



LINDT & SPRÜNGLI

COMMITMENT FOR SUSTAINABLE COCOA SOURCING

Dear XXXXXXXXXXXXXXXX

Thank you for your letter concerning sustainable cocoa sourcing at Ghirardelli Chocolate Company, a 100% subsidiary of the Lindt & Sprüngli Group.

Sustainable and responsible management in all its aspects is indeed a very important concern for Ghirardelli as well as for the whole Group of companies. These aspects are monitored, directed and controlled at top Group Management level.

Lindt & Sprüngli, including Ghirardelli, is one of the few chocolate makers that have complete control over every step of the production chain starting with the precise selection of the finest cocoa varieties from the best growing areas in the world right on through the careful and expert processing until ending with the elegant packaging.

We share the goals of the industry, governmental and non-governmental organizations (such as World Cocoa Foundation, Fairtrade International, Fair Trade USA, UTZ Certified, Rainforest Alliance, African Cocoa Initiative) for a sustainable cocoa sector and appreciate their contributions to improving agricultural practices, fostering biodiversity or the elimination of child labor. Where appropriate, we strive for collaboration. Nevertheless, **we chose to build up our own cocoa sourcing model**, mainly for the following reasons:

- We consider our control over every step of the production chain as perfect opportunity to integrate our own systems and processes with regards to sustainability
- Our sourcing model targets our whole cocoa beans supply, we therefore do not want to split our product portfolio in "labeled" products and "others"
- The volumes, specific origin and flavor characteristics we require cannot be met by currently existing certification schemes (mass balance is not an option for us, as we want to know where our beans are coming from)
- The farmers, their families, workers and communities are in the focus of our efforts. We therefore want to ensure that as many investments as possible are reaching and benefitting them

Please find here below some more information regarding the sustainability of Lindt's cocoa supply chain which is binding in all points for Ghirardelli as well:

Ongoing Commitment

Lindt strongly condemns child labor and remains committed to eradicating it from cocoa production. For years, we have taken steps toward preventing the use of trafficking, forced labor, and the worst forms of child labor on farms from which we source. For example, we completely stopped sourcing cocoa beans from Ivory Coast in 2006. Our West African beans exclusively originate from Ghana, a nation where we have implemented a program to ensure 100% traceability. This means we know the farmers we do business with as well as the communities where their farms are located.

Lindt pays a price premium on cocoa it purchases in Ghana. That premium enables "Source Trust," a not-for-profit organization we partner with, to fund programs that improve the livelihoods and communities of the farmers from whom we buy (<http://sourcetrust.org/supporters/lindt/completed/index.html>).

The leadership role we have taken in identifying the specific communities that supply Lindt now opens the door to new opportunities, such as independent verification of the farms, to address trafficking and labor concerns.

Independent Verification

Building on traceability, Lindt has initiated in 2012 a program of independent verification of its traceable cocoa supply. The verification will be carried out by accredited third party auditors and will focus on assuring the absence of trafficking, forced labor, and the worst forms of child labor. It is Lindt's intention that this independent verification process will be extended to cover Lindt's entire cocoa supply chain by 2020.

Lindt will focus in the period 2012 – 2016 on the verification of its existing traceable cocoa supply network in Ghana. During this period, we will also increase the degree of traceability of Lindt's cocoa supply from Caribbean and South American origins (mainly Ecuador).

In implementing full traceability and independent verification, Lindt will seek to partner with organisations such as Certification Capacity Enhancement, UTZ Certified, Source Trust, World Cocoa Foundation, African Cocoa Initiative and others.

Transparency and Reporting

Lindt recognizes that to ensure its efforts are accountable and credible, it is important to share with the public details and evaluation of those efforts. We commit to providing data on our progress annually including via our web site and our annual report. We will work with an independent entity to validate this data.

Sustainable Supply Chain

Lindt believes the empowerment of farmers is critical to improve their economic and social conditions, to protect the environment, and to ensure the eradication of trafficking, forced labor and worst forms of child labor. We believe continuing to make a priority of traceability in our supply chain will help us to directly support both farmers and communities. By



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implementing verification through independent third party audits, we renew our ongoing full commitment to address the issue of child labor with concrete and measurable activities across the cocoa supply chain.

It is our hope that the foregoing answers your questions and emphasizes our commitment to help establish sustainable, long-term solutions for cocoa farmers.

Kind regards

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Please visit the CSR-Website of the Lindt & Sprüngli Group:

<http://www.lindt.com/int/swf/eng/company/social-responsibility/> and www.sourcetrust.org