Sustainability at Felchlin – Strategy and Initiatives

This document provides an overview of Max Felchlin AG's efforts in sustainability, social responsibility and quality assurance. It is intended for our employees, customers and other external stakeholders and offers insight into our initiatives. We would be pleased to provide further information upon request.

Introduction

Max Felchlin AG is one of the smallest chocolate manufacturers serving professional users worldwide. Our share of global cacao processing is well below one per cent. As a niche manufacturer, we specialise in high-quality couvertures and semi-finished products. Our commitment to quality extends beyond raw materials and flavour to our efforts to build a responsible value chain, in line with our sustainability strategy.

Our guiding principle is therefore:

> *«We live with passion and responsibility to bring enjoyment from the origin around the world. »*

The Felchlin Sustainability Strategy

In 2024, we revised our sustainability strategy and supplemented it with binding key performance indicators (KPIs). It reflects our corporate values and provides a foundation for developing existing initiatives and implementing new measures.

Our sustainability strategy, entitled "Sustainability Meets Enjoyment", is based on three pillars.

Shaping quality of life with passion	Quality in harmony with nature	Partnership for shared success
Good working and living conditions	Resources	Fair trading partnerships
Health	Biodiversity	Ethical corporate governance
Product responsibility	Climate	Switzerland as business location

Initiatives at Cacao Origin

Felchlin Sélection Guidelines

For more than 20 years, we have followed our own guidelines for sourcing cacao beans and ensuring their quality. They underpin our commitment to combining high quality and complex flavour profiles with transparency, fair conditions and the responsible use of natural resources.

We follow the principles below when sourcing cacao:

- Every cacao delivery undergoes sensory evaluation to ensure that it meets our requirements for aroma and flavour.
- We use only cacao beans with a clearly defined origin and know who is responsible for growing the beans we purchase.
- We are familiar with working and production conditions at origin and strive to ensure that cacao can be produced under socially responsible conditions and with responsible use of natural resources.
- We maintain close contact with our local partners at origin and visit them regularly.
- We value long-term relationships that aim to provide opportunities for future generations of farming families and producers.

Felchlin Fair Direct Cacao

Our Fair Direct Cacao philosophy grew out of our self-imposed Felchlin Sélection Guidelines. It shapes our direct, long-term collaboration with partners, cooperatives and cacao-farming families at origin.

We source most of the cacao for our select couvertures directly. We focus on long-term partnerships, personal dialogue on an equal footing and mutual trust. Our aim is a relationship that benefits both sides.

A central element of our collaboration is the Felchlin pricing model. It is based on the market price, to which we add a Felchlin premium to promote sustainability and quality. The amount of this premium varies depending on origin and takes account of local pricing regulations and economic conditions, among other factors. As a result, our purchase prices are above the market price. The Felchlin premium enables our partners and cooperatives to finance local projects benefiting cacao farmers and their families.

This long-term collaboration brings together our commitment to people at origin and our pursuit of the highest cacao quality. The result is high-quality couvertures with complex and intense flavour profiles.

Healthcare at Cacao Origin

Since 2021, we have been working to improve healthcare in cacao-producing countries. We fund projects that are supported and locally embedded by our respective cacao partners. In Ghana, Venezuela and Ecuador, Elucid GmbH, our specialist implementation partner, is responsible for delivering the projects and measuring their impact. The collection and analysis of anonymised data make it possible to measure the projects' impact transparently and support continuous programme improvement.

Our healthcare work currently comprises five projects in Ghana, Venezuela, Ecuador and Madagascar. They give cacao farmers and their families access to basic medical care and strengthen their social protection.

Through this commitment, we help reduce health burdens and the risk of healthcare costs that could threaten cacao-farming families' livelihoods. This also strengthens their economic resilience. At the same time, our healthcare projects contribute to UN Sustainable Development Goals 1, "No Poverty", and 3, "Good Health and Well-being".

Combating Child Labour

We have adopted our own corporate guidelines on child labour. Our Supplier Code of Conduct sets out the requirements for our partners, cooperatives and cacao farmers at origin, together with their implementation and verification. Our employees, partners, cooperatives and farmers regularly receive awareness-raising and training on this issue.

Our aim is to protect children from exploitation. We follow internationally recognised principles and standards for protecting children and preventing child labour (ILO). We firmly condemn all forms of forced labour, child slavery and practices in which children are exploited or exposed to harmful or dangerous working conditions. We strictly comply with local laws on the minimum working age and other employment conditions.

Combating Deforestation

We place great importance on quality and responsible conduct. We support appropriate cultivation and operating methods and require our suppliers to provide raw materials compliant with the EU Deforestation Regulation (EUDR). Under our Supplier Code of Conduct, suppliers undertake to comply with the EUDR and ensure the traceability of cacao raw materials and cacao products.

Cacao from West Africa

Our cacao from Ghana comes exclusively from our partner Yayra Glover (Yayra Glover Ltd.), who is considered a pioneer of organic cacao in Ghana. We have supported Yayra Glover in realising his vision from the outset, both practically and financially. This longstanding collaboration enables us to source exceptional organic cacao that meets our quality requirements.

The organically certified cacao from Yayra Glover Ltd. is certified under the Swiss Organic Farming Ordinance and the EU Organic Regulation, and is deforestation-free and traceable. Measures are also implemented to prevent and monitor child labour.

Initiatives in Switzerland

Certifications

We are certified to ISO 9001:2015 for quality management and are a member of SEDEX. ISO certification supports our quality management system, while SEDEX facilitates the exchange and management of information on responsible business practices along the value chain.

Reducing CO2 Emissions

Since 2012, we have participated in the programmes of the Swiss Energy Agency for the Economy (EnAW), working towards cost-effective climate protection. We have committed to targets for improving energy efficiency and reducing greenhouse gas emissions. The corresponding measures are implemented over a ten-year period, with progress towards the targets reviewed annually.

We are also committed to reducing CO2 emissions along transport routes. For this reason, we are a member of the Galliker Green Logistics support association, established by our transport partner Galliker Transport AG.

Hydroelectric Power

All the electricity we purchase comes from hydropower. At approximately 30 kilometres long, the Muota is one of the most significant rivers in the canton of Schwyz and flows directly past our manufactory. ebs Energie AG operates seven hydroelectric power stations along the Muota and supplies renewable electricity to our manufactory and around 12,000 private households in the region.

Photovoltaic Installation

In 2026, we commissioned our new photovoltaic installation on the roof of our manufactory. A total of 414 modules were installed across an area of 825 m^2, with a combined capacity of 194.58 kWp. The installation is expected to generate around 200,000 kWh of solar electricity per year.

We use the electricity generated directly in our manufactory. Surplus solar electricity, for example on sunny weekends, can be converted into cooling energy through our ice storage system and stored for later use. The expected self-sufficiency rate is around 4 per cent.

Heat Recovery

Where technically feasible, we design new equipment to incorporate heat recovery. All our roasting installations are equipped with heat recovery systems. This has enabled us to reduce energy consumption in the roasting process by more than half.

Heat Storage

In 2024, we completely rebuilt our hot-water system and equipped it with an energy storage system holding 90,000 litres of water. This allows us to recover additional heat from production processes and reuse it at a later stage.

We use recovered heat for purposes including hot-water production, preheating the hot air required for cacao mass processing and heating our buildings. When necessary, we supplement the hot-water heating system with gas.

Building Cooling

Where possible, we cool our buildings using groundwater. The new building and the existing factory building are connected for this purpose. To improve energy efficiency, we opted not to install full air conditioning in the offices of the new building.

Cooling Energy Storage

Our ice storage system enables us to store cooling energy and use it when required. This allows us to cover peak loads and operate our existing refrigeration systems more efficiently. The system also supports heat recovery.

Reducing Packaging Material

We deliberately use tubular bags rather than stand-up pouches, which are more visually appealing and convenient to handle. The protective properties are fully maintained. Thanks to the thin film, the bags can be resealed with suitable clips after opening, protecting their contents from loss of aroma and exposure to light.



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