



LINDT & SPRÜNGLI

Australia Pty (Ltd)

Modern Slavery Statement

2021

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Foreword by Lindt & Sprüngli's CEO and CFO



Dr Dieter Weisskopf,
CEO Lindt & Sprüngli Group



Martin Hug, CFO Lindt & Sprüngli
Group and Head of the Sustainability
Executive Team

Our purpose as a premium chocolate maker is to **enchant the world with chocolate.**

These words bear our promise to uphold high quality standards – not just for our products, but for the way we do business. For over 175 years, Lindt & Sprüngli has proudly lived up to this promise, building a global reputation for excellence, innovation, and sustainability. As we look forward, our purpose guides us to make a positive impact and help create a better future.

The world faces many challenges, such as the deterioration of nature and biodiversity, which are the basis of life and our products. Climate change has the potential to exacerbate social conflicts and challenge agricultural production of raw materials. Human rights violations are still widespread, reinforcing inequalities and hindering the improvement of livelihoods for many people.

The Lindt & Sprüngli Sustainability Plan is our ambition to help address these challenges and to create a better tomorrow. It is our pathway to becoming more sustainable along our entire value chain, from sourcing and production to packaging and consumption.

We continue to build on this solid foundation: in 2021, more than 91,000 farmers participated in our Lindt & Sprüngli Farming Program and 100% of our cocoa beans and 64% of our cocoa beans equivalent, are sourced through sustainability programs. Our first complete carbon footprint has revealed that our greatest leverage to limit climate change is in our value chain, namely in sourcing cocoa and other raw materials, as well as in transportation and packaging

initiatives. This footprint will enable us to announce our Science Based GHG Reduction Targets in 2023. We also rolled out our Sustainable Packaging initiative further, which aims to make 100% of packaging recyclable by 2025 and to reduce the use of plastics.

This progress demonstrates that Lindt & Sprüngli's Purpose, Mission and Values are anchored deep within our culture and in the hearts of our employees, motivating everyone along our value chain to contribute to a more sustainable future.

Going forward, we anticipate a rapid increase and strengthening of social, environmental, and corporate governance regulations, growth in investor interest, and the allocation of more resources toward sustainable solutions. There will also be increasing demand from our business, trade, and supply chain partners – as well as growing awareness and expectations from our employees, consumers, and the general public – for improved sustainability performance.

This encourages us to further strengthen Lindt & Sprüngli's good business conduct. We consider business integrity and human rights as cross-cutting issues relevant throughout the Lindt & Sprüngli Sustainability Plan and our way of doing business. We are currently developing a human rights policy and action plan, which will formalise our commitment even further.



Dr Dieter Weisskopf
CEO Lindt & Sprüngli Group



Martin Hug
CFO Lindt & Sprüngli Group

Identify the Reporting Entity

This statement has been prepared in accordance with the Australian Modern Slavery Act 2018 (Cth). Lindt & Sprüngli Australia Pty Ltd is the reporting entity.

Lindt & Sprüngli Australia Pty Ltd is the sole Australian entity of Chocoladefabriken Lindt & Sprüngli AG, (Lindt) headquartered in Kilchberg, Switzerland.



Introduction

As a leading international chocolate producer, Lindt & Sprüngli is committed to conducting business in an ethical and socially responsible manner. Acting with integrity is fundamental to how we operate and to building trust with our partners, communities, and stakeholders. We are committed to being compliant with all legal and regulatory requirements, as well as our own group policies.

We prioritise and uphold these topics 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.

Lindt strongly condemns human trafficking and slavery.



Lindt & Sprüngli Australia's Reporting Structure Operations and Supply Chain

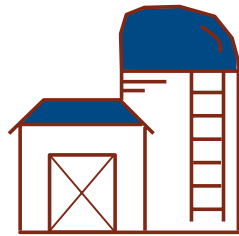
Our value chain from bean to bar¹

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.



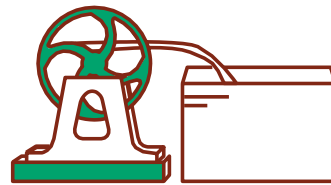
1 Sourcing

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



2 Transportation

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



3 Production

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



4 Retail

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



5 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.

For more information about the Lindt & Sprüngli business model, see our online ► 2021 Annual Report
¹ Excluding Russell Stover



>14,000

employees work for
Lindt & Sprüngli Group
worldwide



>490

employees work for us
in Australia

Lindt & Sprüngli Group chocolate is sold in more than

120 countries

and by 31 subsidiaries and regional offices as well as
via more than 100 independent distributors

Lindt & Sprüngli Group products are sold in around

500 own stores

Lindt & Sprüngli Group was founded in 1845 in Zurich,
Switzerland and has been enchanting the world
with chocolate for more than

175 years

The Lindt & Sprüngli Group reported sales of
CHF 4.59 billion
in 2021



We have our own dedicated sustainability program:
the Lindt & Sprüngli Farming Program. Through the Program
we source cocoa beans and cocoa butter from

7 countries of origin

Ghana, Ecuador, Madagascar, Papua New Guinea,
Dominican Republic, Peru, and Côte d'Ivoire

The Lindt & Sprüngli Group includes 8 brands:

**Lindt, Ghirardelli,
Russell Stover,
Whitman's,
Pangburn's, Caffarel,
Hofbauer and Küfferle**



Lindt & Sprüngli Group produces premium
chocolate at our

11 factories

in Europe and the USA
and 1 production facility in Australia



In **Australia**, the operations are centralised in **Marsden Park, NSW**. Within the Marsden Park facility is the Australian head office, warehousing, packing & production facility, and adjoining factory outlet.

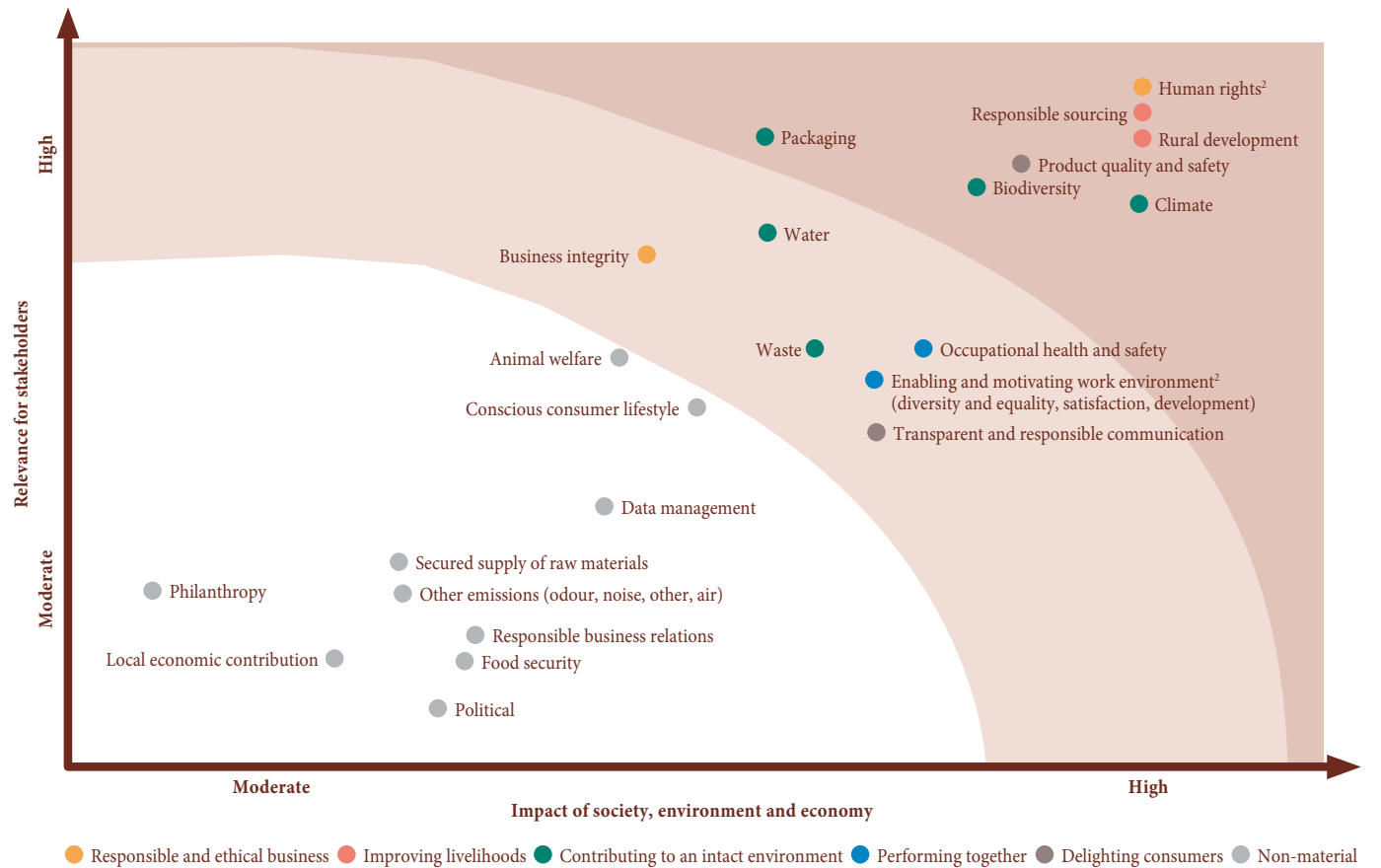


The risks of modern slavery practices in Lindt & Sprüngli's operations and supply chains

Determining our material topics

Chocolate manufacturers worldwide are faced with a range of complex challenges along the entire value chain. In order to set the priorities of our Sustainability Plan, we conducted an in-depth materiality analysis. We evaluated the impact of our business activities along the value chain using a broad range of internal and external inputs, including direct exchanges with our stakeholders as well as analysis of media, consumer, and investor enquiries; reviewing scientific research papers and reports from non-governmental organisations (NGOs); and, considering all relevant regulation. The topics with the highest actual or potential impacts along the value chain are the focus areas in our Sustainability Plan.

We review our impacts and priorities regularly and make annual updates as needed. This work is informed by ongoing dialogue with stakeholders, monitoring of external developments, review of new or improved baseline and performance data, and deep-dive assessments such as our human rights risk assessment.



2 For a list of salient human rights impacts (> see p. 11)



Expanding our value chain focus

Since our business model and operating environment have remained stable, we made minimal adaptations to our materiality assessment in the reporting year.

Based on our human rights risk assessment and due diligence expectations, we have expanded our focus beyond human rights impacts in the supply chain. We consider respect for human rights and business integrity to be fundamental. Therefore, we integrate these aspects in our overall company-wide approach and throughout our Sustainability Plan.

We are also focusing more on the value chain within the climate and packaging focus areas. These shifts were guided by external stakeholder input, as well as by an improved understanding of value chain impacts, such as the climate impacts of land-use change and deforestation in agriculture.

Cross-cutting topics and focus areas	Relevant impacts along the value		
	Supply chain	Production	Customer/ consumer
Human rights ²			
Business integrity			
Rural development			
Responsible sourcing			
Biodiversity			
Climate			
Water			
Waste			
Packaging			
Occupational health and safety			
Enabling and motivating working environment ³			
Transparent and responsible communication			
Product quality/Product safety			

● Responsible and ethical business ● Improving livelihoods ● Contributing to an intact environment ● Performing together ● Delighting consumers ● Non-material

² For a list of salient human rights impacts (> see p. 11)

³ Diversity and equal opportunity; Employee satisfaction and retention; Employee development



Respecting human rights

Lindt & Sprüngli places a high value on respecting human rights, international labor standards, and environmental integrity.

In 2020, we initiated a Human Rights and Environmental Due Diligence process, which included an extensive assessment of actual and potential risks and took into account the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance. This work allowed us to identify our most salient human rights issues and opportunities to improve our management approaches.

Towards a comprehensive human rights approach

In 2021, we engaged internal and external stakeholders to validate our risk findings and inform our path forward. We are actively developing a company-wide Human Rights Policy, management framework, and action plan based on these findings. We plan to formalise our approach to human rights due diligence in order to identify, prevent, and mitigate current and potential human rights risks throughout our business and 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





Actions taken by Lindt & Sprüngli to assess and address Modern Slavery Risks

Our Business Code of Conduct

The Lindt & Sprüngli Business Code of Conduct (“the Business Code”) clearly sets out our core values and expectations for our employees across all areas of our business. It affirms our standards for non-discrimination and ethical behavior. In 2021, we updated the Business Code to integrate our state-of-the-art Speak Up system, which is an important channel for addressing any Code violations or grievance concerns.

We communicate the Business Code to all employees and monitor it through our internal control system.

Group Human Resources (HR) is responsible for managing business integrity in our operations with support from our local subsidiaries. While legal compliance is overseen by our Group Legal Affairs team, primary responsibility resides with the subsidiaries and department leaders.

Our governing documents

Lindt & Sprüngli attaches great significance to responsible corporate behavior. This is reflected in our different group policies, which define the way we do business:

- ▶ Business Code of Conduct
- ▶ Supplier Code of Conduct and Compliance Declaration
- ▶ Health and Safety Policy
- ▶ Environmental Policy
- ▶ Responsible Marketing Policy

Speak Up – our grievance mechanism

At Lindt & Sprüngli, we expect everyone connected to 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 the independent global Speak Up system to encourage employees and third parties to raise any concerns they might have about suspected misconduct, without fear of retaliation. This grievance mechanism is an opportunity for them to safely state and address their concerns about any suspected misconduct within Lindt & Sprüngli, 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 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 permit. Cases reported through the Speak Up Line are investigated on the basis of the Lindt & Sprüngli investigation manual and remediation guidelines. Confirmed concerns are then remediated in accordance with the law. The Speak Up Line was implemented near year end 2021 and consequently, no general findings can yet be reported on the system.

Compliance and respect for fair competition

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



Progress: No deviations

Corruption and anti-competitive behavior

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 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. We offer 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.



Improving livelihoods



Responsible sourcing

Our approach to responsible sourcing considers social and environmental aspects, and it applies to both direct and indirect sourcing. As a chocolate company, however, we prioritise the responsible sourcing of our raw and packaging materials.



Rural development

Our Lindt & Sprüngli Farming Program and other sustainability initiatives for the sourcing of raw materials are our ways of supporting farmers and their families in creating decent and resilient livelihoods.



Why we care

We want to support people along our supply chain in creating decent and resilient livelihoods and enhancing rural development. The farmers, their families, employees and the communities along our supply chain are at the center of our responsible sourcing activities.

The supply of raw materials such as cocoa beans, hazelnuts, and others is essential to the success of our business. The cultivation, processing, and transportation of these raw materials, has significant social and ecological impacts – such as land rights, child labor, climate change, and deforestation. We aim to be a positive presence in the lives of our suppliers and our supply chain partners. We have consulted extensively with these, and other stakeholders who work in our raw material value chains, to develop a responsible sourcing approach that prioritises the need to improve the livelihoods of rural producers, i.e. farmers, their families, employees and communities, and meaningfully contributes to rural development in the regions we source from.

To achieve this, we focus on setting expectations for Lindt & Sprüngli suppliers regarding respect for human rights and upholding environmental, legal, and labor standards; supporting our agricultural communities; reducing the environmental impacts of sourcing raw materials; and ensuring transparency and traceability along our entire supply chain.

Our Improving livelihoods related documents and policies:	▶ Supplier Code of Conduct
	▶ Speak Up Line
	▶ Lindt & Sprüngli Farming Program Theory of Change
	▶ Lindt & Sprüngli Farming Program Verification Guidance
	▶ No-Deforestation & Agroforestry Action Plan
	▶ No-Deforestation Progress Report





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.



Progress 2021: On track

The building blocks of our responsible sourcing approach are:

- ▶ Setting expectations through our Supplier Code of Conduct
- ▶ Supplier assessments using the EcoVadis framework
- ▶ Supplier audits and remediation through our Supplier Sustainable Practice (SSP) Program
- ▶ Responsible sourcing approaches for our priority raw materials
- ▶ Collaboration and support of cocoa farmers through our own Lindt & Sprüngli Farming Program

Our approach considers social and environmental aspects, and it applies to both direct and indirect sourcing. As a chocolate company, however, we prioritise the responsible sourcing of our raw and packaging materials.

Supplier Code of Conduct

Our ▶ Supplier Code of Conduct requires adherence to social and environmental standards by our partners throughout the entire supply chain.

In 2021, we updated the Code to indicate 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.

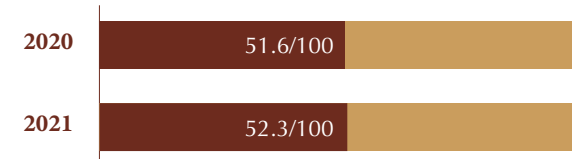
Equally important, we have integrated the Lindt & Sprüngli ▶ Speak Up Line into the Code, which encourages suppliers to confidentially report any concerns they may have about unlawful activities at our sites or violations of the Code, without fear of retaliation.

Supplier assessment

We use the EcoVadis¹ framework to evaluate the sustainability performance of our direct and indirect suppliers of 13 of our major subsidiaries, accounting for the vast majority of our global expenditure with third parties. The assessment is based on 21 criteria and covers four topics:

environment, labor and human rights, ethics, and sustainable procurement. In 2021 we expanded the scale of our assessment from approximately 300 to over 460 scored suppliers, who achieved an average score of 52.3 out of 100, an increase of 0.7 points compared to 2020. For those companies rating lower than 45, we will continue to request corrective actions and reassessments. We will encourage all suppliers to improve performance, and continue our efforts to onboard additional suppliers to the program.

Average EcoVadis sustainability assessment scores of Lindt & Sprüngli suppliers



EcoVadis average 2021: 43.9



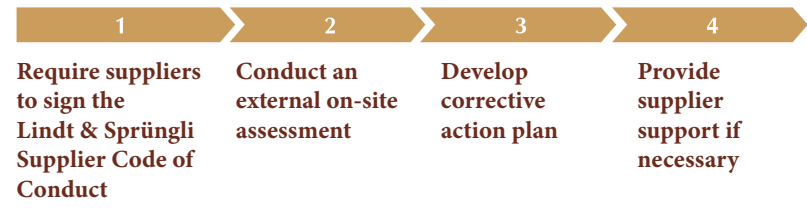
How Lindt & Sprüngli Australia assesses the effectiveness of its actions to Address Modern Slavery Risks in its Supply Chain

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 prioritisation, the SSP Program focuses on packaging suppliers in Asia, who must adhere to our Supplier Code of Conduct.

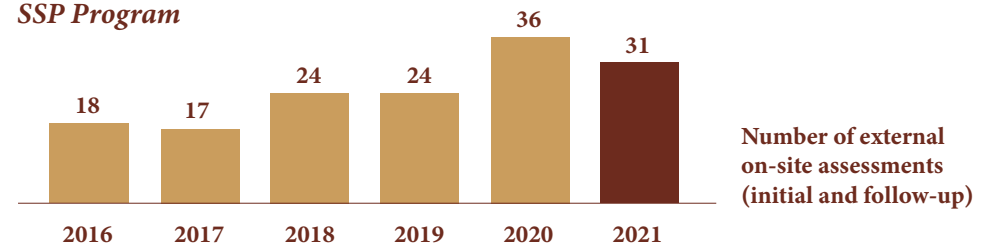
Our proactive approach is designed to encourage long-term improvements and provide targeted development support, such as dedicated advice on environmental best practices for printing operations or advice on worker safety management systems. Depending on their risk profile (and especially the nature of 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



In 2021, 31 suppliers were audited and 25 of them received a positive overall rating. For the remaining six suppliers, detailed action plans were agreed on, which are frequently reviewed off- and on-site. Due to the circumstances of COVID-19, fewer on-site assessments could be carried out compared to last year.

SSP Program

















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 the 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 & paper-based packaging materials, soy lecithin, sugar, and vanilla. These priority materials were defined based on a dedicated raw material risk assessment which considered criteria such as environmental, social and supply chain risks and impacts, as well as buying volumes and stakeholder expectations.

Over the past few years, we have made significant progress on advancing the sustainability of our supply chain, achieving our responsible sourcing goals for hazelnuts, eggs, soy lecithin, and palm oil/palm kernel oil. Over the next four years, we will define a responsible sourcing approach for each of the newly identified materials which will allow us to gradually transition the sourcing of our priority materials in line with our Responsible Sourcing Roadmap 2025. This will enable us to reach our 80% responsible sourcing goal – a commitment that is core to the Sustainability Plan.

While sustainability programs and certifications represent enhanced approaches relative to standard materials, we recognise that they may not guarantee effective management or resolution of underlying causes of all social and environmental topics of potential concern.

Material	Progress in 2021 and goal	Sustainability definition
 Cocoa	64%  100% by 2025	Cocoa beans equivalent sourced through sustainability programs ²
 Cocoa Beans	100%  100% by 2020	Cocoa beans sourced through sustainability programs
 Hazelnuts	100%  100% by 2020	Turkish hazelnuts sourced through sustainability programs
 Palm Oil	100%  100% by 2015	Palm oil (kernel / oil / fractions) sourced RSPO certified
 Soy Lecithin	100%  100% by 2018	Soy lecithin sourced ProTerra certified ³
 Eggs	100%  100% by 2020	Eggs sourced cage-free (or at a higher standard) ³

Traceability is a vital factor for ensuring the transparent and sustainable sourcing of our key raw and packaging materials. The following are **traceability models** 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, but not necessarily traceable back to the origin.

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.

² ICCO conversion rates.
³ Excluding Russell Stover



Hazelnuts

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

100%

Progress 2021: 100% (Commitment achieved)

Hazelnuts⁴ 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 harvest originates, has high risks related to labor conditions. We work closely with our Turkish suppliers to implement programs to improve the economic, agricultural, social, and environmental sustainability of their hazelnut gardens. Our hazelnut sourcing model for Turkey is based on long-term relationships with selected suppliers and a stable farmer base. It is organized around four pillars:

Traceability and farmer organisation

We take a segregation approach, where the hazelnuts we source from sustainability programs are strictly separated from conventional ones.

Training and knowledge transfer

Training is offered to farmers and farm workers. Farmer training includes in-class curriculum dedicated to good agricultural, environmental, and social practices, along with practical training in model gardens. Training for workers is also held in their home villages and focuses on topics such as workers' rights and occupational health and safety.

Farmer and worker investments and community development

We 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 summer schools for workers' children.

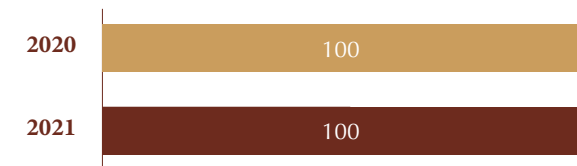
Verification and continuous progress

100% of farmers in our Turkish hazelnut supply chain are internally monitored by our suppliers, whereas 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 2021, we continued to work closely with our Turkish hazelnut suppliers, supporting them in the expansion and improvement of their sustainability programs.

Sustainable hazelnuts



% of Turkish hazelnuts sourced through sustainability programs

⁴ Excludes an immaterial volume of ingredients which contain hazelnuts combined with other materials; Scope expanded from unprocessed hazelnuts to processed and unprocessed hazelnuts (total).



Cocoa

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

64%

Progress 2021: 64% (On track)

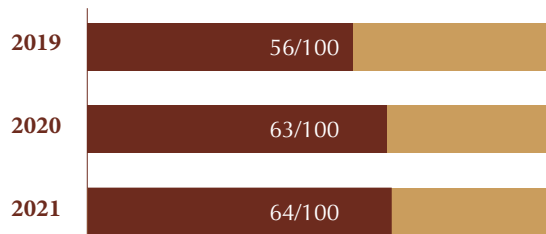
Cocoa is our most important raw material, and we are committed to sourcing it responsibly. We purchase cocoa beans, cocoa butter, cocoa powder, and uniquely for Russell Stover, finished chocolate. Through our cocoa sustainability approach, we aim to improve farmer livelihoods and contribute to farming 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 and in supporting farmers, their families, and the communities along our supply chain in creating decent and resilient livelihoods.

In total during 2021⁵, 100% of cocoa beans were sourced through sustainability programs and we increased our share of responsibly sourced cocoa butter from 33% to 37%. However, because we sourced proportionally more cocoa butter relative to cocoa beans than in the prior year, the total amount of cocoa sourced through sustainability programs increased only modestly to 64% in 2021, up from 63% in 2020. In total, we sourced 144,784 cocoa bean equivalents⁶ in 2021.

We remain on track to achieve our target to source all cocoa products (beans, butter, powder and chocolate) through sustainability programs by 2025.

Traceability and verification of cocoa



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

Path forward: Cocoa and other materials

To achieve our responsible sourcing targets by 2025, we plan to take the following actions:

- ▶ Develop sustainable sourcing approaches for vanilla, sugar and paper supply as the first materials added to the list of priority materials, to be followed by the remaining ones according to our Responsible Sourcing Roadmap.
- ▶ Continue to evaluate and evolve responsible sourcing approaches for existing categories.
- ▶ Define the responsible sourcing approach for cocoa powder and finished chocolate and continue to increase the share of responsibly-sourced butter to achieve the 2025 cocoa target.
- ▶ Further roll out the EcoVadis assessment as our supplier management assessment tool towards covering 80% of our expenditure by 2025.

⁵ All numbers relating to cocoa cover the period from October 2020 to September 2021. This is the official reporting year for cocoa sustainability data.
⁶ This figure is calculated using the conversion factors of the International Cocoa Organisation (ICCO): cocoa butter to beans: 1.33; cocoa powder to beans: 1.18; cocoa liquor to beans: 1.25.

Our cocoa sustainability approach

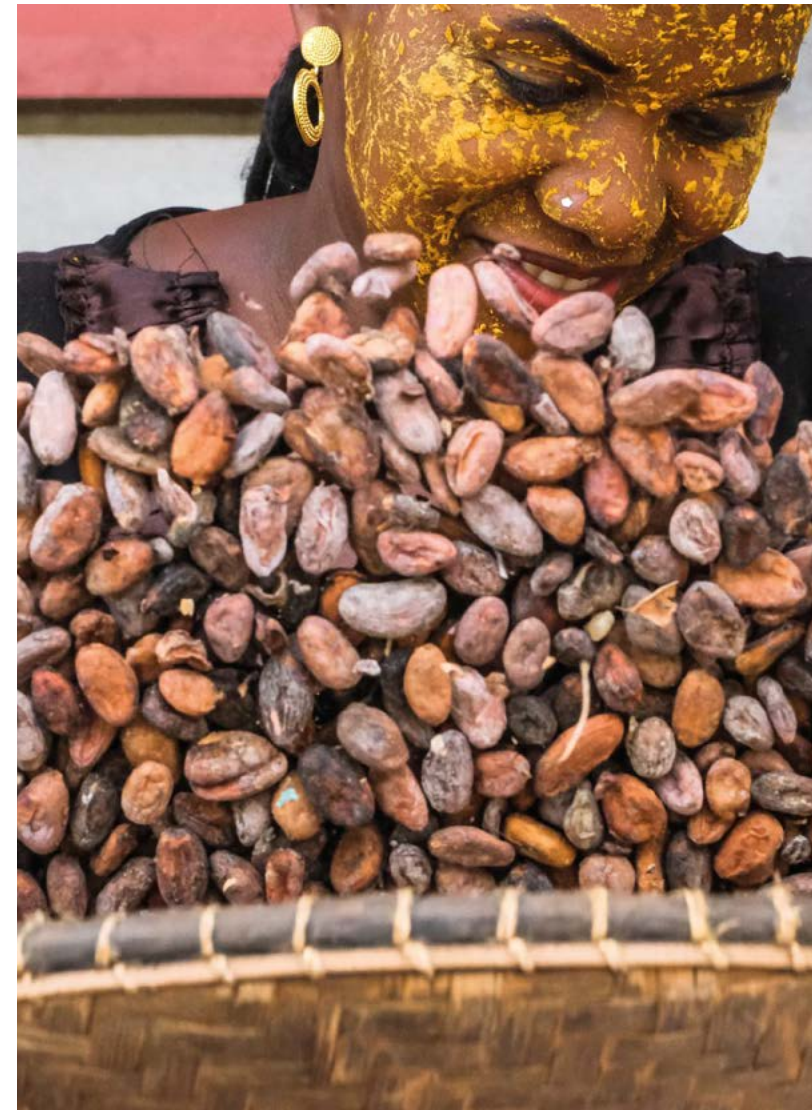
The cocoa sector faces many challenges related to human rights and environmental protection. We are committed to working with relevant stakeholders to advance effective solutions and strengthen our own meaningful contribution to address these issues.

Our commitment to responsible sourcing of cocoa is based on five principles that enable us to deploy an effective program aimed at three outcomes: increasing the resilience of farming households, reducing the risk of child labor, and conserving biodiversity and natural ecosystems.

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. Engaging in collective action through sector initiatives





Pursuing long-term supplier partnerships

Our cocoa sustainability approach is based on selecting committed partners who are willing to collaborate with Lindt & Sprüngli over the long term. We therefore pursue long-term agreements with our suppliers that allow us to purchase from a stable group of farmers participating in the Lindt & Sprüngli Farming Program. This focus 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 Program (see below), also enable us to allocate funds in accordance with our Program priorities, aiming at direct impact on the ground. They also facilitate access to high quality beans for our premium chocolate products.

Deploying our own sustainability Program

Our own cocoa sustainability program, the Lindt & Sprüngli Farming Program (“the/our Program or Farming Program”), is at the heart of our focus area “rural development”, through which we aim to create decent and resilient livelihoods for cocoa farmers and their families and encourage more sustainable farming practices. To achieve this vision, our Program deploys measures to facilitate higher productivity, support diversification of household incomes, improve community infrastructure, reduce the risk of child labor, and address deforestation.

Since 2008, we have implemented the Farming Program in seven origin countries, benefitting a total of 91,559 farmers. After achieving our goal to source 100% of our cocoa beans through the Program in 2020, we also began sourcing some cocoa butter through sustainability programs. In 2021⁷, we extended our Farming Program to include cocoa butter, with plans to scale it up to achieve our 2025 commitment. While some volumes of cocoa butter are already sourced through the Program, others are sourced via third-party sustainability programs and will transition into the Farming Program over the next years.

With the inclusion of cocoa butter and the addition of a new cocoa bean origin in 2021, the Lindt & Sprüngli Farming Program now includes Peru and Côte d’Ivoire for the first time, in addition to Ghana, Ecuador, the Dominican Republic, Madagascar, and Papua New Guinea.

⁷ All numbers relating to cocoa cover the period from October 2020 to September 2021. This is the official reporting year for cocoa sustainability data due to cocoa harvesting season.





Deploying our own sustainability Program (cont.)

To finance our Farming Program, we pay our long-term cocoa suppliers, who are our implementation partners on the ground, a sustainability premium per metric ton of cocoa sourced. This amount covers Program fixed costs, traceability fees, and farmer and/or cooperative premiums. It is paid 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. In 2021, we invested CHF 18.6 million in cocoa sustainability programs, of which CHF 15.1 million was invested in the Farming Program sustainability premiums.

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, production, and processing of cocoa and other raw materials used in chocolate production. In certain cases where we work collaboratively with development partners, the Program is co-funded by public sector donors. We also invest in complementary projects with expert organisations to build the capacity of our suppliers and to pilot new solutions.

We understand that effective solutions require constant adaptation and innovation. Looking forward, we want to increase the scale of the Program to cover our growing volume needs and integrate all cocoa butter programs into the Farming Program. We also want to continuously improve our Program in accordance with the changing environment and new stakeholder expectations, including scaling up proven solutions.



cocoa beans equivalent are sourced through sustainability programs

CHF

18.6 million

invested in the cocoa sustainability premiums

91,559

farmers participating in the Farming Program



Ecuador
Farmers: 8,634
Field staff: 35
Program start: 2014



Peru
Farmers: 850
Field staff: 6
Program start: 2021



Dominican Republic
Farmers: 823
Field staff: 4
Program start: 2018



Côte d'Ivoire
Farmers: 5,462
Field staff: 35
Program start: 2021



Ghana
Farmers: 69,101
Field staff: 484
Program start: 2008



Madagascar
Farmers: 2,388
Field staff: 15
Program start: 2015



Papua New Guinea
Farmers: 4,301
Field staff: 20
Program start: 2017



Establishing traceable and transparent supply chains

Since the establishment of the Lindt & Sprüngli Farming Program in 2008, physical traceability has been the starting point of our sustainable cocoa supply chain.

Traceability from farm to first point of purchase

As part of our Program, all farmers are registered, baseline data – including farm GPS points – is collected, and systems are put in place to establish traceability from farm to first point of purchase. Polygons are required in Ghana, Côte d’Ivoire, and Madagascar, and we are progressively rolling out a requirement that our suppliers use polygon mapping to draw the farm boundaries, which is more accurate than GPS plotting and allows us to better monitor farms for forest protection and traceability. As of 2021, 91,184 of registered Program farmers (99%) had all their farms GPS or polygon mapped.

Traceability along the supply chain up to our factory doors

We believe that physical traceability of cocoa is strongly linked to sustainability. We take a differentiated approach for traceability of cocoa beans and cocoa butter due to their different supply chain characteristics.

For cocoa beans, Lindt & Sprüngli has a fully traceable supply chain based on identity preservation (>see traceability models, p. 19). This means our cocoa beans are fully traceable from the farm to our factory doors, which is facilitated by our bean-to-bar approach to chocolate production. Lindt & Sprüngli is one of few

chocolate manufacturers to adopt such an approach, which allows us to control the entire production process – from the selection and sourcing of cocoa beans to the production of cocoa mass (also called cocoa liquor) and the finished product.

Our partners store and transport Farming Program cocoa beans separate from all other beans they grow, with the cocoa clearly marked and each delivery accompanied by a traceability certificate. This helps ensure that we purchase cocoa beans only from farmers that 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 ensuring that no cocoa is sourced from protected areas or complying with critical sourcing requirements regarding child labor.

Similarly, for our responsibly sourced cocoa butter, we have a physical traceability approach based on segregation (>see traceability models, p. 19). Conventional and sustainable cocoa are strictly separated until the butter batches are delivered to Lindt & Sprüngli.

Over the next few years, our goal is to complete polygon mapping of our Program farmers to ensure traceability from farm to first point of purchase. Regarding supply chain traceability for butter, we aim to scale our share of butter sourced according to the segregation model over the next few years and we are currently working on improving and aligning 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 market.

Continuous improvement based on monitoring and external verification

Our Program builds on a philosophy of continuous improvement. Our monitoring and evaluation approach is 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 maximise our outcomes.

All our cocoa sourced through sustainability programs is externally verified by an independent third-party on an annual basis. For cocoa beans, the external verification is conducted by Earthworm Foundation, based on the Farming Program ► External Assessment Methodology which enables a mutual learning process. The annual external verification results are transparently communicated and published by Earthworm Foundation. For cocoa butter, we currently have different third-party verification schemes in place, and we are working on standardising these.

In the coming years, we aim to strengthen our monitoring and evaluation approach to improve transparency in reporting and understanding of our achievements and

challenges. We further aim to begin measuring the effectiveness of our Program in a way that informs its overall design, while assessing our impact on the ground more systematically.

Engaging in collective action through sector initiatives

We are aware that individual stakeholders' ability to drive systemic change is limited. That is why we collaborate and engage in various multi-stakeholder initiatives. These include ► partnerships and participation in international initiatives such as the ► Sustainable Cocoa Platforms (ISCO's), landscape-level partnerships, and working with third-party organisations in farming communities to pilot new solutions locally. As part of the work on no-deforestation and agroforestry, we became a Cocoa & Forest Initiative (CFI) signatory, a partnership between government and companies to protect and restore forests, support sustainable production and farmer livelihoods, and ensure community engagement and social inclusion.

We plan to strengthen our participation in multi-stakeholder initiatives in recognition of the increasing importance of mutual learning and exchange of best practices, sector alignment, and innovation.

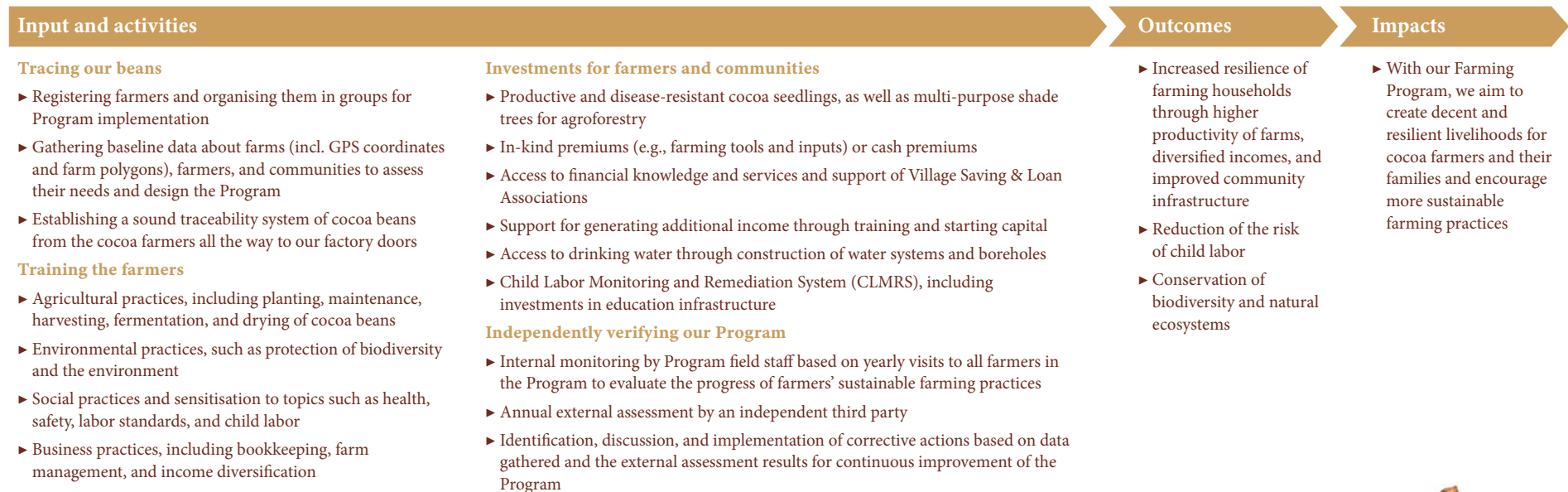




Theory of Change

The Lindt & Sprüngli Farming Program is based on a Theory of Change that outlines our intervention logic, including the activities, outcomes, and desired impact of the Program. The Program design has evolved since its establishment. It is also adapted to each cocoa origin's local context to address the needs of farmers and their communities. We have made good progress toward the desired outcomes described below⁸: increased resilience of farming households, reduction in the risk of child labor, and conservation of biodiversity and natural ecosystems. In the following sections, we describe our approach in more detail.

Theory of Change framework



⁸ While we have standardised progress tracking for our Farming Program for cocoa beans, we are preparing to integrate the cocoa butter Program into the monitoring system of our Farming Program.





Increased resilience of farming households

Our Program contributes to building resilient livelihoods for farmers and their families, and communities through a holistic approach to increase net income. We tackle this by increasing productivity (yield per hectare), diversifying household incomes, providing farmers with cash and in-kind premiums, and investing in community infrastructure. The goal is to help address poverty, which is the systemic root cause of many sustainability challenges in the cocoa sector.

Increasing productivity

The starting point of the Farming Program is training and knowledge transfer. We provide group training and individual coaching to farmers to improve their adoption of good agricultural, social, environmental, and business practices. During coaching sessions based on farm development plans (FDPs), farmers receive tailored advice and recommendations, which should increase adoption rates for good agricultural practices. In 2021, 599 field staff working for the program delivered training to 85,810 farmers and coaching to 21,453 farmers.

Additionally, we invest in farming resources and farm services. Farmers are supported with access to fertilizer,

productive and disease-resistant cocoa seedlings, shade trees, and farming equipment such as cutlasses and wheelbarrows. For example, 563,789 cocoa seedlings were distributed for farm rehabilitation. We are scaling up deployment of pruning groups to address a lack of labor in Ghana. This provides an opportunity to bridge the labor gap to improve farm management practices, while providing employment opportunities for youth in rural areas and helping to address one of the root causes for child labor.

Farmer premiums

We recognise that the price of cocoa is an important element to a sustainable cocoa sector. In addition to the market price, suppliers receive money to provide cash or in-kind premiums to farmers in the Lindt & Sprüngli Farming Program as part of our investments in sustainability programs. 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 full LID pricing and will continue to do so.

As part of smaller projects, we have begun working with our implementation partners to pilot premiums based on environmental performance.

Performance-based payments, including Payments for Environmental Services (PES), promote adoption of agroforestry systems. However, 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).



6,554,630

improved cocoa seedlings distributed since the start of the Program (with 563,789 improved cocoa seedlings distributed in 2021)



599

field staff in the Farming Program



Income diversification

Income diversification is key to promoting women's empowerment and closing the living income gap of smallholder cocoa households. We therefore train our 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. In 2021, we trained 6,830 individuals in additional Income Generating Activities (IGA) and since the start of the Program, 27,336 have adopted non-cocoa additional livelihood opportunities, 8,535 of whom are women. These opportunities include food crops and vegetable gardens, pig farming, poultry, and bee keeping, depending on the local context.

In addition, we have facilitated the establishment of 218 Village Saving and Loans Associations (VSLA's) involving 5,324 farmers. VSLAs are a simple, accessible way to help individuals – especially women – and communities learn about saving, borrowing and investing responsibly. Typically, members do not have their own bank accounts or are unable to qualify for a loan through traditional financial providers. VSLA loans are based on trust


among group members and can, for example, be used to start small businesses to diversify incomes.

Investments in community infrastructure

Through the Farming Program, we not only invest in supporting individual Program farmers, 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 2021, we refurbished seven schools in Madagascar as part of the Farming Program. We maintained 211 drinking water systems and boreholes built in prior years and built 13 new ones. In total, approximately 133,000 community members now benefit from these investments in water infrastructure. Over the coming years, we plan to support more farmers with coaching and tailored advice, and to increase our investments in income diversification and community development activities. As we gain a better understanding on what works across different supply chains, we will scale best practices across our Farming Program.

27,336

individuals participating in Income
Generating Activities (IGA)

 5,324

members of Village Savings and Loan Associations



~133,000

community members benefit from

224

drinking water systems and boreholes built and
functioning since the start of the farming program



Reduction of 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)

57%

Progress 2021: 57% (On track)

Child labor is a widespread systemic issue deeply rooted in poverty, lack of awareness, a shortage of adult labor, and few educational facilities. Lindt & Sprüngli strongly condemns all forms of child labor. Tackling child labor is a priority and we are firmly committed to avoiding and remediating it in our cocoa supply chain. 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 Lindt & Sprüngli Farming Program in countries of origin that have a risk

of child labor are expected to effectively protect children's rights along our supply chain. We consider Ghana, Côte d'Ivoire, Madagascar, and Papua New Guinea child labor risk countries in our cocoa supply chain. 100% of cocoa from child labor risk countries will be sourced from farming households covered by a Child Labor Monitoring and Remediation System (CLMRS) by 2025. A CLMRS includes training and awareness-raising for farming households and community members, as well as monitoring and remediation of child labor.

To provide clear guideline to our suppliers, we have developed a guidance document describing our holistic interpretation and operationalisation of the CLMRS in the Farming Program, called the Community Child Protection System (CCPS). While not a new method, the CCPS formalises and systematises a streamlined approach in addressing child labor across all our suppliers for the first time. In 2021, we completed an external stakeholder review of the CCPS implementation guidance document, developed a monitoring and reporting methodology, and began capacity building of Program staff at the supplier level.

Introducing the Community Child Protection System (CCPS)

For Lindt & Sprüngli, the effective prevention of child labor requires full protection of children's rights, involvement of community leaders and members, holistic interventions, and close collaboration with relevant stakeholders including public institutions. It should also provide a framework for individual case management as well as systemic preventive measures. Based on these considerations, the CCPS aims to reduce the risk of child labor through three interventions:

- ▶ Individual farmer and community-awareness building
- ▶ Resilience building for Farming Program farmer households and community members through holistic preventive measures
- ▶ Monitoring, identification, and remediation of cases of child labor

Introducing the Community Child Protection System (CCPS) (cont.)

These interventions are implemented based on a dual approach to protecting children's rights: combining 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.

Prevention, monitoring and remediation of child labor cases in the supply chain

As an initial preventive measure, child labor is part of the mandatory sensitivity training curriculum and a minimum requirement of the Farming Program. Beyond this, Program farmers receive access to farm services through pruning groups, as well as support to increase and diversify their net incomes and improve their resilience. For identification of child labor within our supply chain, the CCPS foresees that Farming Program households with a risk of child labor must receive unannounced child-labor focused monitoring visits. In 2021, 8,491 unannounced child-labor focused monitoring farm visits were conducted, which identified 87 cases with evidence of child labor within our own supply chain. All these cases are either successfully remediated or are in the process of being remediated. Our individual case management system includes remediation support for concerned families to address the immediate issues of children in need, in combination with follow-up visits.

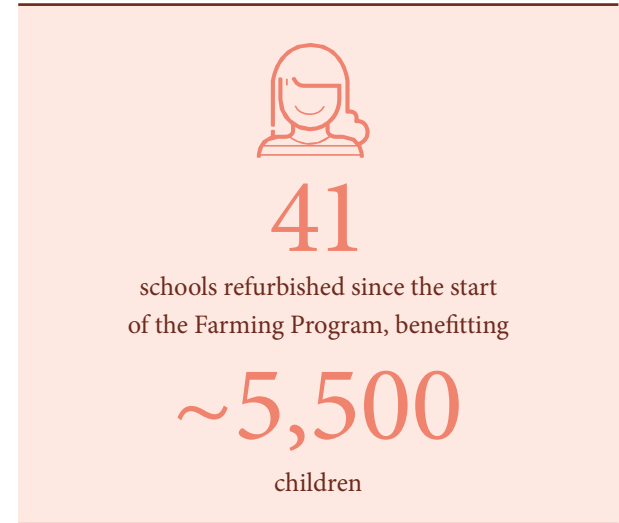




Monitoring and remediation through community based preventive interventions

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, we guide suppliers to support more systemic preventive, community-based measures. Sensitising communities and supporting community child protection committees are first-step preventive measures. We anticipate basing our farmer and community investments on risk profiling of communities and households to further build resilience and serve the households and communities most in need. Particular attention will be given to continued investments in school-based interventions, including investments in education infrastructure. To date, we have built and refurbished a total of 41 schools benefiting approximately 5,500 children. Finally, we will help establish community-level monitoring, which will include a grievance mechanism managed by community child protection committees supported by the Farming Program.

Over the coming year, we will conclude the supplier capacity building and fully implement the CCPS across our supply chains, together with our suppliers. Additionally, we foresee the need to finalise community and household risk profiling and to perform detailed planning for preventive community-based investments over the next few years.



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

Lindt & Sprüngli Australia Pty (Ltd) Modern Slavery Statement was prepared by its Procurement Manager.

It was reviewed by Lindt Australia's Operations Director and CEO.

Lindt & Sprüngli Australia's Chairman authorises with signature.



Appendix

This statement has been prepared in accordance with the Australian Modern Slavery Act 2018 (Cth).

The below table outlines where Lindt & Sprüngli has met the requirements for each mandatory reporting criteria

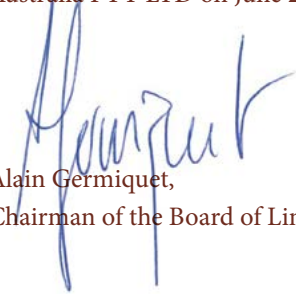
Australian Modern Slavery Act mandatory reporting criteria	Modern Slavery Statement 2021
Identify the reporting entity	Reporting Entity (page 4)
Describe the structure, operations and supply chains of the reporting entity	Lindt Australia's Structure, Operations and Supply Chain (pages 6-8)
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	The risks of modern slavery practices in operations and supply chains (pages 9-12)
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Actions taken by reporting entity to assess and address those risks (pages 13-17)
Describe how the reporting entity assess the effectiveness of such actions	Explain how the reporting entity assesses the effectiveness of such actions (pages 18-33)
Describe the process of consultation with any entities that the reporting entity owns or controls	The involvement and process of those involved (pages 34)
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	Introduction (page 5) Describe any other information the reporting entity considers relevant (page 36)

The Lindt & Sprüngli annual Sustainability Report is the central means of communication on the progress we are making in implementing our Sustainability Plan, which focuses on the social and environmental issues which are most affected by our business activities, are most significant to our stakeholders, and on which we can have the greatest possible impact. For additional information on our plan, goals, measures and progress, please see the 2021 Sustainability Report available online at <https://www.lindt-spruengli.com/sustainability>.



Modern Slavery Statement Approval

- This document has been approved by the board of Lindt & Sprüngli Australia PTY LTD on June 24th, 2022.



- Alain Germiquet,
Chairman of the Board of Lindt & Sprüngli Australia PTY LTD.





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