



LINDT & SPRÜNGLI

LINDT & SPRÜNGLI (CANADA), INC.

RC. 139979413

and

CHOCOLADEFABRIKEN LINDT & SPRÜNGLI AG

CHE-102.232.125

FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS REPORT

2023

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

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Our reports are available online:

Lindt & Sprüngli and Lindt Canada Forced Labour & Child Labour Report 2023: <https://www.lindt.ca/en/child-labour-and-forced-labour-report>

Lindt & Sprüngli Group Sustainability Report 2023: <https://reports.lindt-spruengli.com/sustainability-report-2023>

Purpose

This Report is made pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act requirement in Canada.

The reporting entities are Chocoladefabriken Lindt & Sprüngli AG, Switzerland (as a Group together with its subsidiaries **Lindt & Sprüngli**) and Lindt & Sprüngli (Canada) Inc. (**Lindt Canada**), a fully owned and controlled subsidiary of Chocoladefabriken Lindt & Sprüngli AG. Unless stipulated otherwise, all references to *we, us, our* are references to Lindt & Sprüngli.

Lindt & Sprüngli's Sustainability Report 2023 is the primary annual public report on the Group's human rights due diligence efforts, action plans, and progress. For additional comprehensive information, refer to the Sustainability Report 2023 available online at <https://www.lindt-spruengli.com/sustainability/reports>.

This report provides details on efforts, action plans and progress to identify and address the risks of forced labour and child labour in the operations and supply chains of Lindt & Sprüngli and Lindt Canada.

Lindt & Sprüngli and Lindt Canada strongly condemn all forms of child labour and forced labour and are committed to respecting human rights in our own operations and supply chain. We understand that forced labour and child labour are persistent and complex challenges and combating them is an ongoing process. It requires intense, continuous, and collaborative efforts from all stakeholders active in the sector. For the Lindt & Sprüngli Group, addressing forced labour and child labour is a priority and we are firmly committed to avoiding it whenever possible.

A. Corporate Structure, Activities and Supply Chains

Reporting Entity

This report has been prepared in accordance with section 11 of the Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the **Act**). It sets out the steps taken by Lindt & Sprüngli and Lindt Canada to prevent and reduce the risk of forced labour or child labour in our business and supply chains during the 2023 financial reporting year January 1, 2023, to December 31, 2023.

The reporting entities are **Chocoladefabriken Lindt & Sprüngli AG**, Seestrasse 204, 8002 Kilchberg, Switzerland, and **Lindt & Sprüngli (Canada) Inc.**, 900-181 University Avenue, Toronto, ON, M5H 3M7, Canada. Phone +1-866-374-1914. Lindt Canada is a fully owned and controlled subsidiary and sole Canadian entity of Lindt & Sprüngli. Lindt & Sprüngli has been enchanting the world with chocolate for over 175 years. The traditional Swiss company with its roots in Zurich is a global leader in the premium chocolate category. The Lindt & Sprüngli Group produces quality chocolates today at its 12 own production sites in Europe and the USA. They are sold by 36 subsidiaries and branch offices, in around 520 of its own shops as well as via a network of more than 100 independent distributors around the globe. With more than 14,500 employees, the Lindt & Sprüngli Group reported sales of CHF 5.2 billion in 2023.

Lindt Canada's main activities include importing, packaging, sales and distribution of Lindt & Sprüngli premium chocolates for consumption. Located in Mississauga, Ontario is the Operation Center where chocolates are stored, packaged and distributed, while the Corporate Head Office is in Toronto, Ontario.

Lindt Canada employs approximately 340 employees and engages third party labour providers to supply services in retail stores, merchandizing and logistics operations. Lindt Canada operates under the Lindt & Sprüngli Group framework, policies and procedures, but implements local laws, regulations and statutory requirements where applicable ensuring compliance through additional local policies and procedures.

Structure

Lindt & Sprüngli's top management, including the Board of Directors (**Board**) and Group Management, deals with issues related to sustainability (including forced labour and child labour as part of human rights issues), reflecting the significance of sustainability impacts, risks and opportunities to the Lindt & Sprüngli Group. The Sustainability Committee of the Board of Lindt & Sprüngli guides the Board in setting the strategic direction and sustainability targets for company activities, as well as in aligning financial interests, business strengths, and social and environmental interests. The Group Management, represented by the CFO, is responsible for the implementation of the Board's strategic sustainability decisions. The CFO manages the Head of Group Sustainability, who in turn chairs the Sustainability Leadership Team, a body consisting of different functions. This team, supported by the Group Sustainability department, meets every two to three months and is responsible for steering the implementation of our Sustainability Plan. The Lindt & Sprüngli Human Rights Working Group (HRWG) is a cross-functional sub-committee of the Sustainability Leadership Team. It is chaired by the Human Rights Officer and composed of senior representatives of Cocoa Sustainability, Global Procurement, Group Human Resources, Global Environmental Health & Safety, and Group Legal Affairs. Together, the working group 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. The HRWG meets quarterly to maintain the strategy, oversee performance, and review and guide appropriate action in response to human rights risks. Each Group department integrates sustainability into its activities and responsibilities and liaises with its respective counterparts at Lindt & Sprüngli subsidiaries. The subsidiaries designate an employee to serve, in part, as a sustainability contact person to help ensure end-to-end communication between the Group and the respective subsidiary. This is in addition to subsidiary staff responsible for integrating sustainability throughout the business.

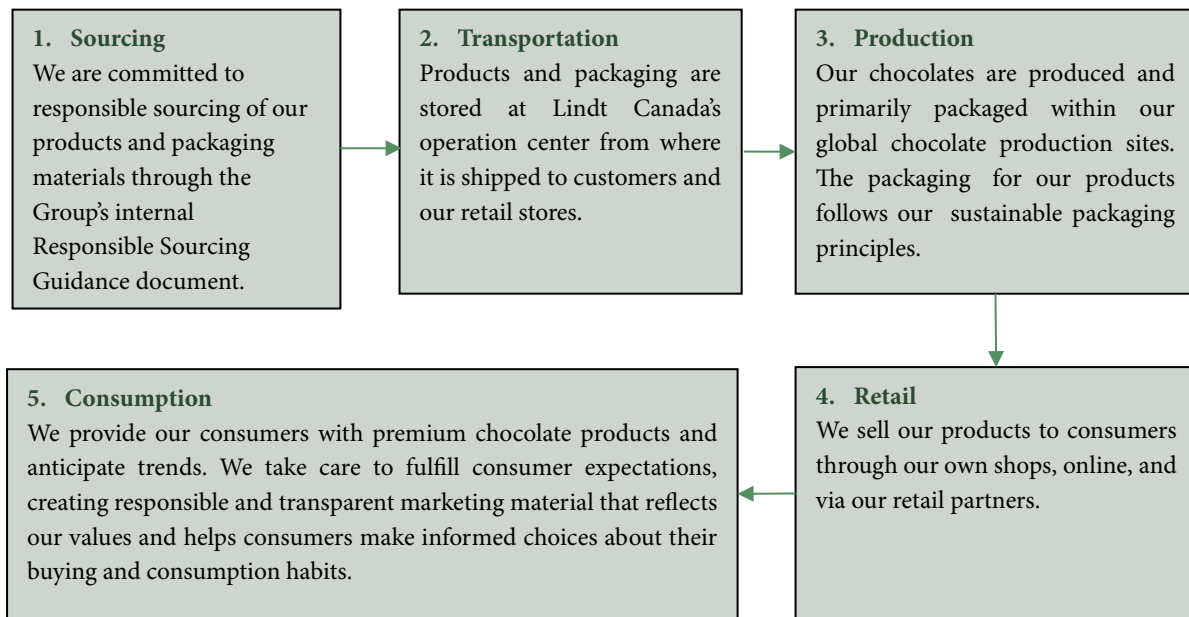
The President and CEO of Lindt Canada has total responsibility for the day-to-day running of Lindt Canada. The CEO is aided by members of the Executive Committee including VP Supply Chain, VP Finance & IT & CFO, VP Retail and other senior executives.

At Lindt Canada, the VP of Supply Chain has the executive responsibility for leading activities pertaining to human rights topics, including the Act. In the reporting period, the Health, Safety and Sustainability Manager working with a

multifunctional group had the responsibility to coordinate the day-to-day activities to deliver on the human rights policies, strategies, and targets. In 2024, an additional role of “sustainability manager” will be created to ensure increased focus on sustainability issues including on human rights.

Activities and Supply Chain

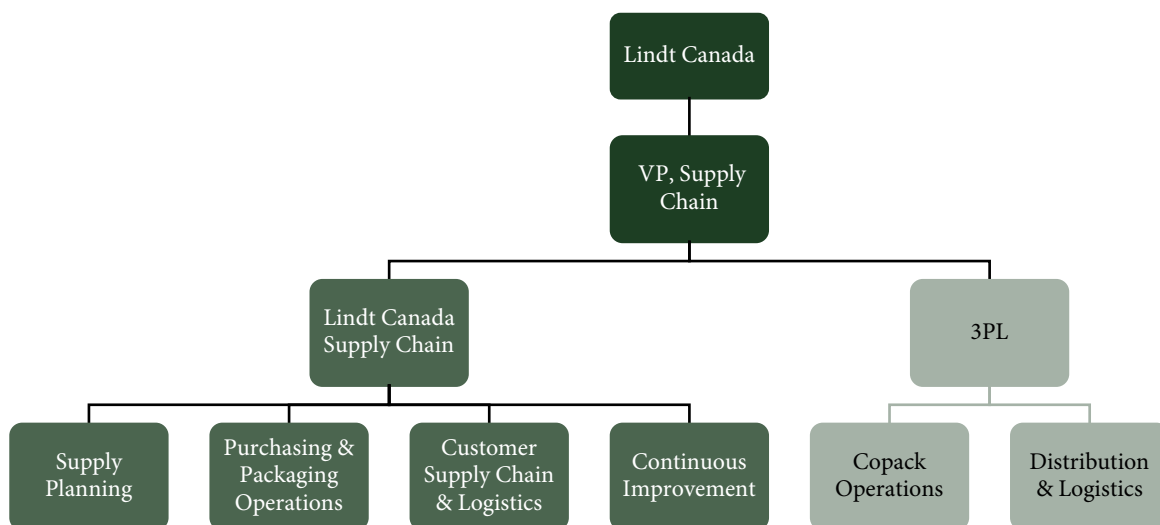
Lindt Canada sources its products and inputs through Lindt & Sprüngli’s responsible sourcing framework. Other services and inputs not available through Lindt & Sprüngli’s global sourcing framework are procured locally, such as packaging materials, waste services, transportation and cleaning. Lindt Canada has 48 retail stores and ships products to about 1,500 locations across Canada.



Lindt Canada’s supply chain activities include sourcing and importing of chocolates from other Lindt & Sprüngli companies, transportation, storage, packaging and distribution of premium chocolates.

Lindt Canada engages third-party logistics (3PL) vendors locally to manage the operation center and the storage and distribution of packaging materials. The operation center located in Mississauga, Ontario, operates 24/7 ensuring fair working hours and conditions. Staffing requirements range from 70 in low season to 450 people in peak period.

The VP of Supply Chain at Lindt Canada has the responsibility for leading activities within the supply chain, including implementing Lindt & Sprüngli’s responsible sourcing approach and 3PL.



B. Policies and Due Diligence Process

Upholding business integrity and respecting human rights is fundamental to how Lindt & Sprüngli operates. We focus on the interests of our own employees, workers within our supply chain, and any other persons whose lives may be impacted by our business activities or those of our supply chain. Environmentally and socially responsible corporate behaviour goes toward ensuring that human rights issues arising along global value chains – such as discrimination, land rights, child labour, forced labour, the right to health and impact of environmental damage on humans – can be effectively addressed.

We are committed to being compliant with applicable legal and regulatory requirements concerning business integrity and human rights, as well as with our own Group policies. We demand that our suppliers conduct their business in compliance with all applicable laws, regulations, and standards. We foster a strong corporate culture characterized by honesty, respect, and integrity. This is reflected in our Values Framework and a range of Group policies that define the way we do business. We have a comprehensive system in place, for anyone working for or engaging with us, to voice concerns related to business integrity and human rights.

Policies

Lindt & Sprüngli is committed to conducting business in an ethical and socially responsible manner, placing high value on respecting human rights and international labour standards. This is reflected in the following active and publicly accessible Lindt & Sprüngli Group policies:

- The [Lindt & Sprüngli Business Code of Conduct](#) affirms our standards for non-discrimination and ethical behavior for all employees. In 2022, we integrated our commitment to respect human rights into the Business Code of Conduct. This also refers to our Speak Up system, an important channel for addressing any Code violations or grievance concerns.
- The [Lindt & Sprüngli Human Rights Policy](#) articulates our commitment to respect human rights. This entails implementing a due diligence process aimed at identifying, preventing, mitigating or ceasing adverse human rights impacts and environmental impacts throughout the organization and our supply chain.
- The [Lindt & Sprüngli Supplier Code of Conduct \(Supplier Code\)](#) sets out what we expect of our suppliers with regard to compliance with laws and regulations, corruption and bribery, social and working conditions, and protection of the environment. The Supplier Code reinforces our commitment to respect human rights, as outlined in our Human Rights Policy and prohibits the use of forced labour and child labour.
- The [Speak Up Policy](#) outlines how an employee or third party can raise any concerns they might have about suspected misconduct, without fear of retaliation. This is a channel for people 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, laws, or policies under which we operate. Our Speak Up Line is open to individuals, community representatives, and organizations, including potentially or currently affected stakeholders. This embraces, but is not limited to, employees and workers at Lindt & Sprüngli companies, our suppliers and business partners, and community members. Lindt Canada includes information on the Speak Up policy in our onboarding program for new employees.
- The [Child Labour Monitoring and Remediation System \(CLMRS\) Guidance Document](#) for cocoa suppliers was launched in 2021 and describes more specifically our expectations of, and proposed approach to, the prevention, monitoring, and remediation of child labour in the cocoa supply chain as part of the Lindt &

Our Governing Documents

- ❖ Business Code of Conduct
- ❖ Human Rights Policy
- ❖ Supplier Code of Conduct and Compliance Declaration
- ❖ Speak Up Policy
- ❖ Child Labour Monitoring and Remediation System (CLMRS) Guidance Document for Suppliers

Sprüngli Farming Program. The **CLMRS** is a means of targeting prevention, mitigation and remediation assistance to children involved in, or at risk of, child labour, as well as to their families and communities.

Due Diligence Process

Lindt & Sprüngli is committed to conducting ongoing human rights due diligence. The Lindt & Sprüngli Human Rights Policy outlines the scope of our commitment, our salient issues, how our actions to respect human rights and address our salient issues are integrated into our business, our remedy and grievance mechanisms, and governance. The aim of our human rights due diligence process is to identify, prevent, mitigate, or cease adverse human rights impacts (such as forced labour and child labour) and environmental impacts throughout the organization and our supply chain. Through our due diligence process, we address our salient human rights topics such as child and forced labour in the supply chains.

Lindt & Sprüngli's actions to respect human rights and addresses our salient issues are integrated into our business on an ongoing basis, including through:

- Policies
- Targets and action plans
- Training and capacity building
- Responsible sourcing approach
- Audits and corrective actions
- Collective action and multi-stakeholder initiatives



C. Risk Assessment

Lindt & Sprüngli conducts an annual risk analysis, where we identify, weigh, and prioritize human rights and environmental risks in our operations and direct and indirect (tier 2+) supply chain using a purpose-built tool. We consider the severity (scope, scale, and irremediability) and likelihood of thematic risks, their relevance to business units and supply categories (based on industry knowledge, risk reports, and reported grievances if any), and geographic risks, with input from 27 third-party indices. Our assessment of risks is informed by specialty risk assessments, concerns raised through our grievance mechanism, and engagement with stakeholders.

There are human rights issues that are particularly relevant to Lindt & Sprüngli business, industry, and supply chains. Among the broader human rights issues identified, we prioritize the following:

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

The Parts of The Business and Supply Chains That Carry a Risk of Forced Labour or Child Labour

Lindt & Sprüngli is a chocolate manufacturer with production operations in well-regulated countries in Europe and North America, distribution operations around the world, and global sourcing. Accordingly, severity and prevalence of salient issues in our supply chain tends to be greater in our indirect (tier 2+) supply chain in the sourcing and processing of goods and services, such as raw materials.

Forced Labour

Lindt Canada sources its products from Lindt & Sprüngli companies with production operations in well-regulated countries in Europe and North America. Forced or compulsory labour was not identified as a significant risk in the own operations of Lindt & Sprüngli. We nevertheless strive to have good internal controls. Examples of this are providing contracts to employees with the terms and conditions of employment, supplementing our workforce in peak seasons with contract workers via reputable labour agencies, and ensuring workers with foreign nationalities are legally, fairly, and voluntarily employed. Supply chain service areas such as logistics and construction are considered to have a risk of forced or compulsory labour. Additionally, we have identified a risk in the indirect (tier 2+) supply chain of some raw materials (including cocoa, vegetable fats and oils, sugar and hazelnuts), as well as packaging and IT hardware (for example in factories in Asia). For related preventive and mitigation actions see our Responsible sourcing approach in the Sustainability Report 2023 and below under *Supplier Assessments* and *Supplier Audits and Remediation*, including SSP audits of indirect Asian packaging suppliers and raw material-specific certifications and sourcing approaches.

Child Labour

Lindt & Sprüngli strongly condemns all forms of child labour. In agricultural value chains, especially in the cocoa sector in West African countries, child labour is a persistent and complex challenge. It requires intense, continuous, and collaborative efforts from all stakeholders active in the sector. At Lindt & Sprüngli, addressing child labour is a priority and we are firmly committed to avoiding it whenever possible. This is a key focus of the Lindt & Sprüngli Farming Program (see below *Risk Management*) in our cocoa supply. The most relevant risk of child labour is the indirect (tier 2+) supply chain of raw materials. This includes the sourcing of cocoa from West Africa, Papua New Guinea and Madagascar, coconuts and coconut oil for example from the Philippines, hazelnuts from Türkiye, palm oil from Indonesia, vanilla from Madagascar, as well as packaging from Asia.

We also assess the risk of child labour in our own operations as part of our due diligence process. Child labour, young workers exposed to hazardous work, and the worst forms of child labour were not identified as a significant risk in Lindt & Sprüngli's global operations. This is because Lindt & Sprüngli operates primarily in well-regulated markets and with good internal controls such as age verification for employees. Lindt Canada complies with relevant employment and labour standards in the provinces and territories where it operates, ensuring that individuals below the age stipulated in the applicable provincial and territorial laws are not employed.

Risk Management

As outlined above, Lindt & Sprüngli conducts risk-based human rights due diligence on the Group's own operations and in its supply chain. This includes assessing the risk of child labour and forced labour for supplied goods and services.

Our actions to respect human rights and address our salient issues are integrated into our business on an ongoing basis. Lindt & Sprüngli's responsible sourcing approach considers social and environmental aspects and applies to both direct and indirect sourcing. We set out our expectations in our Supplier Code, which must be acknowledged and signed by our suppliers at the start of our collaboration. In the 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 comprise labour and human rights topics, including child labour and forced labour (see more below under *Supplier Assessments* and *Supplier Audits and Remediation*).

Additionally, Lindt & Sprüngli's responsible sourcing approach considers social aspects (such as child and forced labour risks, including programs to reduce the risk of child labour in cocoa farming) and environmental aspects (such as the

use of third-party standards for priority raw materials). We have introduced responsible sourcing standards for eight of our twelve priority materials and made significant progress against many, such as 100% of palm oil sourced as RSPO certified. Through our own sustainability program, the **Lindt & Sprüngli Farming Program**, we aim to create decent and resilient livelihoods for cocoa farmers and their families and encourage more sustainable farming practices. The Farming Program defines policies and measures to address child labour in the cocoa sector, including the implementation of the CLMRS by our suppliers. We initiated the Farming Program in 2008 and it is now active in seven origin countries, with a total of 131,000 farmers participating in the Program. Additional information on our risk management steps can be found in the [Sustainability Report 2023](#).

Responsible Sourcing Approach

Our Supplier Code forms the basis of our supplier cooperation. In addition, we conduct assessments and supplier audits to measure our suppliers' sustainability performance. We set out our expectations in our Supplier Code, which must be acknowledged and signed by our suppliers at the start of our collaboration. As a chocolate company, we prioritize the responsible sourcing of our raw and packaging materials. Our twelve priority materials are: cocoa, Turkish hazelnuts, palm oil, raw sugar (cane and beet), vanilla, soy lecithin, eggs (own production), pulp- and paper-based packaging, almonds, dairy, coconut oil, and coffee.

Supplier Assessments

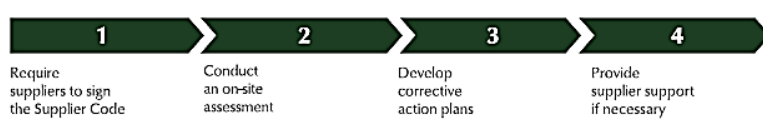
Under its Supplier Code, Lindt & Sprüngli reserves the right to conduct (or have a third-party conduct) audits of suppliers and their facilities to verify compliance with our Code of Conduct. Suppliers defined "at risk" of non-compliance with any aspect of our Supplier Code, including the requirements related to child and forced labour, are subject to assessments, audits (through our Supplier Sustainable Practice (SSP) Program) and/or verification visits by independent parties. In addition, we conduct assessments and supplier audits to measure our suppliers' sustainability performance. Lindt & Sprüngli uses the EcoVadis framework to evaluate the sustainability performance of prioritized suppliers of direct and indirect goods and services of all our subsidiaries. In 2023, we expanded the scale of our assessment from 581 to 629 scored suppliers, which represents 56.2 % of our total procurement expenditure across the Group. The assessment is based on 21 criteria and covers four topics: environment, labour and human rights, ethics, and sustainable procurement.

Supplier Audits and Remediation

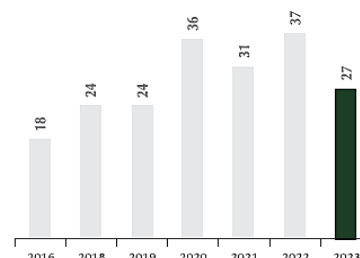
We closely monitor and strive to improve responsible practices at supplier sites through our Supplier Sustainable Practice (SSP) Program, our supplier site audit and remediation program. Depending on their risk profile, in particular the nature of their business operations, we conduct on-site assessments of those significant suppliers. For new tier-2 contractors (sub-suppliers that do not have a direct business relationship with Lindt & Sprüngli), 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 reduce the volume we purchase from them, or replace them if necessary. Suppliers in the SSP that violate zero-tolerance issues, or repeatedly fail to improve, are added to a Lindt & Sprüngli's Group-wide block list.

SSP Program

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



Number of on-site assessments in Asia



Number of on-site assessments in Asia (initial and follow-up) 2023: 27

In 2023, 27 suppliers were assessed and nine of them received a positive overall rating. For the remaining suppliers, detailed action plans were agreed upon, which are reviewed frequently both off and on-site. As a result of our continuous effort to deploy our on-site audit program, most of our packaging suppliers in Asia have been assessed over the years. 97.5% of our procurement expenditure for packaging material from Asian factories is covered by the Supplier Sustainable Practice (SSP) Program. With assessments being valid for up to three years, physical audits decreased slightly in 2023 from 2022.

Reducing the risk of child labour in the cocoa supply chain

Child labour in cocoa is a systemic issue rooted in poverty, lack of awareness, a shortage of adult labour, and poor infrastructure such as an absence of educational facilities in cocoa-producing villages. We are aware that we do not have all the answers on how to prevent abuses of children's rights in our supply chains. We are however 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, in countries of origin with a risk of child labour, are expected to effectively protect children's rights along our supply chain by implementing a Child Labour Monitoring and Remediation System (CLMRS). A CLMRS is a means of targeting prevention, mitigation and remediation assistance to children involved in, or at risk of, child labour, as well as to their families and communities.

Convinced that addressing child labour in the cocoa sector effectively starts with having clearly defined processes and good management systems, we developed the [CLMRS Guidance Document](#) for suppliers implementing the Farming Program. The document was launched in 2021 and describes more specifically our expectations of, and proposed approach to, the prevention, monitoring, and remediation of child labour. With the implementation of a CLMRS that meets our requirements as an integral part of the Farming Program, we set out clear targets related to the protection of children's rights in contracts for suppliers, including resources dedicated to CLMRS implementation. For suppliers not involved in our Program, we rely on CLMRS guidance, implementation and verification through the Rainforest Alliance Certification.

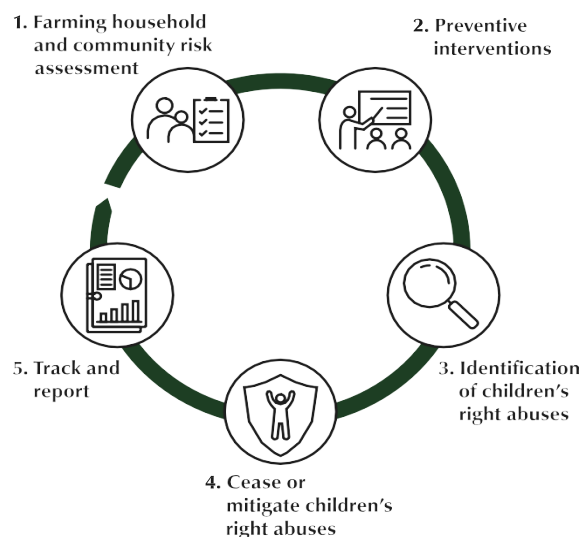
In 2023, a total of 66.1% of cocoa from child labour risk countries was sourced from locations where this was the case. In Ghana and Côte d'Ivoire, 88,200 farming households, all of them participants of the Farming Program, were covered by a CLMRS. Suppliers in Papua New Guinea and Madagascar were onboarded to our CLMRS in 2023 and are currently rolling this out to cover 7,200 households.

Since the start of implementation in 2022, supplier awareness has increased through training and capacity building of field staff. Furthermore, the risk assessment required as part of the CLMRS enabled unannounced visits to target high-risk households. As a result, we have observed better identification of child labour and respective remediation actions. This demonstrates the enhanced effectiveness of the system adopted by suppliers. The more efficient and effective our identification system, the better we can work with suppliers on remediation and prevention.

Our CLMRS follows three principles:

- 1. Dual approach:** This approach to protecting children's rights combines supply chain-based interventions – focused on effective child Labour monitoring and remediation for Farming Program farmers in our supply chain – with community-based interventions focused on supporting farming households and communities to address the issue more broadly.
- 2. Children's rights focus:** This places the focus on raising awareness within communities about children's rights, including the issue of child Labour as well as related topics such as the right to education.
- 3. Holistic and preventive:** A focus on holistic and preventive interventions extends beyond the monitoring and remediation support given to individual children. Mitigating the risk of child labour further requires the involvement of community leaders and members, as well as close collaboration with relevant stakeholders, including public institutions.

CLMRS Process



1. Farming household and community risk assessment

Household and community risk assessments are the starting point of the CLMRS. In 2023, we continued to support five suppliers in Ghana and Côte d'Ivoire in implementing the CLMRS process and started the process with three suppliers in Papua New Guinea and Madagascar. As a first step, household and community data is collected and analyzed by our suppliers to identify communities and households with high child labour risks. Some of the key risks are the lack of school infrastructure, lack of access to safe drinking water, and health facilities, as well as household-specific risk factors such as farm size. As per our guidance, suppliers should use this data to inform future investments in preventive actions at the supply chain and community level, implemented as part of the Program. The results to date indicate that significant investment by all actors, including governments, the private sector, and NGOs, will be needed to reduce child labour risks.

2. Preventive interventions

As an initial preventive measure in the supply chain, suppliers are expected to raise awareness of the protection of children's rights as part of the mandatory training curriculum and a minimum requirement of the Farming Program. In addition to training, staff from our suppliers visit high-risk Farming Program households to create and raise individual awareness to be able to better identify and avoid child labour. Beyond raising awareness, Farming Program farmers receive additional support to improve their resilience and to address the root causes of child labour. This includes investments into community infrastructure, such as schools and boreholes, as well as access to adult labour through community services groups (see Community development and infrastructure investments). Since child labour is a systemic issue, it cannot be solved on a broader scale solely by managing and dealing with individual cases in the supply chain. For this reason, we expect suppliers to use the collected CLMRS risk data to decide on and target Program interventions that ensure support for more systemic, preventive, community-based measures. Sensitizing communities and supporting community child protection committees are first-step preventive measures. In 2023, we financially supported the creation of new Community Child Protection Committees (CCPCs) in communities at risk. In 2023, based on results from the risk assessments, we supported suppliers in developing action plans and investing in infrastructure to build resilience and serve the households and communities most in need. Particular attention was given to school-based interventions, including investments in education infrastructure. In the reporting year, the Program supported the refurbishment of five schools, bringing the total to 50 schools, benefiting approximately 9,700 children to date. Our recognition of the need for collective action to prevent child labour at a more systemic level was instrumental in our decision to join the Child Learning and Education Facility coalition in 2022 (see Rural development).

3. Identification of children's rights abuses

We guide suppliers to implement a risk-based approach to identify child labour within our cocoa supply chain. First, suppliers in child labour risk countries are expected to conduct child-labour focused monitoring visits for all Farming Program households with risk potential for child labour and a minimum portion of Farming Program households overall. This requirement is being rolled out and, in 2023, a total of 16,200 of these visits took place. Second, child labour questions are an integral part of the internal monitoring of all farmers as per our requirements. Finally, suppliers as well as Lindt & Sprüngli have grievance mechanisms through which child labour can be reported by any stakeholder. To support child labour monitoring at the community level, the Program provides indirect support by helping to establish a monitoring mechanism, owned by the CCPCs. This includes a grievance mechanism and CCPCs are encouraged to share data with regional government institutions.

Reducing the risk of child labour in other priority raw material supply chains

Our Responsible Sourcing Roadmap 2025 covers twelve priority materials that we want to source or start sourcing responsibly by 2025, including those identified as having an elevated risk of child labour.

The supply chain in the Turkish Black Sea region, where most of the world's hazelnut harvest originates, has high risks related to labour conditions such as the health and safety of farm workers, child labour, and seasonal workers' working and accommodation conditions. To address child labour in the seasonal workforce, we support investments in child labour monitoring and remediation systems and preventive measures such as making summer schools available to seasonal workers' children.

As the coconut supply chain in select origins is associated with an elevated child labour risk, we aim to source coconut oil through a responsible sourcing program, which encompasses a suitable certification scheme option. We will initiate the definition of an associated program, covering child labour, beginning in 2024. Palm oil from Indonesia is also associated with an elevated child labour risk.

Since 2015, Lindt & Sprüngli has sourced 100% of its palm oil, palm kernel oil, and their fractions with Roundtable on Sustainable Palm Oil (**RSPO**) certification. The RSPO standard includes criteria prohibiting child labour and requiring policies to protect children and to provide remediation.

In 2023, we began sourcing Rainforest Alliance certified vanilla, and we aim to reach 100% by 2025. Child labour, forced labour, discrimination and workplace violence and harassment are not tolerated on Rainforest Alliance certified farms. The standard includes an “assess-and-address” model which requires certificate holders to have specific measures to monitor, mitigate, and remediate cases of these issues.

The risk of child labour in the packaging supply chain is primarily associated with factories in Asia. Through our SSP Program, we audit supplier sites with an emphasis on social and environmental aspects, including child labour.

Partnerships and sector initiatives

We are aware that individual stakeholders’ ability to drive systemic change is limited. That is why the Lindt & Sprüngli Group collaborates with a wide range of partners from different sectors and actively engage in multi-stakeholder initiatives such as the Sustainable Cocoa Platforms (**ISCOs**) or the Cocoa & Forests Initiative (**CFI**). To strengthen our collective action on child labour prevention, we belong to the Child Learning and Education Facility (**CLEF**). CLEF is a coalition dedicated to enhancing access to and the quality of education in cocoa-growing regions of Côte d'Ivoire by constructing school infrastructure, training teachers in effective educational practices, and engaging parents in their children’s learning. The coalition is led by the Ivorian Government in collaboration with the cocoa and chocolate industry and philanthropic foundations. Joining CLEF entails 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 to help us continuously improve our Farming Program. These include the Earthworm Foundation, Helvetas, Ecotop, and the KIT Royal Tropical Institute.

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**).

D. Forced Labour and Child Labour Remediation Measures

Our Speak Up grievance mechanism and remediation process are our primary means of providing access to effective remedy. In addition to the Speak Up Line, other processes and channels exist to audit or otherwise identify and remediate matters of concern, such as the CLMRS and the SSP (see also *Supplier Audits and Remediation*). As previously outlined, we expect cocoa suppliers who are implementing the Farming Program to establish a CLMRS in child labour risk countries. Through the CLMRS, families and community members gain a better understanding of risks, and discuss ways of preventing negative impacts, for instance through collaboration. Field staff also conduct follow-up visits to assess the effectiveness of remedies.

As part of the CLMRS, implemented by cocoa suppliers through the Farming Program, suppliers are required to operate a case management system to manage identified child labour. Such a system aims to provide remediation support for concerned families to address the immediate issues of children in need. It is combined with follow-up visits to assess the success of case remediation. Remediation support at an individual level can include engagement with parents, the provision of school uniforms, birth certificates or funds for school fees, and, as a last resort, referral to competent local authorities. In 2023, suppliers reported that more than 800 children within the Farming Program received remediation support and reported to no longer engage in work classified as child labour at the two most recent follow-up visits conducted by Program staff. Child labour identified outside of our Farming Program at community level is remediated through awareness-raising visits by the CCPC, or referral to national institutions.

E. Loss of Income Remediation Measures

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 preventive measures, with the aim of improving the income situation overall, recognizing that poverty among cocoa households is one of the underlying root causes of the cocoa sector's sustainability challenges. For general remediation measures, please see above.

F. Employee Trainings

We communicate our Human Rights Policy to both new and existing employees by referencing it in Lindt & Sprüngli's Business Code of Conduct. In addition, the Lindt & Sprüngli Human Rights Policy is available to all workers and external stakeholders on our corporate website with translations into six languages. A mandatory human rights training course for relevant employees will begin rolling out in 2024. The training video introduces the UN Guiding Principles (UNGPs), our commitment and due diligence process, and key topics such as child labour and forced labour.

As described above (*Supplier Assessments*), Lindt & Sprüngli uses the EcoVadis framework to evaluate suppliers on their sustainability performance. EcoVadis assessed suppliers receive access to human rights training materials and resources to support them in meeting our human rights commitments. The resources and training include guides on how to develop labour and human rights policies and reports, and whistleblower procedures, as well as training on employee health and safety, child and forced labour prevention, and diversity and inclusion. Through the Farming Program we pursue long-term supplier partnerships and co-design and develop the Program with suppliers. This allows us to establish clear expectations with suppliers and work closely with them to review their performance to facilitate continuous improvement. It also allows us, and our suppliers, to support capacity building for farmers over multiple years.

Through the Farming Program for cocoa that is implemented by our suppliers, we go deeper into our supply chain by offering training and support for farmers and community members on salient issues (e.g., child labour sensitization and health and safety), providing premiums, investing in infrastructure, and establishing VSLAs.

G. Effectiveness of Measures

Evaluating the effectiveness of our due diligence

Lindt & Sprüngli's Human Rights Policy was approved in mid-2022 and our first annual effectiveness review was conducted in 2023. The review considered the Human Rights Policy, governance, risk assessment, effective action, monitoring and evaluation, access to remedy, communication and reporting, and stakeholder engagement.

Our review considered external indices (e.g., Corporate Human Rights Benchmark), input from expert human rights consultants, complaints raised through Speak Up channels, and progress against the targets and goals set forth in the Lindt & Sprüngli Sustainability Plan.

Our evaluation was prepared by the Human Rights Officer and Human Rights Working Group of Lindt & Sprüngli. It was reviewed by members of Group Management and by the Sustainability Committee of the board of directors of Lindt & Sprüngli. The review reflected good progress in the first year of the Human Rights Policy coming into effect, as well as opportunities for continuous improvement. Select actions resulting from the review include a further rollout to subsidiaries in 2024 of processes established in 2023, enhanced external reporting (as reflected in the Sustainability Report), and developing a strategy and guidelines for human rights impact assessments.

Monitoring and external verification

Our Farming Program builds on the principle of continuous improvement. Our monitoring and evaluation approach is based on multiple complementary elements including monitoring of outputs, a review of Program quality and verification of Program implementation, and periodic impact assessments. We assess these elements related to both the farm and implementation partner and carry out checks to verify traceability documents. As defined in our Farming

Program [Verification Guidance](#), monitoring begins with systematic annual internal monitoring of the cocoa farmers to assess their compliance with Farming Program requirements and evaluate their progress. Results from this monitoring differ between origin and supplier, and challenges are addressed for each supply chain individually.

Farming Program monitoring and verification approach

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

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 of the Earthworm Foundation with farmers through individual meetings and focus-group discussions to gather feedback on the support provided as part of the Program. Results from the annual assessments are transformed into an annual action plan with measures for improvement identified at supplier level.

For cocoa butter, we are currently in the process of transitioning different sustainability programs to Rainforest Alliance certification. Where long-term agreements are in place and our Program is being implemented, certification is not intended to replace our Program, but serves as a basis and external verification scheme. The first Lindt & Sprüngli subsidiaries became Rainforest Alliance certified in 2023. However, while the majority of the volumes we sourced during the year came through long-term agreements and from certified farmer groups, these volumes were not yet formally sourced as certified under the Rainforest Alliance chain of custody rules.

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 Tropical Institute, which included a review of topics such as living income. In 2023, jointly with KIT, we conducted a second evaluation of our Farming Program in Ghana, including a comparison with the 2019 data.

Approval and Attestation

Reporting Year – 2023

“In accordance with the requirements of the Fighting Against Forced labour and Child labour in Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the joint report for Lindt & Sprüngli and Lindt Canada. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the 2023 financial reporting year.”

This Report has been approved pursuant to Section 11(4)(b)(ii) of the Act on behalf of the Group Management of Chocoladefabriken Lindt & Sprüngli AG on May 23rd, 2024.

I have the authority to bind Lindt & Sprüngli (Canada) Inc.



Justin Reese

President & CEO, Lindt & Sprüngli (Canada) Inc.

May 23rd, 2024



LINDT & SPRÜNGLI

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