

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Sustainable and socially responsible action is firmly rooted in Lindt & Sprüngli's corporate philosophy and an important prerequisite for the company's long-term economic success. This major issue and all the related aspects are therefore dealt with at the most senior management level. They are also monitored by a Board of Directors' committee.

→ Corporate Governance Chapter,
Corporate Social Responsibility Committee, page 35

The company has also formulated clear guidelines in this area which are published in a separate chapter on the Lindt & Sprüngli website where they can be consulted by all the stakeholders at any time.

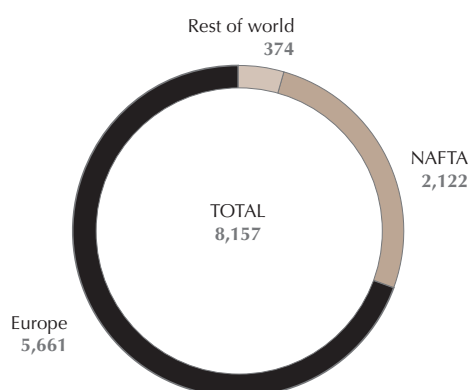
www.lindt.com/csr

Site policy — The group of companies has been firmly committed to its Kilchberg site since the factory was built in 1898/1899. This facility has been constantly expanded for well over 100 years. In the past 20 years, two further sites were built and later extended in Olten (cocoa mass production) and Altendorf (logistics). Chocoladefabriken Lindt & Sprüngli (Schweiz) AG is not only the biggest exporter within the Group which supplies cocoa mass to the sister companies in Germany and Italy, and exports finished LINDT products to European countries and overseas, but is also the biggest em-

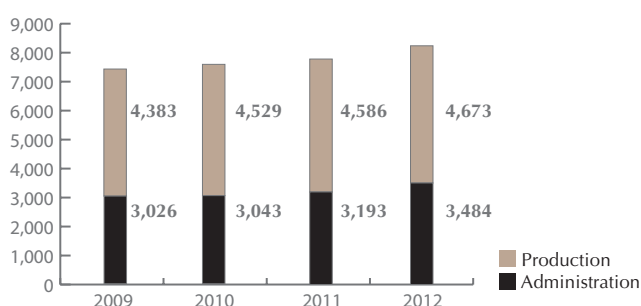
ployer on the left bank of Lake Zurich. To safeguard future growth, geographical expansion plays a particularly important role and is driven forward by the incorporation of its own organizations. In the financial year 2012, new subsidiary companies were inaugurated in Shanghai, China, and in Moscow, Russia. As a result the company currently has more than 20 independent groups and its own regional representations all over the world.

Personnel — In the year under review Lindt & Sprüngli employed 8,157 people worldwide. These staff members are outstanding in their professional expertise, dedication, and high degree of identification with the products and the company itself. Staff turnover is low and the resulting loyalty particularly high. The Group sets great store by its core values such as trust, fair play, team spirit, and mutual respect. These values are firmly anchored in the corporate credo. Employee satisfaction holds the key to the Group's long-term success. To obtain a general idea of staff sentiment, an anonymous employee survey has been conducted at regular intervals since 2004. A survey of this kind was held for the fourth time in 2012, and achieved an above-average response rate of 82 percent. The survey clearly showed that a majority of the employees are strongly committed to Lindt & Sprüngli as an employer; their degree of identification both with the company and with the brand is very high. Feedback on the

NUMBER PERSONNEL GLOBAL



DEVELOPMENT PERSONNEL GLOBAL



following points was particularly favorable: attractive and varied job content, pleasant working climate and management attitudes of the particular line managers. In line with the policy of training staff for future responsibilities, the number of training places is constantly being increased and extended to include new specializations. In recent years, an international 18-month trainee program for food technologists and business management students has been built up in various areas. As independent surveys regularly confirm, Lindt & Sprüngli (Schweiz) AG is one of the country's most popular employers.

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

Consumers — As the number of consumer enquiries has risen constantly over the years and great importance is attached throughout the business to consumer care extending beyond product purchases, a specific Customer Relationship Management system (CRM) was implemented in 2009. Since 2011 this system has enabled all enquiries to be recorded centrally worldwide and answered efficiently. In the year under review, a total of some 70,000 enquiries reached headquarters and the subsidiary companies all over the world. The topics dealt with are particularly varied and range from general product information to complaints, suggestions and sustainability issues.

Supplier Code of Conduct — Lindt & Sprüngli is committed to ethical and socially responsible company management. The same conduct is also expected from all our suppliers; by signing the “Suppliers’ Code of Conduct” they give a written undertaking to comply with the laws and regulations concerning working conditions and the environment. This code is binding and compliance by various suppliers is verified from time to time on a random sample basis by an external team of experts. In addition, since 2010 Lindt & Sprüngli has undertaken to comply with the UN Global Compact directives. These are based on ten principles in the areas of human rights, working standards, environmental protection, and prevention of corruption.

 <http://www.lindt.com/swf/eng/company/social-responsibility/policies/policies/#c3775>

Environment — The Group's environmental guidelines are extensive and aim to safeguard the long-term conservation and regeneration of ecological resources. This is done for example through ongoing internal energy-saving projects and by participation in international initiatives such as the “Carbon Disclosure Project”. In 2002, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG entered into a voluntary agreement with the Swiss Federal Office for the Environment with a view to assuring compliance with the Kyoto Protocol objectives. Efforts made to generate and implement measures leading to efficiency improvements or energy savings enabled these criteria to be exceeded by a substantial margin. At the end of 2012, the aim set for CO₂ emissions was even exceeded by an absolute figure of some 30 percent. The data recorded in this way formed the basis for the future efforts of the group to achieve a further reduction of CO₂ emissions.

Social Commitment — All the subsidiary companies belonging to the Group make numerous regular donations to local organizations, association and social schemes. Particular importance attaches here to the project partnership launched in the previous year between Lindt & Sprüngli and the Roger Federer Foundation in favor of a promotional program of winter assistance for deprived children in Switzerland.

SUSTAINABLE COCOA CULTIVATION

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

However, the quality of cocoa procurement at Lindt & Sprüngli has several different facets and is not simply confined to certain flavor features or impeccable fermentation processes. Sustainability aspects involving responsible and socially compatible cocoa growing are at least equally important. The traceability of the cocoa beans used back to their origin forms the basis for the Lindt & Sprüngli concept of sustainability. The “Ghana Traceable” project has therefore been implemented in cooperation with Armajaro and Source Trust since 2008. Lindt & Sprüngli is not just one of the founding members of this purchasing model, but also by far the largest buyer of traceable cocoa beans from Ghana in this context. Each sack of cocoa beans from Ghana can therefore be traced back to the village community of the particular growing district. Close contacts maintained by our partners Armajaro and Source Trust with the farmers who supply our cocoa beans on site enable a deep understanding of local social conditions to be gained. In this way we are able to respond to any socially reprehensible practices such as child labor.



Traceability of cocoa back to its source is the foundation of the Lindt & Sprüngli sustainability concept.

The additional premiums paid by Lindt & Sprüngli as part of this purchasing model are employed locally for specific purposes and make an effective contribution to the improvement of farmers' living conditions and earnings.

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

 www.sourcetrust.org

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

For quality reasons, Lindt & Sprüngli cannot dispense with comprehensive control of every single production stage or the procurement of cocoa beans based on our own selection criteria. That is why we ourselves accept responsibility for the socially compatible and sustainable handling of the principal raw material, cocoa; we do not leave this task to the familiar sustainability seals. With our procurement model in Ghana, we have demonstrated our dedication to these values in our own particular way. We have undertaken to communicate this action in transparent and detailed terms to the public, and to adopt a road map for the attainment of our objectives which is published on our website.

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

 www.lindt.com/csr



Addea-Manu Augustine, aged 57, cocoa farmer: “We are very grateful to LINDT and Source Trust for our new water supply. The water is now much cleaner and has greatly improved the health of the whole community.”

Project type	Total since 2008
Trained farmers	3609
Schools	1
Nurseries	1
Boreholes	102
VRCs	21
Moskito nets	38 600
Farmer shop	1



Joseph Albert Appiah, aged 55, school principal: “The Village Resource Center enables us to give our pupils IT training which is so important nowadays.”