numbers relating to cocoa cover the period from October 2021 to September 2022. This is the official reporting year for cocoa sustainability data, linked to the cocoa harvesting season.

¹⁰Due to the complex nature of supply chains for processed cocoa products, a small share of volumes for cocoa butter, powder, and chocolate mass may be sourced via third-party sustainability programs. However, 100% of beans and the majority of total cocoa will be sourced through our Farming Program.

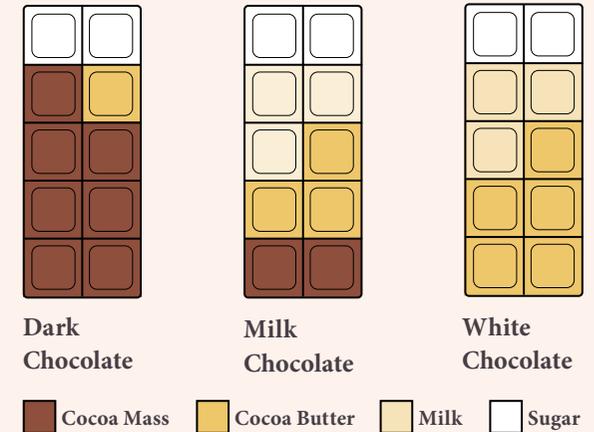
Cocoa supply chain steps



Graphic is representative. Not all steps and actors shown or relevant in all cases. Excluding Russell Stover.

¹¹ Excluding Russell Stover

Chocolate ingredients



The world of chocolate is diverse and rich in varieties. However, the same ingredients are generally used for chocolate: cocoa mass, cocoa butter, sugar, milk powder, emulsifiers, and flavoring (vanilla/vanillin).

The main ingredients in a standard dark chocolate recipe are cocoa mass, cocoa butter, and sugar. A standard milk chocolate is made of sugar, milk powder, cocoa butter, and cocoa mass. The main ingredients in a standard white chocolate recipe are sugar, cocoa butter, and milk powder.

Cocoa mass is made by roasting and grinding cocoa beans. As one of the few companies producing chocolate from bean to bar, Lindt & Sprüngli manufactures cocoa mass in its own factories¹¹. The fat content extracted from the cocoa mass is cocoa butter, the by-product is cocoa powder. The ratio of beans required to create each of these ingredients (cocoa mass, butter, and powder) is what we refer to when reporting "bean equivalents".

3. Establishing traceable and transparent supply chains

By 2025, we aim to achieve first mile traceability for 100% of our cocoa products – beans, butter, powder, and chocolate mass.



Since the introduction of our Farming Program in 2008, physical traceability of cocoa has been the starting point of our responsible cocoa supply chain. Traceability is a key principle of our cocoa sourcing strategy.

Traceability from farm to first point of purchase (first mile traceability)

Establishing traceability from farm to first point of purchase is the initial step when we deploy our Farming Program.¹² As part of our Farming Program, all farmers are registered, farm GPS point coordinates are taken, and baseline data about the farm and household is collected. Additionally, systems are put in place to establish traceability from farm to first point of purchase. For the cocoa sourced through the Farming Program, 97% of farmers had their farms mapped (GPS point as a minimum and GPS polygons are required for Ghana, Côte d’Ivoire, and Madagascar), providing a total of 67% first mile traceability in 2022. We are progressively rolling out the requirement that our suppliers use polygon mapping to draw farm boundaries, which is more accurate than GPS plotting and allows us to better monitor farms for forest protection, traceability, carbon emissions, and land use change events. After the initial polygon mapping

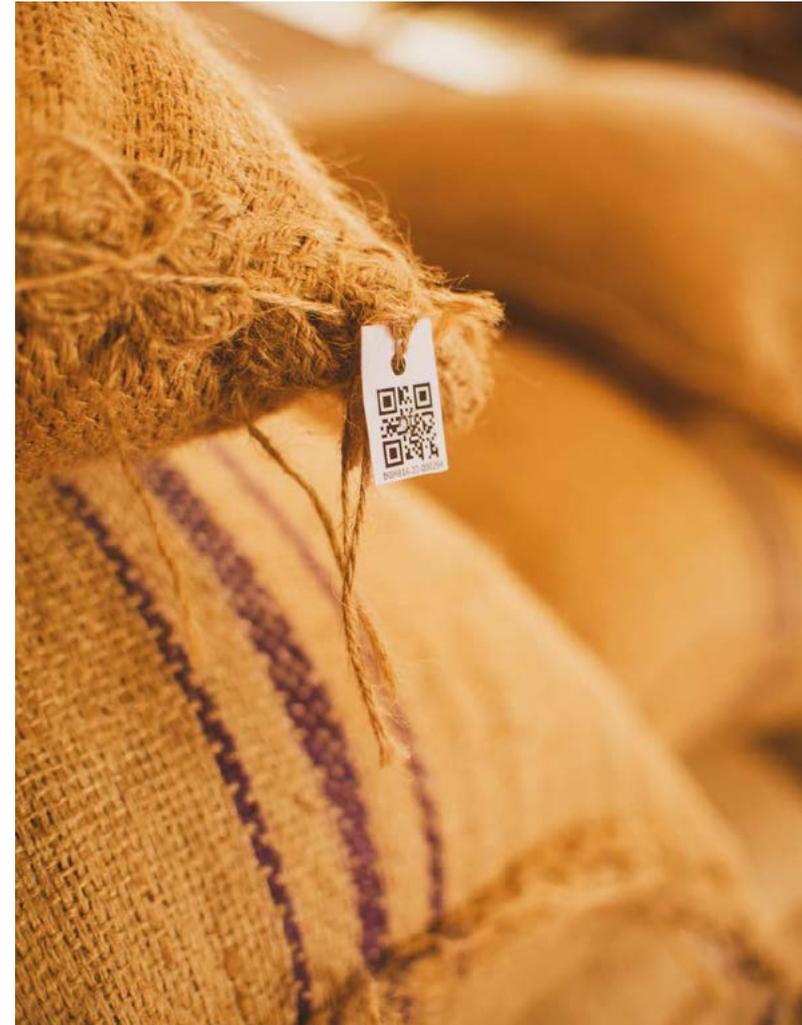
is completed, monitoring of farm boundaries is conducted each year through an internal monitoring visit and checked through external verification. New farmers are mapped as part of the standard registration procedure.

A challenge to keeping all farms mapped is the lack of national databases with unique farmer IDs, which would allow farmers to register and map their farms one time only, and make use of this data even if farmers change their buyer or supply chain. Such databases are currently being developed by the governments of Côte d’Ivoire and Ghana as part of a new national traceability system. In the absence of national traceability systems, double mapping occurs, and farmers are re-mapped by their new buyer whenever they switch to another buying company. Keeping the supply chain fully mapped and mapping data updated is an ongoing effort, as the farm boundaries of individual farmers may also change over time.

Traceability along the supply chain up to our factory doors (supply chain traceability or “traceability level of cocoa sourced”¹³)

We believe that the physical traceability of cocoa is a key requirement to achieve sustainability. We take a differentiated approach for the traceability of cocoa beans and cocoa butter, due to their different supply chain characteristics.

For cocoa beans, Lindt & Sprüngli has a traceable supply chain based on identity preservation. This means our cocoa beans are traceable from the farm to our factory doors, which is facilitated by our bean-to-bar approach to chocolate



¹² Lindt & Sprüngli understands first mile traceability as follows: According to IDH (Technical Brief on Cocoa Traceability in West and Central Africa, 2021, p. 28), “documenting where the cocoa batches entering the value chain have been produced constitutes the first dimension of cocoa traceability; it is also referred to as first mile traceability. This can be achieved through provision and use of unique farm IDs and farm mapping.” In the conceptualization of the “cocoa origin transparency level” (see IDH, 2021, p. 24), first mile means an origin transparency score of at least 4. Lindt & Sprüngli aims to achieve at least a score of 5, which additionally includes farm mapping, across all cocoa products sourced through sustainability programs. First mile traceability does not necessarily mean that the farm, farmer, or origin data is preserved through the remaining steps of the supply chain. For more information on our efforts toward supply chain traceability (IDH refers to the “traceability level of cocoa sourced”), please refer to the next section.

¹³ IDH Technical Brief on Cocoa Traceability in West and Central Africa, 2021, p. 2.



production. Lindt & Sprüngli is one of few chocolate manufacturers to adopt such an approach, which allows us to oversee the entire production process – from the sourcing of cocoa beans to the production of cocoa mass (also called cocoa liquor) and the finished product.

Our farmer groups and suppliers store and transport Farming Program cocoa beans separate from all other beans, with the cocoa bags clearly marked. Each delivery of cocoa beans to Lindt & Sprüngli is accompanied by a traceability certificate. This helps ensure that we purchase cocoa beans from farmers who are part of the Lindt & Sprüngli Farming Program. By knowing the origin and maintaining traceability of our cocoa beans along the supply chain, we also gain a better understanding of our impacts and have data to help verify our objectives, such as cocoa not being sourced from protected areas or complying with critical sourcing requirements regarding child labor.

Similarly, for our responsibly sourced cocoa butter, we aim for a physical traceability approach based on segregation. Conventional and sustainable cocoa are strictly separated and the origin of delivered butter batches are known when delivered to Lindt & Sprüngli. In the segregation model, beans delivered by the Lindt & Sprüngli farmer groups to the suppliers get mixed, at supplier level, with other beans originating from farmer groups who also have a sustainability program in place. This means that while all the cocoa butter delivered to Lindt & Sprüngli from a sustainability program under the segregation model originates from sustainable sources, we are not guaranteed that the cocoa beans delivered by our own farmer groups to the suppliers will end up in the cocoa butter we purchase.

However, physical traceability is a method designed to assure that sustainability criteria are complied with. Throughout 2022, we increased our share of traceable cocoa butter from 37% to 44%.

We aim to continue scaling our share of butter sourced according to the segregation model over the next few years and we are currently working to improve and align our requirements and processes across suppliers. We also want to continue engaging with interested stakeholders to promote the broader adoption of physical traceability in the market¹⁴.

4. Continuous improvement based on monitoring and external verification

Our Farming Program builds on a philosophy of continuous improvement. Our monitoring and evaluation approach is based on multiple complementary elements including the quality of Farming Program implementation and the monitoring of outputs and outcomes. We not only assess these elements at the farm level, but at the implementation partner, and we perform checks to verify traceability documents.

Farming Program monitoring and verification approach

- Internal monitoring of 100% of farmers
- Child labor focused monitoring (risk-based approach)
- Farming Program implementation: progress and performance reviews
- External verification
- Impact assessments
- Supply chain traceability check

As defined in our [Farming Program verification guidance](#), monitoring begins with systematic annual internal monitoring of all cocoa farmers to assess their compliance with Farming Program requirements and evaluate their progress regarding more sustainable farming practices and improved livelihoods. Results from this monitoring differ between origin and supplier and challenges are addressed for each supply chain individually. Internal monitoring is also an opportunity to gather feedback from farmers around issues such as pruning, child nutrition, and training quality. Their comments help us improve Farming Program operations and maximize our results. For child labor, specifically, additional unannounced child labor focused monitoring visits are done. A common challenge of our approach is that internal monitoring at the supplier level (implementation partner) is highly time-intensive. In particular, requests for additional compliance-related data continue to grow and new questions are added to the internal monitoring surveys every year. We plan to review opportunities to make the internal monitoring processes more time-efficient and effective to deliver insights which allow us to make data-driven decisions in Farming Program operations.

In the spirit of collaboration, we work closely with suppliers to review their performance in delivering a quality program in line with our agreements. This includes a quarterly progress review, and an annual review and planning process to discuss performance, progress, challenges, and learnings, and to define areas of improvement that need to be addressed during the following year. Additionally, our team meets regularly on site with the project teams to guide, support, and oversee the implementation of the Farming

¹⁴ Due to the complex nature of supply chains for processed cocoa products and the nature of the product itself, a share of volumes for cocoa butter, powder, and chocolate mass may be sourced based on the Mass Balance traceability model (with physical first mile traceability in place). However, 100% of our cocoa beans and the majority of total cocoa will be sourced with physical traceability and we are committed to ensuring physical traceability whenever feasible.



Program. During these interactions, we gather feedback from farmers and suppliers on opportunities to improve our own Farming Program and performance.

All of our cocoa sourcing under our Farming Program and other sustainability programs is subject to external verification annually by an independent third party. For cocoa beans, external verification is conducted by the Earthworm Foundation, based on the [Farming Program External Assessment Methodology](#), which enables a mutual learning process. The methodology also includes direct engagement with farmers through individual meetings and focus group discussions to gather feedback on the Farming Program and quality of implementation. The results from the annual assessments are transformed into an action plan with improvement actions identified at supplier level. The annual external verification results are transparently communicated and published by the Earthworm Foundation. For cocoa butter, we currently have different third-party verification programs in place, including certification, and we are working on aligning these over the coming years.

Impact assessments become increasingly important as the sector aims to design effective programs and comply with upcoming regulations. In 2019, we did a first [impact assessment of our Farming Program in Ghana](#) with the KIT Royal Tropic Institute and we plan to conduct a second evaluation in Ghana in 2023. In 2022, we conducted a deforestation/carbon analysis to calculate our carbon footprint related to land use change within our cocoa supply chain.

For cocoa beans, we conduct in-house traceability checks to ensure the volumes delivered come from the farmers of our

own Farming Program. For cocoa butter, the chain of custody will be verified through certification in the near future.

In the coming years, we aim to strengthen our monitoring and evaluation approach to improve transparency in our reporting and provide a better understanding of our achievements and challenges. This will include a more systematic process to engage with farmers, farmer groups, and communities to gather their feedback and inform Farming Program design. It will also include a strong focus on data analysis and learning, and on making more data-driven decisions. We aim to measure the effectiveness of our Farming Program in a way that informs its overall design, while assessing our impact on the ground more systematically. For example, we will collaborate with academic experts and civil society representatives on the previously mentioned 2023 impact assessment with the KIT Royal Tropic Institute.

5. Engaging in collective action through sector initiatives and partnerships

We are aware that individual stakeholders' ability to drive systemic change is limited. That is why we collaborate with a wide range of partners from different sectors and actively engage in various multi-stakeholder initiatives, such as the Sustainable Cocoa Platforms (ISCOs) or the [Cocoa & Forest Initiative \(CFI\)](#). We further engage in collective action at

landscape level. To strengthen our collective action on child labor prevention, we joined the [Child Learning and Education Facility \(CLEF\)](#), a partnership between the Ivorian government, cocoa and chocolate industry companies, and philanthropic partners aiming to tackle the root causes of child labor and improve the quality of education through a systemic approach in Côte d'Ivoire. Joining CLEF includes a financial commitment to invest CHF 1.25 million in the initiative.

Beyond collective action, we work with a range of strategic and technical partners who help us continuously improve our Farming Program. These include, for example, the Earthworm Foundation, Helvetas, Ecotop, World Agroforestry (ICRAF), and the KIT Royal Tropical Institute. Beyond our direct collaboration with these organizations, our suppliers collaborate with additional third parties on the implementation of the Farming Program, for example for farm mapping or the creation of Village Savings and Loan Associations (VSLAs).

In the coming years, we plan to strengthen our participation in multi-stakeholder initiatives and strategic partnerships with expert third parties in recognition of the increasing importance of mutual learning and exchange of best practices, sector alignment, and innovation.

We committed CHF 1.25 million to the Child Learning and Education Facility (CLEF) to tackle root causes of child labor.



Cocoa sustainability investments

In 2022, we invested a total of CHF 27.5 million in cocoa sustainability, of which CHF 26.5 million was paid to cocoa suppliers for operating cocoa sustainability programs (mainly our Farming Program). Sustainability program costs include operations costs for staff, equipment, farm investments, community development, and volume-based cash and in-kind premiums for farmers and farmer groups. These investments are made in addition to the market price and the Living Income Differential (LID) of USD 400 per ton, which was introduced by the governments of Côte d'Ivoire and Ghana. The Lindt Cocoa Foundation contributes an additional CHF 2–3 million annually in investments for farmers and communities in line with its mission to achieve social and ecological sustainability in the cultivation and processing of cocoa products used in chocolate production. In one supply chain in Ghana, the Farming Program is additionally co-funded by the State Secretariat for Economic Affairs in Switzerland (SECO),

with CHF 200,000 in the reporting year ([SECO fact sheet](#)). In Papua New Guinea, the United States Agency for International Development (USAID) co-funded the Farming Program training of 500 female farmers with a total contribution of USD 320,000 in 2022.

CHF 27.5 million
invested in cocoa sustainability

We also invest in other third-party projects beyond our Farming Program. These include, for example, engagements for collective action through landscape projects, collaborating with expert organizations to build the capacity of our suppliers on technical subjects, piloting new solutions with third parties to be scaled in the Farming Program at a later stage, and research projects to learn

more about Program impact and possible improvements (e.g., see [KIT impact assessment Ghana](#)).

Increased resilience of farming households

Our Farming Program aims to contribute to building resilient livelihoods for farmers, their families, and farming communities by taking a holistic approach to increasing farming household incomes. We are addressing this through a combination of measures, with the aim of improving the income situation overall, being aware that poverty among cocoa households is one of the underlying root causes of the cocoa sector's sustainability challenges.

Increasing productivity

The Farming Program provides training to farmers to improve their adoption of good agricultural, social, environmental, and business practices. In 2022, 1,017 field staff working for the Farming Program delivered training

Cocoa sustainability investments

Sustainability program costs in CHF (invested through suppliers)

27.5 million
in 2022
110.3 million
since 2008

Operations costs

- Staff, transportation, equipment, IT, etc.
- Farm investments (e.g., cocoa seedlings & shade trees, farm services)
- Community development (e.g., water, health, or school infrastructure)

Volume-based premiums

- Farmer and coop/farmer group premium
- Certification fees (where applicable)
- Other (e.g., fees for traceability)

Additional sustainability investments

- Projects with third parties (e.g., landscape projects and dynamic agroforestry)
- External verification (Earthworm Foundation assessments)
- Impact measurement (e.g., KIT impact assessment)
- Multi-stakeholder initiatives (e.g., CLEF)

← Co-funding (additional)
from Lindt Cocoa Foundation

2–3 million
annually
since 2013

Own staff and operations costs and membership fees excluded

Cocoa base costs

Market price

Living Income Differential (Ghana and Côte d'Ivoire)



to 97,009 farmers. Training may include group training as well as individual coaching. During individual coaching sessions based on farm development plans (FDPs), farmers receive tailored advice and recommendations, with the aim to increase adoption rates for good agricultural practices. 17,311 farmers received individual coaching. In comparison to the previous reporting year, the number of farmers coached decreased slightly as coaching was done more frequently during the pandemic, while group training was halted in some countries at the start of the pandemic and reintroduced in 2022.

1,017
field staff working for the Farming Program

Additionally, we invest in farm inputs and farm services. Farmers are supported with access to productive and disease-resistant cocoa seedlings, shade trees, and farming equipment. In 2022, 974,100 cocoa seedlings were distributed for farm rehabilitation. Among all the good agricultural practices, structural and sanitary pruning of the cocoa trees is the most important measure to reduce the risk of pest and diseases and raise productivity. A common challenge across all origin countries regarding pruning is the lack of labor and capital, as well as the limited technical knowledge and willingness of farmers to prune. As part of the Farming Program, models for pruning groups offering pruning services to farmers are being piloted in Ghana, Côte d'Ivoire, the Dominican Republic, Ecuador, and Peru to find a model to scale such service groups in the longer term. This provides an opportunity to bridge the labor gap to improve farm management practices,

especially in cases of elderly farmers, while providing employment opportunities for youth in rural areas and helping to address one of the root causes of child labor.

Farmer premiums

We recognize that the price of cocoa is an important element to a sustainable cocoa sector. The price of cocoa that we pay is determined by the market price. The farmgate price, i.e., the price a farmer receives for the cocoa, is determined either by the local market price or in Ghana and Côte d'Ivoire by the government. In addition to paying the market price, we provide, through suppliers, cash or in-kind premiums to farmers in the Lindt & Sprüngli Farming Program as part of our cocoa sustainability investments. Furthermore, we pay the local supply chain actors (cooperatives, local intermediaries, or buying company, depending on origin) a management fee for traceability and to support their development. These volume-based premiums are paid in addition to the funds covering operational costs for Program implementation. We also support the efforts of the governments in Côte d'Ivoire and Ghana to improve livelihoods of cocoa farmers with a Living Income Differential (LID) of USD 400 per ton. We have purchased cocoa with LID pricing and will continue to do so.

We have begun working with our implementation partners to pilot premiums based on environmental performance. In Ecuador, farmers located in areas with high conservation value can obtain an additional cash bonus by demonstrating compliance with our requirements and active efforts to implement environmental best practices. Performance-based payments, including Payments for Environmental Services (PES), promote adoption of agroforestry systems.

We believe a holistic approach for increasing farmer net incomes is necessary, which is why the Farming Program includes other complementary measures to improve farmer livelihoods as described in this section (i.e., increasing productivity, income diversification, and investments in community infrastructure).

Income diversification

Income diversification is key to promoting women's empowerment and closing the living income gap of smallholder cocoa households. We therefore train Farming Program farmers and their spouses in on-farm and off-farm diversification initiatives, and selected farmers benefit through a start-up capital fund, as well as savings and loan opportunities.

11,555
individuals are trained in additional Income
Generating Activities (IGA)

In 2022, we trained 11,555 individuals in additional Income Generating Activities (IGA). To date, 30,083 of all farming households participating in our Farming Program have adopted non-cocoa additional livelihood opportunities, 31% of whom are women. These opportunities include food crops and vegetable gardens, pig farming, poultry, and bee keeping, depending on the local context. The aim is to help farmers build additional income sources which are less seasonal than the cocoa income.

While savings and loans are necessary for intensifying the adoption of the additional income generating activities and



Income diversification for farmers

As part of the Lindt & Sprüngli Farming Program, our field staff offers training to farmers to support them in generating additional or alternative sources of income. In Ecuador, for example, cocoa farmers diversify their income through bee keeping and raising pigs. In Madagascar, income diversification is promoted through the rearing of small livestock and honey production, and by learning to grow ginger and vanilla. Another way value is added to the cocoa crop is through on-farm or cooperative chocolate production and the utilization of cocoa by-products (e.g., pulp and shells). In Ecuador, for example, some farmers produce jam from the cocoa pulp.

In Ghana and Côte d'Ivoire, training is combined with other key interventions to facilitate farmers' access to capital and enable them to diversify their income sources. These initiatives include the creation of Village Savings and Loan Associations (VSLAs), through which farmers can access loans at minimal interest rates. Some farmers use parts of the cocoa fruit to turn it into traditional "black soap" to sell at local markets. The black soap consists of the ash of cocoa pods and is naturally antiseptic.

can substantially support increasing the household resilience, small cocoa farmers have poor access to traditional financial services. As part of the Farming Program, we therefore facilitate the establishment of Village Savings and Loan Associations (VSLAs). VSLAs offer a simple, accessible way to help individuals – especially women – through a community-based approach that facilitates saving, borrowing, and investing responsibly. VSLAs are designed to enable participants to take loans for the adoption of additional income generating activities. In 2022, we made progress on accelerating the creation of VSLAs in Farming Program communities. An additional 241 VSLAs were created, bringing the total to 459 functioning VSLAs with 10,465 members to date. While supporting many VSLA groups throughout 2022, we observed how well these groups function and empower community members, especially women. They not only empower communities to start small businesses, for example, by buying stocks to sell in small community kiosks, but also to save, for example, to pay for school fees or medication. In the coming years, we will continue to scale and professionalize VSLAs in our Farming Program.

Community development and infrastructure investments

Through the Farming Program, we not only invest in supporting individual Farming Program farmers and their households, we also invest in community infrastructure to ensure access to basic social services, including water and education. The goal is to create conditions for an improved livelihood for all community members, thereby increasing their resilience. In 2022, we completed the construction of one school and the refurbishment of a second one, which increases the total number of new or

refurbished schools to 43 across all origin countries. We built 97 drinking water systems and boreholes in 2022 and ensured the functioning of the 224 infrastructures built in previous years. In total, approximately 175,000 community members now benefit from these investments in water infrastructure.

97
new drinking water systems and boreholes
built in the reporting year, in addition
to the 224 existing from previous years

175,000
community members benefit from
the investments in water infrastructure

Before an investment in community infrastructure is made, we work with communities to conduct a Needs Assessment and to develop a Community Action Plan (CAP). The main objective of the CAP is to draw the attention of community members and leaders on the development needs of their community – to prioritize and plan with them, and search for solutions. These may come from their own efforts, from private companies active in the community, NGOs, investors, and/or from local government agencies. The CAPs empower the communities to take ownership of their own development path. This approach also ensures that our own community investments meet the needs and expectations of the communities and are linked to the National Action

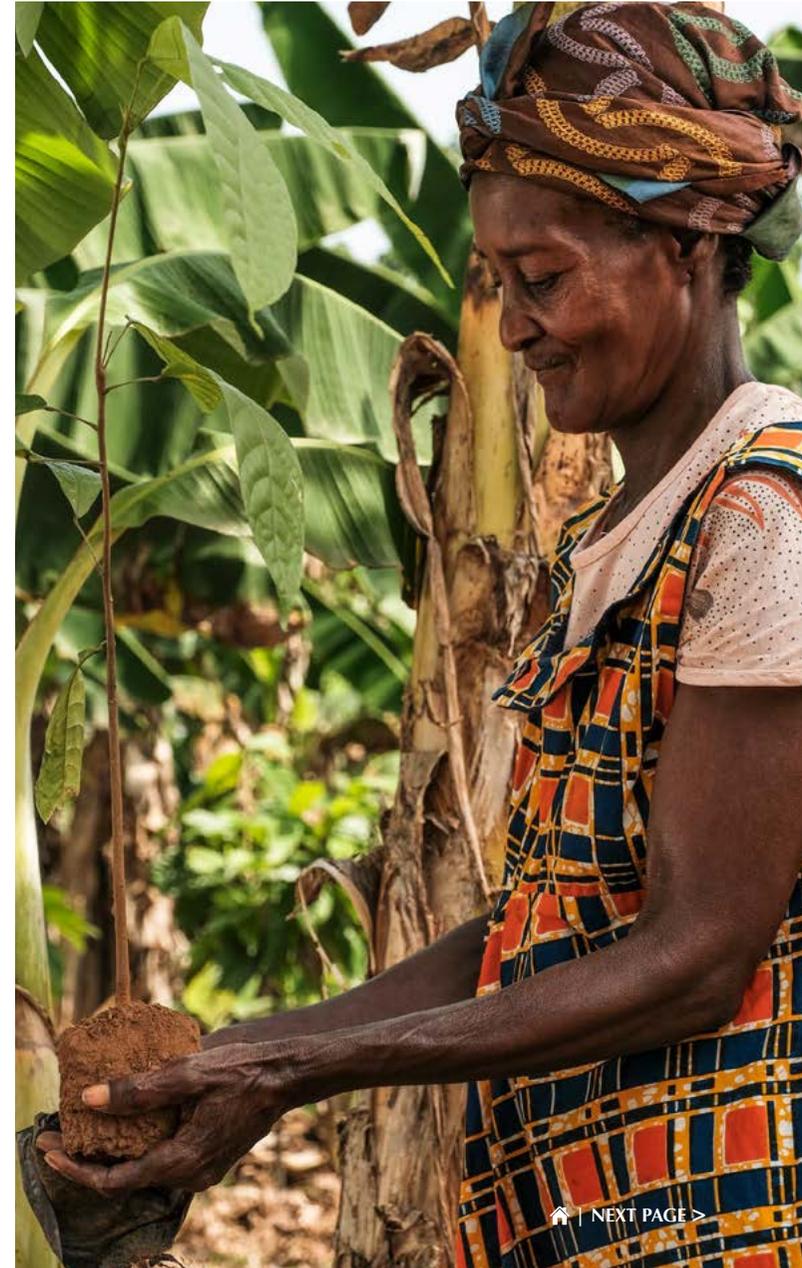
Plans in Ghana and Côte d'Ivoire, while enabling an inclusive development framework.

Women's empowerment

Women play a vital role in rural development, yet gender inequality is a reality in the cocoa sector. Women's empowerment is key to addressing different challenges in the cocoa sector, including child labor. At the moment, we do not implement specific gender interventions but aim to integrate "gender thinking" in the overall approach. Within our Farming Program, we promote female participation among Farming Program staff and farmers. Today, 26% of Farming Program participants are female farmers. Additionally, several activities specifically target women including, for example, VSLAs and additional livelihood activities.

Outlook

Over the coming years, we will continue to support improving the resilience of farming households with a holistic set of interventions. We plan to support more farmers with coaching and tailored advice, and to further scale income diversification and community development activities. As we gain a better understanding of what works across different supply chains, we will scale best practices across our Farming Program.



Farming Program activities

The Lindt & Sprüngli Farming Program is aimed at three main outcomes: increasing the resilience of farming households, reducing the risk of child labor, and conserving biodiversity and natural ecosystems. Our approach is based on long-term agreements with strategic suppliers, who are committed to partnering with Lindt & Sprüngli to achieve the defined

outcomes. Traceability, training, and external verification are mandatory and standardized Farming Program activities implemented across all origin countries and covering all farmers. Selected communities and farmer groups additionally benefit from individual coaching, farm and community investments, depending on local needs and allocation of resources.



Increasing the resilience of farming households

Increasing cocoa productivity and profitability: Through training, individual coaching, access to farm inputs and services, we aim to support good agricultural practices, reduce production costs, and facilitate farm investments.

Farmer premiums: Cocoa farmers receive cash and in-kind premiums, e.g., farming tools, for delivered volumes.

Income diversification: Lindt & Sprüngli Farming Program field staff train farmers and their spouses in on-farm and off-farm diversification initiatives such

as growing food crops, raising poultry, and bee keeping in order to build additional income sources which are less seasonal than cocoa income (see examples of income diversification on page 24).

Access to finance: Our Farming Program facilitates the establishment of VSLAs to help individuals – especially women – save, borrow, and invest. VSLAs provide access to start-up funds to put additional livelihood trainings into practice. Credits are also used by communities in other ways such as helping pay for school fees or medication.

Community development and infrastructure investments: Through the Farming Program, we aim to empower communities by supporting them in developing Community Action Plans and investing in community infrastructure to provide access to basic services such as water, school, and health facilities.

Women's empowerment: The focus of the Farming Program is on fostering employment of female field staff and participation of female farmers. It ensures access to training for women, and implements targeted activities specifically benefiting women.



Conserving biodiversity and natural ecosystems

Addressing deforestation: As part of the Farming Program, traceability systems are established, farmers are registered, legality checks are performed, farmers are mapped, and processes to monitor areas of farm expansion are defined.

Agroforestry systems: Farming Program field staff and our local partners distribute shade trees and provide training and coaching on agroforestry and climate-smart agriculture.

Forest conservation & restoration: Local landscape projects and off-farm tree planting are supported in affected areas.



Reducing the risk of child labor

We aim to protect children's rights through a prevention, monitoring, and remediation approach, involving community members, holistic interventions, and stakeholder engagement. For more information on our approach to reduce the risk of child labor see page 28.



Activities are representative of the Lindt & Sprüngli Farming Program. Not all activities may be implemented in all countries of origin or communities as the Farming Program is targeted to the individual needs of the farmers in the different countries.



Dominican Republic

Farmers:
865
Field staff:
4
Program start:
2018



Ghana

Farmers:
78,198
Field staff:
510
Program start:
2008



Papua New Guinea

Farmers:
4,544
Field staff:
20
Program start:
2017



Peru

Farmers:
850
Field staff:
6
Program start:
2021



Farmers:
9,146
Field staff:
43
Program
start:
2014

Ecuador

Côte d'Ivoire

Farmers:
16,926
Field staff:
419
Program start:
2021



Madagascar

Farmers:
2,274
Field staff:
15
Program start:
2015





Reducing the risk of child labor

By 2025, 100% of cocoa from child labor risk countries sourced from farming households covered by a Child Labor Monitoring and Remediation System (CLMRS).



Status 2022: 57% (On track)

In agricultural value chains, especially in the cocoa sector, child labor is a persistent and complex challenge that requires intense, continuous, and collaborative efforts from all stakeholders active in the sector. Child labor is a systemic issue rooted in poverty, lack of awareness, a shortage of adult labor, and missing educational facilities in cocoa villages.

At Lindt & Sprüngli, tackling child labor is a priority and we are firmly committed to minimizing, remediating, and whenever possible avoiding it in our cocoa supply chain. Lindt & Sprüngli strongly condemns all forms of child labor. We are aware that we do not have all the answers on how to prevent abuses of children's rights from being perpetrated in our supply chains, but we are fully engaged in working to continuously enhance the effectiveness of our systems in order to address this risk in our cocoa supply chain and beyond.

Lindt & Sprüngli cocoa suppliers who are implementing the Farming Program, in countries of origin with risk of child labor, are expected to effectively protect children's rights along our supply chain. Our target is that 100% of cocoa from child labor risk countries¹⁵ will be sourced from farming households covered by a Child Labor Monitoring and Remediation

System (CLMRS)¹⁶ by 2025. In 2022, a total of 57% of cocoa from child labor risk countries was sourced from farming households covered by a CLMRS, including 87,979 households in Ghana, Côte d'Ivoire, and Papua New Guinea¹⁷. The number remained stable compared with the previous reporting year, as the full rollout of the CLMRS for new suppliers and for certain countries such as Madagascar and Papua New Guinea requires several years and is usually done in parallel with the renewal of supplier agreements.

87,979
households in the Farming Program
are covered by a CLMRS

Convinced that addressing child labor in the cocoa sector effectively starts with having a good system and clearly defined processes, we developed our own CLMRS guidance: the Community Child Protection System (CCPS) describes our prevention, monitoring, and remediation approach to child labor in more detail. For more information on our system see our [Executive Summary CCPS – Guidance Document for Suppliers](#). For Lindt & Sprüngli, the effective prevention of child labor requires the protection of children's rights, holistic and preventive interventions, the involvement of community leaders and members, and close collaboration with relevant stakeholders, including public institutions. To be effective, it should also provide a framework for individual case management. Our system is based on a dual approach to protecting children's rights, which combines

supply chain-based interventions – focused on effective monitoring and remediation of cases from Farming Program farmers in our supply chain – with community-based interventions focused on supporting farming households and communities in addressing the phenomenon more broadly.

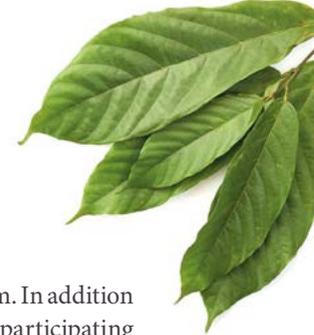
The reporting year marked the first year we implemented this new approach. As part of the pilot year, the new requirements and processes were integrated into newly negotiated long-term agreements to ensure resourcing and consistent implementation across all suppliers. Implementation has begun with suppliers with new agreements in place, which are now subjected to our new guidance. Further, an independent third party was contracted to gather feedback from farmers and suppliers on our requirements. Based on the results from this pilot year, we will adapt and improve our guidance.

The expansion of the Lindt & Sprüngli Farming Program and the improvement of our child labor identification systems led to an increase in the number of identified child labor cases, which is expected to continue in the coming years. The implementation of our CCPS, beginning with suppliers in Ghana and Côte d'Ivoire in 2022, significantly increased supplier awareness and improved the identification of child labor cases through increased training and capacity building of field staff. Furthermore, as part of the CCPS, the required risk assessment enables unannounced visits to focus on high-risk households. With the implementation of the CCPS guidance, we are setting clear targets related to child labor in contracts for all suppliers and

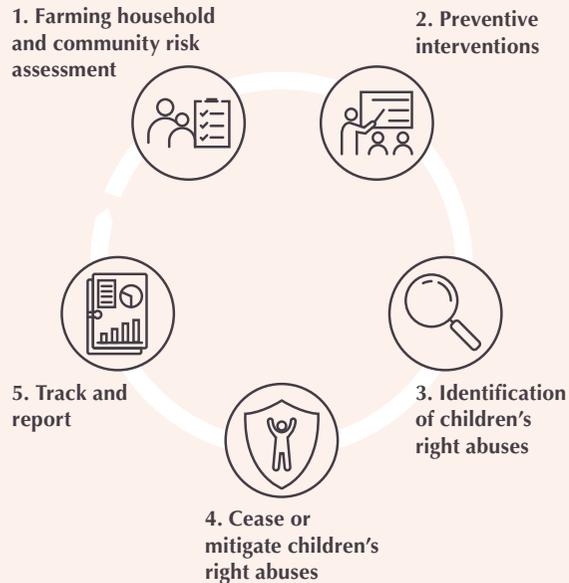
¹⁵ Child labor risk countries for cocoa are listed in the US Department of Labor (USDOL) List of Goods Produced by Child Labor or Forced Labor and include Ghana & Côte d'Ivoire. As a precautionary measure, Madagascar and Papua New Guinea are categorized by Lindt & Sprüngli as risk countries and a CLMRS will be implemented in these origins too.

¹⁶ A CLMRS is a management system describing how supply chain actors address child labor in the supply chain. It includes training and awareness-raising for farming households and community members, as well as monitoring and remediation of child labor.

¹⁷ In cases where cocoa is sourced through other sustainability programs without a farmer group dedicated to Lindt & Sprüngli, suppliers must confirm implementation of a CLMRS, however no data on individual farmer groups or households is made available to Lindt & Sprüngli.



CCPS Principles



Dual approach

The combination of supply chain focused human rights due diligence and community-based interventions



Children's rights focus

A children's rights protection concept beyond the more narrow focus on child labor



Holistic & preventive

Holistic preventive actions in close collaboration with relevant stakeholders

increasing the focus on child labor identification, including more resources dedicated to the topic.

We plan to implement the CCPS in Madagascar and Papua New Guinea, our other identified child labor risk countries, which we anticipate will lead to further improvements in detecting child labor cases in the coming years. The increase in identified child labor cases to date confirms that the effectiveness of our approach is continually improving. The more efficient and effective our identification system is, the better we can work with suppliers on remediation and prevention.

Farming household and community risk assessment

The household and community risk assessments are the starting point of the CCPS process. In 2022, we began the process with a total of four suppliers in Ghana and in Côte d'Ivoire. Data collected at household and community level was analyzed to identify households and communities with high child labor risks. Some of the key risks identified are the lack of school infrastructure, lack of access to safe drinking water, and lack of access to health facilities, but also household-specific risk factors such as farm size. The data informs future investments in preventive actions at the supply chain and community level. The results also show that significant investment by all actors, including governments, the private sector, and NGOs, will be needed to reduce child labor risks.

Preventive interventions

As an initial preventive measure in the supply chain, child labor is part of the mandatory training curriculum and a

minimum requirement of the Farming Program. In addition to child labor training provided to all farmers participating in Good Social Practices sessions, Farming Program households are visited to create and raise individual awareness about the child labor issue. Beyond raising awareness, Farming Program farmers receive additional support to improve their resilience and face the root causes of child labor. This includes additional livelihood opportunities, access to adult labor through community services groups, and access to education.

As child labor is a systemic issue, it cannot be addressed on a broader scale solely by managing and remediating individual cases found in the supply chain. For this reason, the CCPS plans Farming Program activities in a way that ensures they support more systemic preventive, community-based measures. Sensitizing communities and supporting community child protection committees are first-step preventive measures. In 2022, we supported the creation of new Community Child Protection Committees (CCPCs)¹⁸ in communities at risk.

In 2022, based on results from the risk assessments, we worked with communities to develop action plans and invest in infrastructure to build resilience and serve the households and communities most in need. Particular attention was given to continued investments in school-based interventions, including investments in education infrastructure. In the reporting year, we built or refurbished two schools, bringing the total to 43 schools and benefiting approximately 6,700 children to date. Additional schools were still under construction at the end of the reporting year and will be completed in the beginning

¹⁸Community Child Protection Committees (CCPCs) are informal, community-based governance structures to advocate for the protection of children's rights and respond to child labor issues effectively at the local level through collaboration with community members. They connect to regional government institutions and play an integral part in government action plans against child labor.



of 2023. We are aware that collective action is needed to prevent child labor at a more systemic level. This is why we joined CLEF in 2022.

Identification of children's rights abuses

For identification of child labor within our supply chain, the CCPS requires that Farming Program households with a risk of child labor must receive unannounced child labor focused monitoring visits to engage farmers on and off-farm. In 2022, 13,654 unannounced child labor focused monitoring farm visits were conducted.

Child labor monitoring outside the supply chain goes beyond the classical scope of our responsibility. To support child labor monitoring at the community level, we provide indirect support by helping to establish a community-level monitoring mechanism, which is owned by the CCPCs. This includes a grievance mechanism, which is part of the CCPC process. CCPCs are encouraged to share data with local government institutions.

Cease or mitigate abuses of children's rights

Remediation of child labor is at the heart of our case management system. This includes remediation support for concerned families to address the immediate issues of children in need, in combination with follow-up visits to confirm successful case remediation. Remediation support at the individual level includes, for example, engagement with parents, provision of school uniforms, birth certificates, or funds for school fees, and, as a measure of last resort, referral to

competent local authorities. In 2022, a total of 788 children received remediation support.

At the community level, cases identified by the CCPC or Farming Program staff (in cases that do not involve our supply chain) are remediated through awareness-raising visits or referral to national institutions in cases where no solution is found locally.

Outlook

Despite these achievements, the way forward for remediating child labor remains long and complex, because child labor is a socio-economic issue deeply rooted in global challenges that cannot be solved by a single actor in isolation.

Over the coming year, we will continue to implement the CCPS with our suppliers and scale the new requirements to additional suppliers. We will continue to conduct community and household risk assessment and increasingly use this data to make preventive community-based investments where they create the most impact. We also plan to intensify our investment to scale up the activities to more households and communities. Furthermore, we plan to work on an external verification process to assess compliance of Farming Program suppliers with the CCPS guidance, and to define standardized and more extensive data and reporting modalities related to child labor. Finally, we will actively participate in sector initiatives and, for example, support the improvement of quality education through CLEF in Côte d'Ivoire.





Responsible sourcing

By 2025, 80% of our procurement expenditures for raw and packaging materials bearing significant sustainability risks will be covered by a sustainable sourcing program.



Status 2022: On track

Our responsible sourcing approach considers social and environmental aspects and applies to both direct and indirect sourcing. As a chocolate company, however, we prioritize the responsible sourcing of our raw and packaging materials. The list of our twelve priority raw materials and our progress towards our responsible sourcing commitment can be found on the next page.

Supplier standards in general

Our Supplier Code of Conduct (Supplier Code) requires adherence to social and environmental standards by our partners throughout our supply chain.

It sets out the requirements expected of our suppliers regarding compliance with laws and regulations, corruption and bribery, social and working conditions, and protection of the environment. The Supplier Code (updated 2022 version) is guided by our commitment to respect human rights, as outlined in our Human Rights Policy (new Policy introduced in 2022, referenced in the Supplier Code as of 2022), and incorporates our Speak Up Line, which encourages suppliers to confidentially report any concerns they may have about unlawful activities at our sites or violations of the Supplier Code, without fear of retaliation.

The Supplier Code indicates that suppliers shall conduct regular internal assessments to assure their compliance with the Code; agree to participate in any sustainability assessments conducted by or on behalf of Lindt & Sprüngli; and be willing to submit to unannounced inspections of their facilities to verify compliance. This is the foundation for the remaining components of our responsible sourcing approach. In November 2022, the company began a process to have existing suppliers sign the updated 2022 version of the Supplier Code. New suppliers in scope receive the current version with reference to the Human Rights Policy.

Supplier assessment

We use the [EcoVadis](#) framework to evaluate the sustainability performance of our direct and indirect suppliers of 13 of our major subsidiaries. In 2022, we expanded the scale of our assessment from 466 to 581 scored suppliers, which represents 52% of our total expenditure across our Group. The assessment is based on 21 criteria and covers four topics: environment, labor and human rights, ethics, and sustainable procurement.

Average EcoVadis sustainability assessment scores of Lindt & Sprüngli suppliers

EcoVadis average 2022: 44.8



EcoVadis takes into account “material industry issues, presence in risk countries and the size and geographical span of the [supplier]”. Furthermore, the assessment considers “international sustainability standards such as the Ten Principles of the UN Global Compact, the ILO conventions, the GRI Standards, the ISO 26000 standard, the CERES Roadmap, and the UN Guiding Principles on Business and Human Rights”.¹

Our suppliers achieved an average score of 54.6 out of 100, an increase of 1.8 points compared to 2021. Expenditure-weighted, the average score was 55.8.

For those companies rating lower than 45, we will continue to annually request corrective actions and reassessments. Every supplier, regardless of their score, receives an individual corrective action plan, which outlines our expectation on each criterion, and training support via the EcoVadis academy.

Supplier audits and remediation

We closely monitor and strive to improve responsible practices at supplier sites through our Supplier Sustainable Practice (SSP) Program, our supplier site audit and remediation program.

Based on risk prioritization, the SSP Program focuses on packaging suppliers in Asia, with special attention to social and environmental aspects at production sites. Currently around 8% of our packaging expenditure is sourced from Asia (especially decorative materials, as well as supplies for our local Asian subsidiaries).

Our proactive approach is designed to encourage long-term improvements and provide targeted development support,

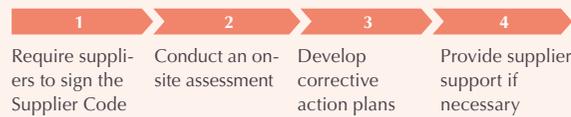
¹ Please find more information on the EcoVadis rating methodology and principles on the [EcoVadis website](#).



such as dedicated advice on environmental best practices for printing operations or advice on worker safety management systems. Depending on their risk profile (and especially the nature of their business operations), we conduct on-site assessments of our significant suppliers. For new tier-2 subcontractors, we conduct quick-check assessments which focus on compliance. Should suppliers have a low rating in their SSP audits, we require them to be audited on a more frequent basis and to show improvements.

Where feasible and reasonable, we replace these suppliers, or reduce the volume we purchase from them. Any suppliers in the SSP that violate zero-tolerance issues or repeatedly fail to improve are added to Lindt & Sprüngli's Group-wide block list.

Four steps of the Lindt & Sprüngli Supplier Sustainable Practice (SSP) Program



SSP Program

Number of on-site assessments in Asia (initial and follow-up) 2022: 37



In 2022, 37 suppliers were assessed and 31 of them received a positive overall rating. For the remaining six suppliers, detailed action plans were agreed upon, which are reviewed frequently both off- and on-site.

Responsible sourcing approaches for priority raw materials

Beyond our Supplier Code, assessments, and audits, we conduct risk-based due diligence of the raw materials we source. In 2021, we updated our Responsible Sourcing Roadmap 2025 to include seven additional priority materials we want to source responsibly by 2025. The Roadmap will therefore include, in total, the following twelve materials: almonds, cocoa, coconut oil, coffee, dairy, eggs, hazelnuts, palm oil, pulp- and paper-based packaging materials, soy lecithin, sugar, and vanilla. These priority materials were defined based on a comprehensive raw material risk assessment which considered criteria such as environmental, social, and supply chain risks and impacts, as well as sourced volumes and stakeholder expectations. It considered the unique risks and impacts of individual raw materials as well as the varying risk levels between different geographical origins.

12
 priority raw materials defined in our Responsible Sourcing Roadmap

Over the past few years, we have made significant progress on advancing the sustainability of our supply chain. We have introduced responsible sourcing standards for eight materials including hazelnuts, eggs, soy lecithin, and palm oil / palm kernel oil for which we have already achieved our goals. Over the next three years, we will define a responsible sourcing approach for the remaining four materials, which will allow us to gradually transition the sourcing of our priority materials in line with our Responsible Sourcing Roadmap 2025.

| Material | Status 2022 | Goal |
|---|--------------------------------------|--------------|
| Cocoa Cocoa beans equivalent sourced through sustainability programs ² | 67% | 100% by 2025 |
| Cocoa beans Cocoa beans sourced through sustainability programs | 100% | 100% by 2020 |
| Hazelnuts Turkish hazelnuts sourced through sustainability programs | 99.9% | 100% by 2020 |
| Palm oil Palm oil (kernel/oil/fractions) sourced RSPO certified | 100% | 100% by 2015 |
| Soy lecithin Soy lecithin sourced ProTerra certified | 100% | 100% by 2018 |
| Vanilla Vanilla sourced Rainforest Alliance certified | First compliant orders made for 2023 | 100% by 2025 |
| Cane sugar Cane sugar sourced Bonsucro certified | First compliant orders made for 2023 | 100% by 2025 |
| Beet sugar Beet sugar sourced against SAI FSA standard at minimum silver level | 75% | 100% by 2025 |
| Eggs Eggs sourced cage-free (or at a higher standard) ³ | 100% | 100% by 2020 |
| Pulp and paper Pulp- and paper-based packaging sourced FSC or PEFC certified | First compliant orders made for 2023 | 100% by 2025 |

²The cocoa beans equivalent is calculated using the conversion factors of the International Cocoa Organization (ICCO): cocoa butter to beans: 1.33; cocoa powder to beans: 1.18; cocoa liquor to beans: 1.25. / ³Excluding Russell Stover

This will enable us to reach our responsible sourcing goal (see page 20). While sustainability programs and third-party sustainability certifications represent enhanced approaches compared to conventionally sourced materials, we recognize that it needs further efforts from various stakeholders to resolve the underlying causes of the many social and environmental topics of potential concern.

Traceability models

The following supply chain traceability models are usually used in sustainable sourcing of agricultural raw materials, which we refer to in our approaches:

Identity preserved

Unique identification of the material and traceability back to its origin, e.g., a specific farm or mill.

Segregation

Separation of materials with sustainability characteristics from conventional materials throughout the supply chain.

Mass balance

Materials with and without sustainability characteristics can be physically mixed, but the volume of sustainable materials produced does not exceed the conforming volume purchased and reported.

These supply chain traceability models go beyond conventional methods whereby materials are sourced without origin indication or sustainability characteristics.

Cocoa

By 2025, we are committed to sourcing 100% of our cocoa products – beans, butter, powder, and chocolate mass – through sustainability programs.

67%

Status 2022: 67% (On track)

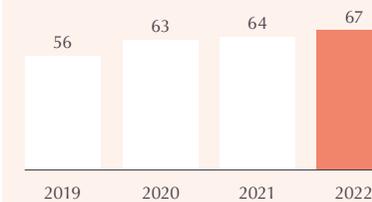
Cocoa⁴ is our most important raw material, and we are committed to sourcing it responsibly. We purchase cocoa beans, cocoa butter, cocoa powder, and uniquely for Russell Stover, chocolate mass. Through our cocoa sustainability approach, we aim to improve farmer livelihoods and contribute to farming that is respectful of the environment, while fulfilling our consumers' expectations and building trust in the Lindt & Sprüngli brands.

We have made progress in achieving our responsible sourcing targets for cocoa. In total, including all cocoa products, we sourced 155,266 cocoa bean equivalents⁵ in 2022: 67% of cocoa bean equivalents were sourced through sustainability programs, which represents an increase of 3 percentage points as compared to the previous year; including 100% of cocoa beans. We increased our share of responsibly sourced cocoa butter from 37% to 44% and, for the first time, we also sourced cocoa powder through sustainability programs (5%). By year end, we had not sourced chocolate mass through any sustainability programs. However, we remain on track to achieve our target to source all cocoa products (beans, butter, powder, and chocolate mass) through sustainability programs by 2025.



Traceability and verification of cocoa

% of the sourced cocoa beans equivalent that was traceable and verified



⁴Excludes an immaterial volume of ingredients which contain cocoa products combined with other materials.

⁵The cocoa beans equivalent is calculated using the conversion factors of the International Cocoa Organization (ICCO): cocoa butter to beans: 1.33; cocoa powder to beans: 1.18; cocoa liquor to beans: 1.25.

Hazelnuts

100% of Turkish hazelnuts are sourced through sustainability programs by 2020.

99.9%

Status 2022: 99.9% (On track)

Hazelnuts⁶ are a key raw material for Lindt & Sprüngli chocolate products. We source them primarily from Italy and Turkey. The supply chain in the Turkish Black Sea region, where approximately 70% of the world's hazelnut harvest originates, has high risks related to labor conditions such as the health and safety of farm workers, child labor, and seasonal workers' working and accommodation conditions. We collaborate closely with our Turkish suppliers to implement programs to improve the economic, agricultural, social, and environmental sustainability of hazelnut sourcing. We have long-term relationships with selected suppliers and a stable farmer base. The hazelnut sustainability programs are organized around four pillars:

Traceability and farmer organization

We take a segregation approach to ensure that the hazelnuts we source from our Turkish suppliers' sustainability programs are physically separated from conventional supply. This way we aim to ensure Turkish hazelnuts in Lindt & Sprüngli products have effectively been produced according to our responsible sourcing requirements.

Training and knowledge transfer

Training is offered to farm workers and all farmers every year. Farmer training includes in-class curriculum dedicated to good agricultural, environmental, and social practices, along with practical training in model gardens.

Training is also held for seasonal workers annually in their respective home villages, focusing on topics such as workers' rights, as well as occupational health and safety. A particular emphasis is placed on correctly, consistently, and transparently formalizing workers' contractual relationships with the hazelnut orchard owners.

Farmer and worker investments and community development

Through our suppliers' sustainability programs, we also invest in improving farmer and farm worker living conditions, such as enhancing their accommodations and offering health services. To fight child labor in the seasonal workforce, we support investments in Child Labor Monitoring and Remediation Systems (CLMRS) and preventive measures such as making summer schools available for seasonal workers' children.

Verification and continuous progress

In our Turkish hazelnut supply chain 100% of our farmers are internally monitored by our suppliers. In addition, external program verification includes tracking program

effectiveness and identifying opportunities for potential improvement. Our three main suppliers are members of the Fair Labor Association.

In 2022, we continued to work closely with our Turkish hazelnut suppliers, supporting them in the expansion and improvement of their sustainability programs.



⁶Excludes ingredients which contain hazelnuts combined with other materials; scope expanded from unprocessed hazelnuts to include both processed and unprocessed hazelnuts (total).



Palm oil

100% of palm oil / palm kernel oil is sourced RSPO certified by 2015.

100%

Status 2022: 100% (Commitment achieved)

Palm oil, palm kernel oil, and their fractions are used in limited amounts in certain fillings of our chocolate. We buy less than 0.01% of the global palm oil harvest. While these products are important for their melting properties and for providing a neutral flavor, their production under uncontrolled conditions may be associated with environmental and social sustainability issues, including deforestation and conversion of peatlands, biodiversity loss, exploitation of workers, and adverse effects on local communities and indigenous peoples. However, palm oil can be produced responsibly when planted in suitable areas and with appropriate consideration for the environment and communities. Palm oil is a high-yielding vegetable oil. In comparison to soybean, rapeseed, and sunflower, palm oil needs significantly less land to produce the same volume. We recognize that banning and substituting palm oil with other crops would require more land to be dedicated to vegetable oil production globally, likely at the expense of natural forest land. We believe that the best way to protect and restore the rainforest and threatened habitats is to undertake actions for a more sustainable palm oil industry.

For these reasons, we only purchase palm oil certified according to the [Roundtable on Sustainable Palm Oil \(RSPO\)](#) sustainability standard, and always declare palm oil use on our product packaging. Since 2015, Lindt & Sprüngli has sourced 100% of our palm oil, palm kernel oil, and their fractions with RSPO certification and, for all our products

produced in Europe, 100% under the “Segregated” traceability model. RSPO’s Segregated traceability level means that certified palm oil is kept separate from conventional palm oil throughout the supply chain. Our US subsidiaries are an exception, where a mix of “Segregated” and “Mass Balance” palm oil, palm kernel oil, and their fractions is used but kept separate in bookkeeping. Lindt & Sprüngli strives to achieve full physical traceability in our palm oil supply chain, and we encourage our commercial partners to contribute to this goal.

For detailed information, please see our latest [Annual Communication of Progress to the RSPO](#).

Soy lecithin

100% of soy lecithin (excl. Russell Stover) is sourced ProTerra certified by 2018.

100%

Status 2022: 100% (Commitment achieved, incl. Russell Stover)

We use soy lecithin to create the desired consistency of our chocolate. Soy cultivation is associated with different environmental and social impacts, in particular soy grown in regions with high risk of deforestation. For soy, we rely on the [ProTerra standard](#) to address potential negative impacts along the supply chain. ProTerra is a widely recognized and trustworthy standard in the food industry that is based on the [Basel Criteria for Responsible Soy Production](#). This standard covers such issues as human rights (i.e., workplace safety and equal opportunities, with particular attention to preventing child and forced labor), land use conversion and forest conservation, responsible labor policies, and traceability. It also certifies non-GMO soy.

Vanilla

By 2025, 100% of vanilla is sourced Rainforest Alliance certified.

First compliant orders made for 2023

Status 2022: new sourcing requirements introduced

Vanilla is an exceptionally high-value ingredient in Lindt & Sprüngli products. Producers of vanilla, however, face severe challenges including food insecurity, poverty, and vulnerable livelihoods. Additionally, conventional vanilla production can add to environmental degradation and deforestation. Lindt & Sprüngli aims to address the key social and ecological sustainability challenges in the vanilla supply chain by requiring all purely natural vanilla-based raw materials used for the manufacturing of our products to be Rainforest Alliance certified at Segregated traceability level by 2025. We defined the new sourcing requirements for vanilla in 2022 and are expecting first deliveries according to the new requirements in 2023.

[The Rainforest Alliance](#) is an international non-profit organization and a global leader in sustainability certification. It aims to drive more sustainable agricultural production and responsible supply chains, covering environmental, economic, and social well-being standards.





Sugar

By 2025, 100% of pure cane sugar is sourced Bonsucro certified.

First compliant orders made for 2023

Status 2022: new sourcing requirements introduced

By 2025, 100% of pure beet sugar is sourced with a supplier verification against the SAI FSA standard at minimum silver level.

75%

Status 2022: 75% (On track)

Sugar being the most significant crop produced globally by biomass, we recognize the threats to ecosystems and communities generated by unsustainable sugar production. Adverse effects on smallholder communities producing most cane sugar must be addressed as a priority, as well as both cane and beet sugar production's impact on biodiversity, the environment, and the climate.

Cane Sugar

Bonsucro is the leading global sustainability platform and standard for sugarcane. Its purpose is to collectively accelerate the sustainable production and uses of sugarcane. Bonsucro helps farmers produce crops in a more environmentally friendly way, adapt to climate change, increase their productivity, and reduce costs. This approach helps to enhance the social, environmental, and economic impact of Lindt & Sprüngli's cane sugar sourcing, while offering farmers a framework to improve their livelihoods

and help them protect the environment where they live and work.

Therefore, we expect our suppliers to contribute to a traceable, more sustainable sugar supply chain by supplying 100% pure cane sugar certified against the Bonsucro production standard. Due to availability constraints of segregated Bonsucro certified sugar in our operating regions, our traceability expectation is currently Mass Balance level for cane sugar. For USA-produced cane sugar where no Bonsucro certification is available, the volumes will be covered by the Bonsucro credit system until the first certified suppliers are available in the USA.

Beet Sugar

The **Farm Sustainability Assessment (FSA)** developed by the Sustainable Agriculture Initiative (SAI) Platform can be applied to any crop, anywhere in the world, with any farming system. The FSA encourages supply chain participants to work together toward relevant and demonstrable continuous improvement of on-farm social, environmental, and business performance, and recognizes their achievements. The FSA verifies: optimized pesticide and fertilizer levels; preserved and enhanced soil health contributing to agricultural efficiency; protected carbon sinks; and optimized energy use in beet sugar production. We therefore expect our suppliers to contribute to a traceable, more sustainable beet sugar supply chain by demonstrating verification against the SAI FSA standard, at minimum silver level, by 2025 in the case of 100% pure beet sugar supplied to Lindt & Sprüngli. In cooperation with our suppliers, in 2022 we were able to confirm that 75% of our beet sugar supply was compliant with this requirement.

Eggs

100% of eggs (excl. Russell Stover) are sourced cage-free by 2020.

100%

Status 2022: 100% (Commitment achieved)
71% of total eggs including Russell Stover

We use eggs in small amounts in just a few of our products. Animal welfare is important to Lindt & Sprüngli, and our goal is not to source any eggs from caged hens in any of the products that are produced in our factories. We will continue to engage with our suppliers and as soon as the respective processed egg products are available from cage-free sources at scale, we aim to complete the changeover for Russell Stover.





Pulp- and paper-based packaging

100% of wood pulp- and paper-based packaging sourced Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified by 2025.

First compliant orders made for 2023

Status 2022: new sourcing requirements introduced

We recognize the global threats to forest ecosystems generated by unsustainable forest management and climate change, that in turn have adverse effects on communities and biodiversity. By sourcing third-party certified pulp- and paper-based packaging, Lindt & Sprüngli supports legal, environmentally sound, socially fair, and economically viable management of the world's forests.

Lindt & Sprüngli's priorities and definition of sustainable forest management and sustainable paper supply chains closely align with that of the [Forest Stewardship Council \(FSC\)](#)⁷ and the [Programme for the Endorsement of Forest Certification \(PEFC\)](#)⁸. These responsible forest stewardship certification programs contribute toward healthy forest ecosystems, respect for the rights of workers and communities that depend on these forests directly, and worker health, safety, and labor matters. We therefore require all wood pulp- and paper-based packaging to be certified against the requirements of FSC or against the requirements of PEFC, or any of its endorsed national members, by 2025. These requirements apply to all paper and cardboard packaging products containing wood fiber (i.e., paper, corrugated board, folding box carton, transportation and display units, etc.). We defined these requirements in 2022 and placed first orders in line with them for delivery in 2023 and beyond.

⁷ Lindt & Sprüngli's license number for trademark use: FSC-N004244 /

⁸ Lindt & Sprüngli's license number for trademark use: PEFC/01-44-53



Lindt Australia will continue to collaborate with our supply chain partners and network with other industry participants. We recognise the significance of reviewing the actions that have been implemented to ensure their effectiveness. We aim that our processes and procedures will continue to evolve and improve. Our 3-year strategy, as set out below, will develop further into deliverables and KPI, and we will track against the KPI, and based on the results, we will adapt and strengthen our actions.

| People | Process | Policy | Suppliers |
|---|---|---|---|
| Train core supply chain staff and internal stakeholders | Embed supplier self-assessment questionnaire and adherence in market testing events | Establish procurement policy with contents to include responsible sourcing, modern slavery guidelines | Engage & collaborate with the wider supplier base on supplier code of conduct, supplier assessment via EcoVadis framework and supplier sustainable practice program |
| Conduct awareness sessions for wider group of supply chain partners | Review and embed modern slavery clauses into commercial documents | Establish modern slavery policy | Train core supply chain staff and internal stakeholders |



Describe the process of consultation with any entities the reporting entity owns or controls

Mandatory Criterion Six

Lindt Australia is the reporting entity and sole entity of the Group in Australia. In this statement, the Procurement Manager as the modern slavery project owner discussed and consulted with colleagues in the modern slavery supply chain working group, and further discussed with the Chief Financial Officer who is the modern slavery executive sponsor, and reviewed the relevant sections of the Group's Sustainability Plan 2022 on human rights and modern slavery activities prior to compiling the statement.



Provide any other relevant information

Mandatory Criterion Seven

Lindt Australia is committed to working consistently towards ensuring there is transparency in our approach to addressing modern slavery. We will continue to collaborate with our supply chain partners to raise awareness and seek opportunities to engage further with the industry. We have established a 3-year strategy and strong platform for a modern slavery program that will allow us to dive deeper into our supply chains.



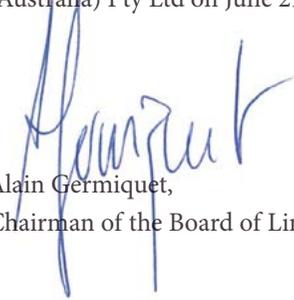
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Modern Slavery Statement Approval

- This document has been approved by the board of Lindt & Sprüngli (Australia) Pty Ltd on June 29, 2023.



- Alain Germiquet,
Chairman of the Board of Lindt & Sprüngli (Australia) Pty Ltd.





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