



LINDT & SPRÜNGLI

ANNUAL REPORT

2014

CONTENT

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2	Chairman's Report
6	An Eventful Year – Acquisition of Russell Stover
12	Markets
18	Global Retail
20	An Eventful Year – Highlights 2014
28	Corporate Sustainability
32	Corporate Governance
47	Compensation Report
56	An Eventful Year – Opening of the Swiss Chocolate Heaven
63	Consolidated Financial Statement of the Lindt & Sprüngli Group
69	Notes to the Consolidated Financial Statement
104	Reports of the Statutory Auditor on Consolidated Financial Statements
105	Financial Statements of Chocoladefabriken Lindt & Sprüngli AG
112	Proposal for the Distribution of Available Retained Earnings
114	Report of the Statutory Auditor on the Financial Statements
116	Five-Year Review
118	Group Addresses Lindt & Sprüngli
120	Information

AN EVENTFUL YEAR

CHAIRMAN'S REPORT



DEAR SHAREHOLDERS

It gives me great pleasure to look back with you at a highly successful and eventful financial year. A year which not only saw further good results, but also set exceptionally important milestones in Lindt & Sprüngli's history.

The salient event, which will permanently underlay our future corporate success, was by far the takeover of the traditional American chocolate manufacturer Russell Stover announced in mid-July 2014, the largest strategic acquisition in the company's history. With this ground-breaking transaction we have consolidated our no. 3 position in the US chocolate market and attain the uncontested leader position in the local premium segment. At the same time we become one of the most important partners for the retail trade and strengthen our influence in the market. This constitutes a solid basis for further profitable growth in the world's biggest chocolate market.

Geographical expansion was further advanced with the incorporation of our own subsidiary in Brazil, that entered into a joint venture with the CRM Group, the Brazilian market leader for premium chocolate, in which Lindt & Sprüngli holds a 51 % majority interest. Our commitment to Brazil shows that we are banking for the long term in the world's fifth-largest chocolate market without, however, losing sight of other emerging countries with above-average dynamism.

“We look back to an exceptionally eventful year that not only saw good results but has also set some important milestones in Lindt & Sprüngli's history.”

The last financial year not only saw the expansion of our global presence but also events with a great public impact. Examples include the inauguration of the “Swiss Chocolate Adventure” multi-media chocolate experience world at the Swiss Museum of Transport and the “Swiss Chocolate Heaven” on the Jungfrauoch; these are discussed in more detail later in this annual report. The LINDT boutiques at these two exclusive locations not only generate substantial sales volumes but are also leading ambassadors for our premium brand values. With this kind of unique major events, which generated extensive national and international media response, we get through to an exceptionally broad audience and permanently strengthen familiarity with the LINDT brand.

The eventful year was overshadowed by the tragic events of December 15 in Sydney which left behind a feeling of bewildered consternation and deep sorrow. Our thoughts go out to the victims and their families and we will never forget the two people, including one of our own employees, who lost their lives. In such difficult times we must stand together to defend the values of freedom, peace and tolerance.

In many countries, cyclical growth forecasts had to be scaled back somewhat in the second half of the year. This was reflected in turn in further weakening of the currencies concerned. The situation was quite different in the USA where solid economic growth gave some support to the US dollar, especially towards the end of the year. Overall, however, the continuing strength of our national currency had an adverse impact on Group sales expressed in Swiss franc terms. The past financial year saw many tense geopolitical crises and other challenges. This had an impact on raw material costs such as cocoa prices which hit record highs and caused Lindt & Sprüngli, in common with other companies, to make limited price adjustments on selected products. Other important raw materials, including hazelnuts and almonds, were also affected by partially massive price rises.

Despite this difficult environment our growth was once again faster than that of the overall chocolate markets. We were able to further extend our leadership in the premium chocolate segment in all key markets and to gain new market shares. Including the proportionate (September to December 2014) sales of Russell Stover, the Group's growth in Swiss franc terms reached 17.4 %, resulting in CHF 3.385 billion. This is partly attributable to the strong leadership enjoyed by the newly acquired company in the seasonal business which peaks with the

traditional festivities: Valentine's Day and Mothers' Day, Easter, and Christmas. Equally satisfactory were Group sales without the acquisition of Russell Stover, with a total of CHF 3.133 billion and an organic growth in local currencies of +9.8%. This clearly exceeded our long-term strategic growth target of 6–8%.

The positive development was supported by all our subsidiary companies and by the expansion of traditional product lines, as well as by our fast pace of innovation. Organic sales growth in Europe (+6.5%) and North America (+14.3%) were above market average. In all other geographical regions, especially as far as exports from Switzerland are concerned, and in the Duty-Free business, excellent organic growth of 13.9% was achieved. Our "Global Retail Division" with its various store concepts (LINDT Chocolate Cafés, Boutiques, Outlets) continues to enjoy highly dynamic development and is making a substantial contribution to Group success, not only on our core markets but also in the development of new growth markets.

"Thanks to our exclusive positioning in the premium segment as well as a steady flow of innovations, Lindt & Sprüngli is perfectly lined up for the future."

Together with the proportionate (September to December 2014) contribution of Russell Stover, the consolidated EBIT reached CHF 474.3 million (+17.4% against previous year). The return on sales is 10.1% and the operating cash flow stays at CHF 308.2 million (previous year: CHF 419.1 million). This reduction is due to the increase of the net working capital. Excluding the takeover of Russell Stover the Group reported an operating profit of CHF 444.3 million with an EBIT margin of 14.2% (previous year: 14.0%), thus meeting our strategic target of a 20 to 40 basis points annual increase in our operating profit margin. In October 2014 a bond of CHF 1 billion has been issued with very advantageous terms in order to fund the acquisition of Russell Stover. The bond consists of three tranches with maturities of three, six, and ten years. Despite the bond issuance our balance sheet remains very robust.

Constantly rising demand over a period of many years for our products in Europe and North America and the geographical expansion of our presence in the rising emerging countries, which is being further accelerated by the strong development of our own "Global Retail" business, require continuous adjustment of our manufacturing capacities. For that purpose, our Group is investing heavily every year in the expansion and optimization of manufacturing performance. In the year under review projects fit for the future were launched in all our production facilities with an investment volume of CHF 234.6 million. In this way, Lindt & Sprüngli leads the field in the chocolate industry in respect of the latest technologies and manufacturing processes.

The good results, our successful business model, strong earnings and the Group's forward-looking growth strategy were acknowledged by the stock market in the year under review. The prices of Lindt & Sprüngli registered shares and participation certificates clearly outperformed once again the SMI growth rate (+9.5%) and recorded an annual plus of 18.8% and 22.7% respectively, confirming the investors' confidence in our business.

The share buyback program launched at the end of October 2013 for 5 % of the registered share and participation certificate capital ended on December 12, 2014, after its specified term had expired. The total buyback volume reached CHF 54.6 million.

It is a well-known fact that the company has always attached great importance to an appropriate profit share for its shareholders and participation certificate owners. They have been able to benefit from the success of their company through higher dividend payments year on year, and will certainly be pleased once again by a further increase of 11.5 %. The Board of Directors will be proposing to the General Meeting scheduled for April 23, 2015, a higher dividend of CHF 725.– per registered share (CHF 325.– from the approved capital contribution reserve (agio) and CHF 400.– from available retained earnings) and CHF 72.50 per participation certificate (CHF 32.50 from the approved capital contribution reserve (agio) and CHF 40.– from available retained earnings).

On behalf of the Group Management and the Board of Directors, I personally wish to take this opportunity to thank all our dedicated and motivated employees who have contributed to this good annual result in every country and at every level of the organization. I would like to thank also our business partners and suppliers and last but not least our shareholders who give us their loyalty and trust year after year.

OUTLOOK

With the acquisition of Russell Stover in the USA, Lindt & Sprüngli has become one of the top three chocolate manufacturers in the worldwide biggest chocolate market and the absolute leader for premium and seasonal products. Taken all together, the North-American business contributed around 37 % to total Group sales in 2014 with its brands LINDT in the US and Canada, as well as GHIRARDELLI and the brand portfolio of Russell Stover. The integration of Russell Stover into the group of companies will take the utmost priority in 2015.

Exchange rate volatility and high commodity prices will continue to present great challenges. In view of the trend to high quality chocolates as well as a filled pipeline of innovative products, we remain optimistic in the short and longterm for the Lindt & Sprüngli Group as a whole.

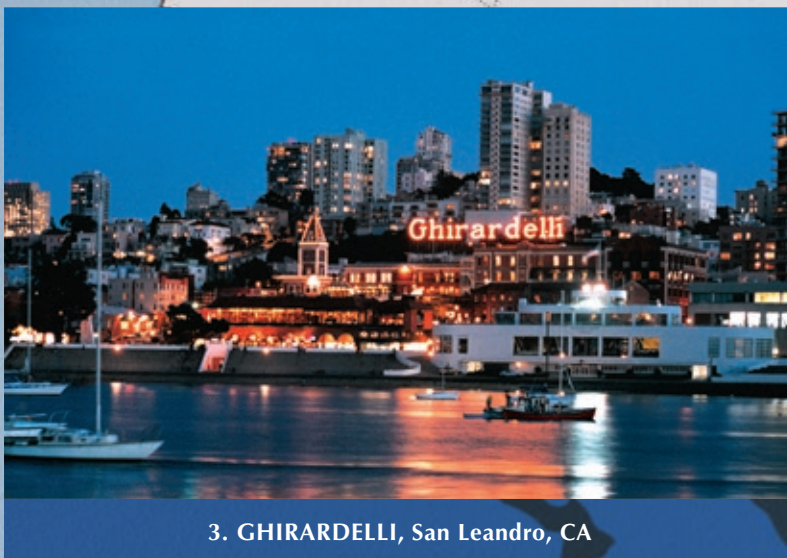


Ernst Tanner
Chairman and Chief Executive Officer



1. RUSSELL STOVER, Kansas City, MO

3



3. GHIRARDELLI, San Leandro, CA

2014
AN EVENTFUL YEAR

United States of America

Lindt & Sprüngli is no. 3 chocolate
manufacturer in the USA with
the brands LINDT, GHIRARDELLI
and RUSSELL STOVER



2. LINDT, Stratham, NH

USA

Biggest chocolate market of the world

POPULATION

316 million

VALUE TOTAL CHOCOLATE MARKET

approx. USD 20 billion

PER-CAPITA-CHOCOLATE CONSUMPTION

approx. 5.2 kg

HUGE POTENTIAL

**Annual growth 3%
since 2009**

Three subsidiaries

Together, these three nationally distributing subsidiaries generate the biggest sales contribution of the Group.

EAST COAST

Lindt & Sprüngli USA

WEST COAST

Ghirardelli

MID WEST



Russell Stover

01 Further consolidating leadership of US premium sector.



In July 2014, Lindt & Sprüngli took over Russell Stover in the most important strategic acquisition in the company's history, which significantly enhanced what was already a leading market position in the world's largest overall chocolate market, the USA. With its LINDT, GHIRARDELLI, RUSSELL STOVER and WHITMAN'S brands, Lindt & Sprüngli thus now covers the entire country, not only dominating the premium chocolate sector by a clear margin but also becoming the third-largest chocolate manufacturer in North America. Moreover, Lindt & Sprüngli is now one of the most important partners of the local trade.

02 Well-known and well-loved brand portfolio: Russell Stover, Whitman's and Pangburn's.

The brands of Russell Stover have been firm fixtures on the market for many years and are widely known. The "Millionaires" product, for example, celebrated its centenary in 2014. Russell Stover is the market leader in assorted pralinés, Valentine's hearts and sugar-free chocolate. With this acquisition, Lindt & Sprüngli, with its LINDT, GHIRARDELLI, RUSSELL STOVER and WHITMAN'S brands, now enhances its leading position in the premium sector in the region.



03 Two names that made history: Clara and Russell Stover from Kansas.



In 1923, Clara and Russell Stover began producing "Mrs. Stover's Bungalow Candies" in the basement of their bungalow in Denver. Just a few months later, they opened their first proper store, earning USD 90 on their first day from selling around 120 pounds of chocolate. The business continued to grow and they soon focused their efforts on producing high-quality boxed pralinés, a market segment that is firmly anchored in US chocolate tradition. In 1960, the company was taken over by the Ward family, who further expanded its national coverage. Whitman's, a brand

founded in 1842 and one of America's oldest chocolate brands, was added to the company's portfolio in 1993. In the last 100 years or so, Russell Stover has successfully grown from a small home-run business into the top pralinés brand in America.

04 Russell Stover around 100 years later.



The acquisition of Russell Stover is the perfect strategic fit for the Lindt & Sprüngli Group. Just like LINDT and Ghirardelli, Russell Stover also focuses on manufacturing premium-quality chocolate products. Above all, Lindt & Sprüngli stands to benefit from the strong position enjoyed by Russell Stover in the seasonal business. The company has been headquartered in Kansas City, Missouri for over 80 years.

Its four production facilities are spread over four states and are equipped with the latest technology, providing maximum flexibility for the broad product range and additional production capacity for LINDT and Ghirardelli. With more than 2,800 employees, the Russell Stover Group generates annual sales of around USD 500 million.

05 Handcrafted products and a love of detail in everything it does.



In addition to its classic product range, Russell Stover also sells handcrafted delicacies in its own stores. As well as homemade candies, these include fresh fruit such as apples or strawberries coated in the finest chocolate. They are made from only the best-quality ingredients and crafted with the greatest of care. With their premium-quality elegant packaging, the popular specialties are the ideal treat for yourself as well as being the perfect gift for any occasion.

06 Even Hollywood opts for Russell Stover in the blockbuster “Forrest Gump”.

The Hollywood movie “Forrest Gump,” which tells the powerful story, full of surprising twists of fate, of a rather unusual character, was released in 1994. Tom Hanks won the Oscar for Best Actor in his role as Forrest Gump, while the movie claimed a total of six Oscars and three Golden Globes. It also included a supporting role played by a Russell Stover box of pralinés and the immortal line “Life is like a box of chocolates. You never know what you’re gonna get.”



07 National presence and its own chain of stores.



Products are distributed nationwide, both via large retail channels and through its own network of 35 stores, which are located primarily in central USA and thus provide the perfect complement to LINDT on the east coast and GHIRARDELLI on the west. The Russell Stover stores are also located close to sizable residential areas with good local transport links.

The extensive range includes a wide variety of specialty chocolates, ice cream, gift ideas, and a selection of meticulously handcrafted fresh products.



MARKETS

Lindt & Sprüngli is a global leader in premium chocolate and prides itself on a tradition dating back for 170 years which began in Zurich in 1845. Today, quality chocolate is made by Lindt & Sprüngli at its twelve production sites in Europe (main brands: LINDT, CAFFAREL, HOFBAUER) and the USA (main brands: LINDT, GHIRARDELLI, RUSSELL STOVER) and sold all over the world by many subsidiary companies and branch offices as well as a comprehensive network of independent distributors. With the pro rata contribution of Russell Stover, the Lindt & Sprüngli Group reported sales worth CHF 3.39 billion in the year under review 2014.

SWITZERLAND

In a challenging environment, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG reported good sales growth of 6.8 % to CHF 334.4 million (previous year: CHF 313.0 million).

In the year under review, the economic environment proved satisfactory, despite the continuing strength of the Swiss franc. This resulted in slight growth of the chocolate market. Driven by expanding discount chains, prices remained under pressure. In this challenging environment, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG ended the year with good sales growth of 6.8 % against the previous year. Once again, it managed to invigorate the market with innovative product launches. With additions to the tablet segment such as GAMME BLEU “Gaufrettes,” LES GRANDES “Toffee Noisettes,” and the reintroduction of the LINDT Surfin tablet from 1879, these new products achieved an excellent position on the market. In the pralinés segment, the latest relaunch of the “Connaisseurs” range revitalized the market. Introduced in the previous year, the HELLO line has become firmly established and is being regularly extended to include new summer and Christmas offers. Further highlights of the seasonal business were a new record of six million GOLD BUNNIES sold at Easter, as well as the TEDDY with the new “Heartfelt Moments promotion” in Swiss cities where a nationwide response was achieved in cooperation with several media partners. Growth of our own retail business made further progress with the opening of two new shops at highly frequented tourist attractions, the Swiss Museum of Transport and the Jungfrauoch, which were accompanied by spectacular events and extensive national and

international media coverage. A major new LINDOR facility was implemented in mid-2014, confirming the active leadership role of the Swiss subsidiary company within the Group; it is now admirably placed to meet growing demand for premium chocolate in coming years.

GERMANY

With sales worth EUR 428.1 million (previous year EUR 407.3 million), Chocoladefabriken Lindt & Sprüngli GmbH once again reported above-average growth of 5.1 % and further increased its market share.

The economic environment was quite favorable at the start of the year before cooling noticeably in the second half because of the weak growth dynamic in the Eurozone and the accompanying uncertainty felt by market participants. The reduction of the chocolate market volume was compensated by price increases which brought slight growth. Another feature of the chocolate market was the growing importance of private labels and hard discounters. In this challenging environment Chocoladefabriken Lindt & Sprüngli GmbH managed to increase its sales by 5.1 %, thereby gaining further market shares. This above-average result is attributable to the focus on successful classics such as LINDOR, EXCELLENCE and the GOLD BUNNY and also to product innovations. Following the successful launch of the HELLO and DIVA collections in previous years, further HELLO Christmas products and a new product line called ROCK CHIC in a modern rock style were added this year. In the Christmas segment, the new “Sweet Christmas Helpers” theme world contributed further growth. Finally, double-digit sales growth of the own retail business was achieved by maintaining the loyalty of existing customers and winning many new ones. The outcomes of a branch survey with regard to brand loyalty in which LINDT topped the rankings brought welcome confirmation of our marketing activities. The strategic expansion of the facilities at the Aachen production site was successfully completed in the year under review, creating capacity for further growth.

FRANCE

Lindt & Sprüngli SAS increased its sales by 6.4% to EUR 314.0 million (previous year: EUR 295.0 million). This good result confirms the company's leading position as the growth driver on the French chocolate market.

Because of the tense economic and political situation in France, consumer sentiment remained flat at a weak level. The retail scene, on which price competition was as tough as ever, saw the formation of new alliances and is now heavily concentrated with just four key players who occupy a similar market position. Against this difficult background, the French subsidiary company, which ranks among the fastest growing consumer goods businesses in the country, reported sales 6.4% higher at EUR 314.0 million, against previous year, once again growing faster than the chocolate market as a whole. LINDT accounted for some two-thirds of overall market growth in the tablet segment, winning record market shares and further strengthening its no. 1 position as the leading tablet brand. This trend was led by the key products EXCELLENCE and CREATION. Once again LINDT proved its ability to win further consumer loyalty with successful new concepts. For example, the CREATION "Citron Frappé" was awarded the title of "Best Innovation of the Year" by a leading trade partner. LINDT's market share in the important French seasonal business also rose. At Easter LINDT successfully established its ranking as the second most important player on the market and won new followers at Christmas with PLAISIRS D'ENFANCE, a new creation by the LINDT Master Chocolatiers. The first edition of the LINDT customer magazine "LINDT Passion Chocolat" was also launched and distributed to more than two million households. The extension of the Oloron-Sainte-Marie production site was completed and a new manufacturing line was commissioned. This now enables growing demand in France and on the export markets to be met more efficiently.

ITALY

Lindt & Sprüngli SpA and Caffarel SpA achieved a consolidated result of EUR 216.1 million (+3.1%) in a very challenging economic environment.

The Italian economy lost ground once again, lapsing into an even deeper stagnation. Although consumer sentiment stabilized slightly, the overall chocolate market declined, and the commercial environment remained tense. Manufacturers were obliged to leave their prices mostly unchanged, as a result of which branded products are being offered in the retail trade at near deflationary prices. Thanks to the focus on key brands, convincing innovations, a strong presence during the main festive seasons and improved visibility at the point of sale, LINDT nevertheless achieved further growth and gained market shares in every segment. Product distribution was extended and good progress achieved, especially in the modern retail segment. Good sales figures were reported in particular for EXCELLENCE and LINDOR, with the "Milk," "60% Cocoa" and "Champagne" variants as well as "Petits Cœurs" on Valentine's Day. The national launch of HELLO in autumn, boosted by a stronger presence at the point of sale, also proved successful. Moreover, LINDT is particularly well placed with 44 own retail outlets to which two new units were added in the year under review. At the now traditional and universally known "Eurochocolate" festival in Perugia, which attracts more than one million visitors every year, LINDT remains one of the key partners. In the year under review a strong focus was placed here on HELLO in order to support the national launch. LINDT even won the "Eurochocolate Award" of the year for the most impressive and innovating presence of the HELLO range.

In the year under review, **Caffarel SpA** organized a big marketing package to celebrate the 150th anniversary of its best-known line GIANDUIOTTI, which features the unique and incomparable gianduia filling of cocoa and hazelnuts. CAFFAREL products are distributed exclusively in the traditional trade reporting a weak development. On the other hand, export business to around 50 countries proved impressive.

NORTH AMERICA

Lindt & Sprüngli (USA) Inc., Lindt & Sprüngli (Canada) Inc. and the Ghirardelli Chocolate Company achieved cumulative sales of USD 1.06 billion (previous year: USD 943.2 million), representing organic growth of 14.3 %. Additionally, North American business was strengthened by the acquisition of Russell Stover.

Last year the economic situation in North America picked up strongly, accompanied by a greatly improved unemployment rate and a robustly higher gross domestic product. The good developments in the chocolate market are being driven by the over-proportional growth of the premium segment. As has been the case for many years now, LINDT and GHIRARDELLI are the fastest-growing chocolate brands in this segment. In addition, the LINDT and GHIRARDELLI product assortment will be supplemented in future by the brand portfolio of Russell Stover.

With substantial sales growth of 17.6 % **Lindt & Sprüngli (USA) Inc.** further strengthened its leadership in the premium segment in terms of market share and made an important contribution to its swift development. Sales were driven by successful market launches such as the HELLO line which appeals to an all-new target group with its trendy design and sophisticated recipes. The LINDT assortment was further extended to include a range of innovative taste variations which were successfully placed on the market under the LINDOR and EXCELLENCE label. In the important Easter business, another LINDT GOLD BUNNY “Celebrity Auction” was held for a good cause, further strengthening the GOLD BUNNY’s position on the market as an Easter icon. The presence of the LINDT Master Chocolatier’s float at the traditional Macy’s Thanksgiving Day Parade in New York was a highlight of the year once again. This unique event marks the official start of the Christmas business in the USA and is watched by some 3.5 million spectators along the route and more than 50 million people at home on TV. Special mention must be made of the 25th anniversary of Lindt & Sprüngli (USA) Inc. which was suitably celebrated by a number of campaigns in the year under review. With sales of less than USD 10 million the brand was practically unknown in 1989. In recent years, LINDT has written a unique success story in the world’s

biggest chocolate market. Not only were sales stepped up to well over USD 420 million, but LINDT also mainly contributed to establish the premium chocolate segment and, with LINDOR, EXCELLENCE and the GOLD BUNNY, built up unique brands with an iconic reputation, making millions of American citizens adepts of these premium products. Of the 50 employees who joined the company 25 years ago, 17 are still in the team; a fitting tribute was paid to them for their loyalty and strong commitment at the jubilee celebrations. They have given exemplary proof of their dedication to the business and of the motivated work which has been done in the USA since 1989.

With sales growth of 12.5 %, **Ghirardelli Chocolate Company** continued on the path to growth reported in previous years. The introduction of the innovative “Minis” proved particularly promising. This product appeals to a younger target group and will further enhance demand for premium chocolate from Ghirardelli. The SQUARES too reported another successful year. With its high cocoa percentage, the “Intense Dark” line in particular gained ground with double-digit sales growth, which was driven mainly by innovative recipes and strong marketing backup. The own shop and restaurant chain attracted some 14 million visitors in the year under review and further extended its presence with new openings at prominent sites such as Louisville, Las Vegas and Boston.

Russell Stover, the new subsidiary company, was acquired on July 14, 2014, and added sales worth some USD 270 million to the North American business in the third quarter with the RUSSELL STOVER, WHITMAN’S and PANGBURN’S brands. Strategically the biggest and most important acquisition in the history of Lindt & Sprüngli, this move will greatly enhance the Group’s presence from now on; as the no. 3 chocolate manufacturer in the USA, it will in fact clearly dominate the premium segment in the world’s biggest and most important chocolate market.

Lindt & Sprüngli (Canada) Inc. with sales growth of 11.3 % still leads the premium segment in the country and gained substantial new market shares yet again. An Ipsos survey shows that LINDT is now the no. 1 chocolate brand in Canada in terms of consumer awareness. The good result is all the more impressive in view of the great challenges facing the market. In the year under review, mergers in the trade led to increasing pressure being put on suppliers' prices and aggressive price promotions. LINDOR and EXCELLENCE remain the two key sales drivers in Canada and were backed up by an extensive marketing package. LINDT's own shops, some 20 in all, cover the whole territory and make a key contribution to the generation of profitable growth.

GREAT BRITAIN

Lindt & Sprüngli (UK) Ltd. continued its successful growth of previous years, ending the year under review with sales 14.7 % higher.

LINDT once again achieved an excellent result in Great Britain, further extending its market shares and so continuing the steady growth of previous years. Both LINDOR and EXCELLENCE reported strong growth rates attributable in part to the launch of country-specific recipes such as LINDOR "Strawberries & Cream" in spring, contributing to still higher sales on Valentine's and Mothers' Day. Launched in the pralinés segment in the previous year, the "Master Chocolatiers' collection" was very well received and complemented by a delicate Truffle range. At Easter, the presence of the GOLD BUNNY was boosted by a nationwide treasure hunt campaign in selected parks; this met with an enthusiastic response everywhere. In addition, the LINDT Master Chocolatiers' craftsmanship was celebrated at many further events including a "Taste of London," the "Coffee Week" and the "Salon du Chocolat."

REST OF EUROPE

Lindt & Sprüngli (Austria) Ges.m.b.H. ended the financial year with sales growth of 7.0 %. The biggest Austrian Easter Bunny hunt in Schönbrunn Palace Park, organized for the third time, once again proved a magnet for the public and developed into the Vienna Easter Festival for young and older chocolate gourmets. With sales 6.8 % higher in an economic

environment that remained as tough as ever, **Lindt & Sprüngli (España) SA** grew faster than the chocolate market as a whole, thanks to strong development of the LINDOR and EXCELLENCE core brands and now also HELLO, winning market shares in every segment. **Lindt & Sprüngli (Nordic) AB** once again reported strong growth and won further market shares on all three key markets of Sweden, Norway and Finland. In September 2014 the first LINDT boutique was inaugurated in Oslo city center. **Lindt & Sprüngli (Czechia) s.r.o.** serves the markets of the Czech Republic and Slovakia where it is the fastest growing brand on the entire chocolate market. **Lindt & Sprüngli (Poland) Sp. z o.o.** reported robust growth with a concentrated focus on the expansion of LINDOR sales through numerous activities. In the second year since its opening, **Lindt & Sprüngli (Russia) LLC.** turned in very impressive results in a challenging economic environment. Thanks to marketing support and many tasting events, business was very positive, especially in the big cities of Moscow and Saint Petersburg. The presence of the Master Chocolatiers at the Moscow City Anniversary when 800,000 LINDOR truffles were handed out for tasting was a special highlight. Further progress was also achieved on the other European markets. Particular mention should be made of the strong sales growth in Bulgaria and in Holland where LINDT was able to achieve a strong performance.

REST OF WORLD

Lindt & Sprüngli (Australia) Pty. Ltd. ended the last financial year with impressive sales growth of 10.0 %. The EXCELLENCE line developed particularly well after its extension to include the new "90 % Cocoa" and "Sea Salt Caramel" varieties. With the new LINDOR "Strawberries & Cream" recipe, this most popular product line is very well accepted by consumers, achieving particularly strong sales on Mothers' Day. The "Chocolate Cafés" continue to strengthen the premium image values of the LINDT brand. **Lindt & Sprüngli (South Africa) Pty. Ltd.** reported further progress with an extended product portfolio. The exclusive launch of HELLO with the biggest retail partner proved particularly successful and was further boosted by numerous promotions. **Lindt & Sprüngli Japan Co., Ltd.** has opened further outlets so that we now have twelve separate boutiques in that country. Sales continue to advance strongly with growth in

excess of 50 % representing a welcome combination of higher sales in existing and new outlets. In the **Middle East**, despite the challenging political environment, dynamic growth was nevertheless achieved, especially in the United Arab Emirates, Qatar and Egypt. Sales growth at **Lindt & Sprüngli (China) Ltd.** proved satisfactory. In the principal cities of the People's Republic of China our market share has been growing thanks to the launch of LINDOR Cornets and the strong focus on EXCELLENCE tablets. In department stores and gourmet outlets LINDT is present with a shop-in-shop concept and its own sales force which highlights Swiss chocolate culture and hands out tasting samples of LINDOR truffles. In Hong Kong, LINDT is represented with its finest chocolate specialties at major public events in the city. The trend is equally satisfactory in Taiwan, and Korea. In Latin America, the local chocolate markets continue to grow in the main, highly promising markets of Brazil, Chile and Columbia despite the difficult economic situation. To further enhance dynamic growth in the key strategic market of Brazil, our own subsidiary company was incorporated in the year under review and established a joint venture with the CRM Group, the market leader for Brazilian premium chocolate. The joint venture in which Lindt & Sprüngli holds a 51 % majority stake plans to draw on the own successful retail concept to build up LINDT as the leading premium chocolate brand in Brazil. In parallel, distribution in the local trade channels will be further stepped up.

DUTY FREE / TRAVEL RETAIL

In the Duty-Free / Travel Retail segment, LINDT is represented at over 500 airports worldwide and again reported highly dynamic growth in 2014, winning further market shares. The development of LINDT shop-in-shop concepts and a heightened presence at major international airports help greatly to enhance familiarity with the LINDT brand and its image all over the world. Growth of LINDT in the Duty-Free sector was achieved in 2014 both in the core range, e.g. the LINDT Napolitains and 300 g tablets, and also with successful innovations. The launch of the LINDOR "Tubes" Limited Edition proved particularly successful with promotional measures achieving double-digit growth for LINDOR.

PROCUREMENT

For some two years now the price of cocoa has been rising constantly to reach record highs. In 2014 this resulted in general price increases throughout the chocolate industry. Although Lindt & Sprüngli always endeavors to hold its prices as stable as possible through efficient cost management and optimized purchasing policy, some punctual adjustments nevertheless had to be made. Despite a record harvest in 2014 the commodity markets reacted sensitively to speculative fears that the Ebola epidemic might spread in West Africa. That pushed cocoa prices up still higher. Higher milk production and falling demand from Asia caused milk prices to collapse by almost half on the global milk market. In Switzerland, however, milk prices remained as high as ever. World sugar prices fell because of further surpluses and big stock inventories. In the dried fruit segment, prices rose because of heavy demand for hazelnuts and almonds. This development was further heightened by frost damage to the 2014 hazelnut crop in Turkey, the main producer country. Prices of packaging materials remained relatively stable.

GLOBAL BRANDS

75 % OF SALES

Lindt 

MAÎTRE CHOCOLATIER SUISSE
DEPUIS 1845



REGIONAL BRANDS

22 % OF SALES



Russell Stover



Whitman's



PANGBURN'S
OF TEXAS

LOCAL BRANDS

3 % OF SALES



Hofbauer
WIEN



Caffarel
BIJOUX CHOCOLAT
CHOCOLATIER



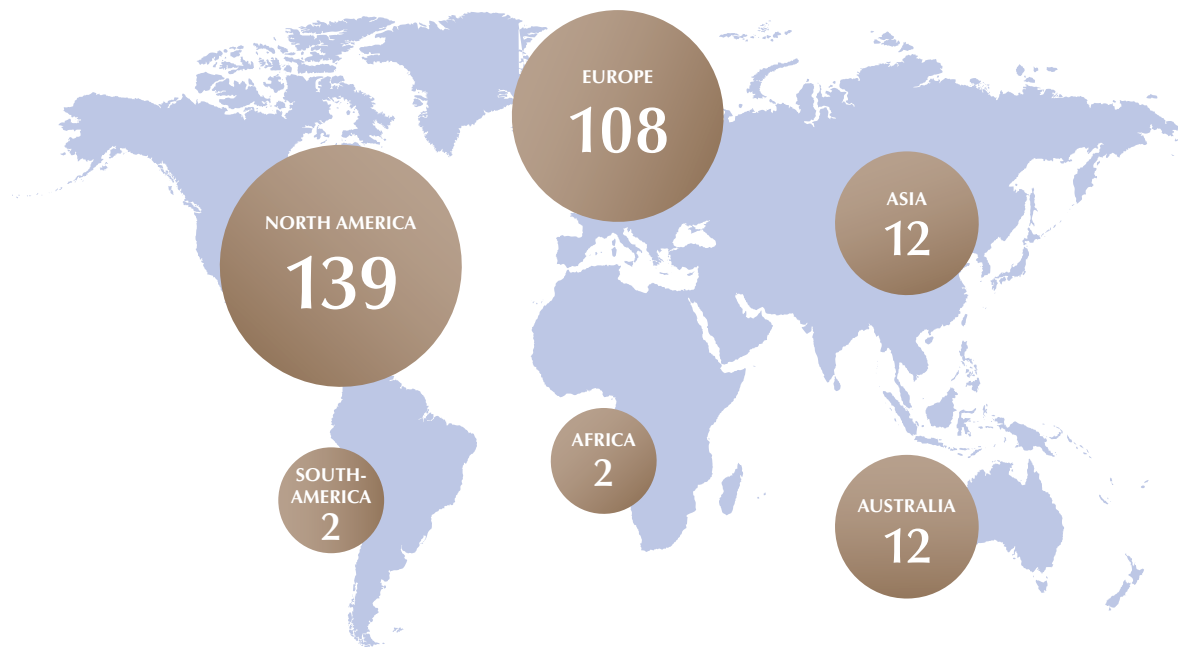
Küfferle

GLOBAL RETAIL

WE MAKE THE WORLD A SWEETER PLACE

SHOPS WORLDWIDE 2014

FLAGSHIPSTORES IN BERLIN, PARIS, ROM, TOKYO, SYDNEY, SAN FRANCISCO AND NEW YORK



Since its establishment in 2009, the Global Retail Division has become an important contributory factor to the success of the Lindt & Sprüngli Group. With sales of around CHF 316 million in 2014, the Lindt & Sprüngli global network of own shops with 275 points of sale, by now accounts for about 10 percent of total Group sales. Thereby substantial organic growth of 20 % was achieved by the LINDT shops. In the past five years, global presence of own point of sales has been successfully driven forward through different store concepts, designed with a clear signature to boost brand values and to foster the positioning of Lindt & Sprüngli as a leader in the premium chocolate segment.

Our own retail network is divided into six different concepts which differ in terms of location and product offering, but also complement each other admirably. The Chocolate Cafés and Chocolate Boutiques have proved a successful way of accessing new markets as they convey the images of the LINDT brand particularly well.

All the retail outlets incorporate a uniform shop design which can be recognized by consumers all over the world. Drawing on the theme of chocolate and the LINDT logo, the emphasis in shop fitting is placed on warm brown and precious gold tones which ideally reflect the product elegance in a spirit of perfect harmony. In addition, carefully chosen furnishings and subdued lighting, together with an impressive decor to suit the season of the year, are further attractions.

When they walk into the shop, customers are immediately transported into the world of the LINDT Master Chocolatiers. With a little luck they may even meet a Master Chocolatier on site who prepares superb pralinés by hand and offers them to sample. The overall target is to provide an unique shopping experience to the visitors, to present the comprehensive product assortment in a privileged ambience, and to be able to offer circumstantial advice in order to obtain a strong emotional loyalty towards the LINDT brand.

SHOP CONCEPTS



CHOCOLATE CAFÉS
Highly frequented, downtown locations.



CHOCOLATE BOUTIQUES
Central, prestige locations, Airports, Train Stations.



CHOCOLATE OUTLETS
Premium Designer Outlets.



FACTORY STORES
Next to factories and warehouses.



GHIRARDELLI CHOCOLATE & ICE CREAM SHOPS
Highly frequented, central locations, tourist attractions (Disney).



RUSSELL STOVER
In direct proximity to large residential areas.





2014
AN EVENTFUL YEAR

Highlights 2014

From Dubai via Prague
to New York: important events
in retrospect

JANUARY

AUSTRALIA New TV commercial with Roger Federer.



Just before the start of the “Australian Open”, Lindt & Sprüngli shot a new commercial with tennis star Roger Federer in the LINDT Chocolate Café in Melbourne, which will be aired world-wide. For Lindt & Sprüngli, Roger is the ideal brand ambassador thanks to his likeable and down-to-earth manner – a unique embodiment of Lindt & Sprüngli’s core values such as Swissness, premiumness, quality, and passion.



MARCH

USA GHIRARDELLI announces collaboration with the Culinary Institute of America.

The Culinary Institute of America will be working with Ghirardelli in the future. With this in mind, they have designed a new chocolate classroom. As a show of gratitude for the generous support provided for the CIA and its students, the college named its new chocolate classroom after the San Francisco-based chocolate manufacturer.

APRIL

SPAIN First LINDT Shop on the favorite tourist island of Majorca.



LINDT opened a Chocolate Shop on Majorca, an island popular with holidaymakers. From now on, the extensive range will not only make visitors’ summer holidays that bit sweeter but will also make ideal gifts for loved ones back home.

APRIL

WORLDWIDE The GOLD BUNNY for a sweeter Easter.



Over Easter, plenty of activities took place all over the world involving the LINDT GOLD BUNNY, while the Master Chocolatiers demonstrated the high quality of our melt-in-the-mouth milk chocolate. Around 150 million GOLD BUNNIES in different sizes and presentations were sold worldwide. Some of the revenue was given to various local charities. The picture shows a 40-foot-high inflatable GOLD BUNNY adorning the idyllic backdrop of Hever Castle in the English countryside.

MAY

USA Ghirardelli opens an Ice Cream & Chocolate Shop in Las Vegas.

The official opening of the Ghirardelli Ice Cream & Chocolate Shop in the heart of Las Vegas took place on Memorial Day weekend in late May, attracting thousands of visitors. The shop is in a central location between the “High Roller” Ferris wheel, which draws around ten million visitors each year, and the Brooklyn Bowl, which holds live music performances every night.



MAY

CZECH REPUBLIC Making an impression at the Prague Food Festival.

LINDT knows how to show off its products to best effect at all kind of events, and the Food Festival in Prague, the largest food event in the Czech Republic with more than 20,000 visitors, was no different. Over a period of four days, visitors strolled through the royal gardens and indulged in culinary treats from the exhibitors.



JUNE

SWITZERLAND Opening of the “Swiss Chocolate Adventure” in the Swiss Museum of Transport in Lucerne.

The “Swiss Chocolate Adventure” was born out of a partnership between the LINDT Chocolate Competence Foundation and the Swiss Museum of Transport. Both institutions advocate typical Swiss values such as tradition, a pioneering spirit, and innovation, thereby helping to strengthen Switzerland as a brand. Together, they want to link chocolate, a quality Swiss product, with transport. The tour is an inviting multimedia adventure that tells visitors all about the discovery, origin, production, and transportation of chocolate.



JULY

SWITZERLAND “Chocolate Heaven” Jungfrauojoch.

P. 56

Discover more on page 56



JULY

USA Acquisition of Russell Stover.

P. 6

Discover more on page 6



JULY

BRASIL LINDT enters the fifth-largest chocolate market in the world with its successful retail concept.

In March, Lindt & Sprüngli entered into a joint venture with the CRM Group in Brazil. In mid-2014, the first LINDT Chocolate Boutique opened in Sao Paulo's luxury shopping center "Patio Higienopolis," which has over 250 stores. Right from the start, the first sales generated in our store there far exceeded our expectations.



SEPTEMBER

SWITZERLAND LINDT voted most trusted chocolate brand once again.

The "European Trusted Brands" survey, which has been carried out by Reader's Digest each year since 2001, is one of the largest and longest-running consumer surveys in Europe. In 2014, approximately 17,700 consumers were surveyed in ten European countries. The 1,439 Swiss people questioned answered without picking brands from any kind of list. For the fifth year in a row, LINDT won the award for "most trusted brand of chocolate" in Switzerland, for which we would like to say a big thank you to all our loyal consumers.

OCTOBER

GERMANY LINDT keeps on coming top in German ratings.

After the successful launch of HELLO the previous year, LINDT Germany once again confirmed its position as a leading innovator, launching the new "Rock Chic" product line in 2014. This expert creativity was also acknowledged by its consumers: according to the 2014 Loyalty Index, LINDT has the most loyal customers, while the business newspaper "Handelsblatt" even named LINDT its "Brand of the Year 2014" on the back of its excellent brand index scores.



OCTOBER

DUTY FREE LINDT is represented at more than 500 airports worldwide.

The LINDT brand is present in the Duty-Free section of more than 500 airports worldwide. Representatives from all five continents were invited to the Duty Free World Exhibition in Cannes to reinforce what is already a very successful brand profile. LINDT Master Chocolatiers treat the exhibition visitors to free samples of Swiss Selection pralinés.



NOVEMBER

ITALY Caffarel exhibits at “Cioccolatò” 2014.

The leading Italian chocolate fair takes place in Turin each year, attracting more than 500,000 visitors. CAFFAREL was there with a stand and made the visitors' day a bit sweeter with a variety of free samples.



NOVEMBER

USA Lindt & Sprüngli celebrates its 25 th anniversary.

As well as developing into one of the most important subsidiaries within the Group in the last 25 years, Lindt & Sprüngli (USA) Inc. has also become one of the leading chocolate companies in the North American market. Thanks to several rounds of major investments in its production facility in Stratham (NH), the subsidiary is fully equipped to handle the ever-increasing local demand for premium chocolate.

DECEMBER

STOCKHOLM Master Chocolatiers at “Bingolotto”.

Just before Christmas, the LINDT Master Chocolatiers were invited to appear live on one of the most popular TV shows in Sweden, during which they introduced the spectators in the studio and the viewers at home to the art of chocolate-making.



DECEMBER

WORDLWIDE LINDT makes everyone's eyes light up at Christmas.

Christmas is a time where we celebrate love and so, chocolate treats and gifts, in particular LINDT's Santa and TEDDY, have major relevance. These highly popular products are found in around 100 million households worldwide during the Advent season, bringing joy to the entire family.

DECEMBER

DUBAI Master Chocolatiers at Souk Festive Village.

LINDT sponsored a ten-day Christmas extravaganza in Madinat Jumeirah, which welcomed around 100,000 visitors to the resort near the famous Burj Al Arab hotel. The LINDT Master Chocolatiers demonstrated their skills and offered the enthusiastic visitors samples of their masterpieces.



CORPORATE SUSTAINABILITY

CORPORATE SUSTAINABILITY

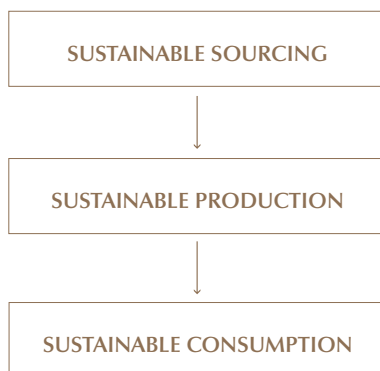
Sustainable and socially responsible business conduct are central features of Lindt & Sprüngli's corporate philosophy. All the related aspects are dealt with at the top management level and, additionally, are monitored by a Board of Directors' committee. The policies and information material about these important topics are communicated transparently to all stakeholders on our website.

→ Corporate Governance chapter,
Corporate Sustainability Committee, page 39
🔗 www.lindt-spruengli.com/sustainability

The Lindt & Sprüngli Promise

Lindt & Sprüngli is one of the few chocolate companies to have control of every step of chocolate production, from the selection of the finest cocoa beans sourced in the best growing areas through to the finished product. But our vision is not just to make the finest products; it is to match these high standards with equally high ethical and sustainability standards in every aspect of our business. This is the Lindt & Sprüngli promise:

That all products leaving our factories live up to our commitment to sustainable behavior along the value chain.



SUSTAINABLE SOURCING

To secure the sustainable supply of key resources, Lindt & Sprüngli enters into long-term partnerships with suppliers and commits to ensure traceability and verification of the progress made at the farm level.

In order to guarantee the top quality and incomparable taste of our chocolate recipes, all raw materials are tested for compliance with the most stringent specifications and quality standards, both before and after purchasing. Sustainability is a vitally important feature of raw material sourcing. This includes respect for social and societal aspects such as working conditions and farmers' incomes in the origin countries, as well as the promotion and facilitation of environmentally-friendly production. Lindt & Sprüngli therefore aims of improving farmers' living conditions. To that end, Farming Programs have been set up to enable the farmers to apply good agricultural practices. That increases the crop yield and hence also the farmers' incomes, while at the same time assuring the consistently high quality of the cocoa beans needed by Lindt & Sprüngli.

Farming Programs for raw materials — Lindt & Sprüngli is committed to the use of premium ingredients – especially cocoa beans – as part of its sustainable Farming Programs and builds long-term relations with the farmers. A special premium per ton purchased permits traceability and verification, while at the same time supporting growers and promoting their development. The Farming Programs comprise four main steps:

Step 1: Traceability and farmer organization

Farmer organization and traceability is the base for all activities to improve the farmers' and communities' livelihoods. Lindt & Sprüngli wants to know who grows the cocoa and what the conditions on the ground are to be able to support the farmers and communities according to their needs.

Step 2: Training and capacity building

Knowledge transfer and specific training play a central role in increasing productivity and thereby improving the farmers' incomes. The Farming Programs include training for farmers in the following areas:

- good agricultural practice (crop protection, harvesting, post-harvesting activities);
- good environmental practice (biodiversity, environmental protection);
- good social practice (health and safety, labor rights)
- good business practice (professionalization of the business).

Step 3: Farmer investments and community development

Alongside better professional knowledge, the provision of an effective infrastructure and professional planting appliances play a further important role. For example, more than 20 Village Resources Centers have been set up in Ghana, equipped with computers, printers and Internet access; in the daytime they are open to students for teaching purposes and in the evening to farmers for training. The supply of cocoa seedlings encourages more productive farms.

Step 4: Verification and continuous progress

Lindt & Sprüngli strengthens the Farming Programs by internal monitoring to measure continuous progress, external audits to enable the progress made to be verified and corrective actions if indicated.

Lindt & Sprüngli is committed to attaining the following two goals in the sourcing of cocoa:

- by 2016: Ghana cocoa bean supply chain fully verified;
- by 2020: Global cocoa supply traceable and verified.

In the reporting year 2014, the implementation and the extension of the farming program in Ghana were successfully continued. Under this program, more than 20,000 farmers already benefit from basic and advanced training facilities, together with the provision of important resources. Pilot projects have also laid the groundwork for new Farming Programs for cocoa beans from Ecuador and hazelnuts from Turkey.

Supplier Code of Conduct — Lindt & Sprüngli is committed to ethical and socially responsible company management. To that end, Lindt & Sprüngli gave an undertaking in 2010 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 the fight against corruption and are likewise applied in the supply chain. All suppliers are required to comply with our supplier code of conduct. Regular audits are performed to ensure the implementation of the code.





SUSTAINABLE PRODUCTION

Together with the use of high quality material, the finest raw materials and state-of-the-art production equipment, dedicated employees and respect for the environment are the foundation of Lindt & Sprüngli's premium products. That being so, the group of companies strives to achieve ecologically sustainable as well as ethically, legally and socially responsible business conduct, not just as an employer but also as a member of society.

Personnel — At the end of 2014, Lindt & Sprüngli employed around 12,000 persons worldwide (including Russell Stover). In addition to their outstanding professional skills, these employees have a high degree of identification with the products and with the company itself. Many years of experience in the areas of product development, purchasing, manufacturing, quality assurance and marketing of premium chocolate are Lindt & Sprüngli's core competence and the secret of its success. To maintain that success, the company provides an attractive working environment. Quality goes hand in hand with professionalism, innovation with further training and performance with health. As a global company, the utmost priority is accorded to occupational safety on the production sites. An effective health and safety program was put in place many years ago at all the production sites. Compliance with the objectives is constantly reviewed. As a result, the number of occupational accidents has been greatly reduced in recent years. To make sure that the working

environment matches the needs of the employees, they are regularly consulted at all our sites. Positive feedback shows that the employee programs are proving effective and that Lindt & Sprüngli is on the right track for constantly fostering its excellence also in this area.

Environment — the Group's environmental policy aims to conserve ecological resources. This is done, for example, through energy-saving projects and by taking part in international initiatives. Lindt & Sprüngli has set itself clear objectives to reduce the burden on the environment and cut the use of resources. In the production process, water and energy consumption as well as CO₂ emissions are constantly reduced. This aim is achieved by a range of measures including energy-efficient machines which make economical use of water, solar panels for power generation and LED lights.

Site Policy — With the Group's global headquarters and the chocolate factory in Kilchberg as well as the cocoa processing center in Olten and the logistics hub in Altendorf, Lindt & Sprüngli is heavily committed to Switzerland as a place to do business and is now the biggest employer on the left shore of Lake Zurich. The Swiss subsidiary company is not just the biggest supplier of cocoa mass to sister companies in Germany and Italy but also – with the export of LINDT chocolate products to Europe and overseas – the biggest exporter within the Group.



SUSTAINABLE CONSUMPTION

Lindt & Sprüngli has a responsibility to its consumers. As a premium chocolate manufacturer the business is uncompromising on quality and food safety. By consistently living up to its quality promise, Lindt & Sprüngli wins the confidence of customers and consumers and so ensures its own corporate success. Active exchange of information and transparent communication play a central role here. In the “Good Corporate Citizenship” context, Lindt & Sprüngli also has a commitment to society extending well beyond its business activity as such.

Consumers — In recent years, a constant increase in the number of customer enquiries has been recorded. In 2014, a total of almost 85,000 enquiries reached the subsidiary companies all over the world. All enquiries are systematically recorded by a specific customer relationship management system (CRM) and provide information about matters of central concern to customers.

Communication — Active exchange of information with all stakeholders and transparent communication are an important component of the corporate culture. In this way important societal, political and ecological issues can be taken up and integrated into the company's activity. Consumer information and product labeling comply with the latest sector standards.

Social Engagement — Lindt & Sprüngli supports voluntary social engagement, and by doing so helps to alleviate social problems. The subsidiary companies of the Group support local organizations, associations and social institutions through numerous donations and activities. Particular importance attaches here to the project partnership between Lindt & Sprüngli and the Roger Federer Foundation, which supports programs for deprived children. Two charitable foundations set up in 2013, the Lindt Cocoa Foundation and the Lindt Chocolate Competence Foundation, likewise reflect Lindt & Sprüngli's social commitment. The foundations focus on the sustainability of the raw material supply on the one hand and on enhancing the public awareness for the Swiss chocolate tradition on the other hand.

The sustainability practices of Russell Stover (acquired in 2014) will be stepwise adapted to the norms of the Lindt & Sprüngli group.

FURTHER INFORMATION ON CORPORATE SUSTAINABILITY

→ www.lindt-spruengli.com/sustainability
→ More on the topic:



Sustainability Report 2014
Detailed information about our progress in the area of sustainability.



Sustainable Cocoa Sourcing
Brief information on Lindt & Sprüngli's Farming Program in Ghana.



Sustainability & Responsibility
Brief information on sustainability matters in all relevant business areas of the Company.

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE — The Lindt & Sprüngli Group is globally active, developing, producing, and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with its headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The market capitalization based on the 2014 year-end prices is CHF 12.5 billion.

→ Security and listing numbers of the securities see page 69

The company's group structure is lean. While the Board of Directors handles management, strategy, and supervisory duties at the highest level, the CEO and Group Management are responsible for operational management tasks in which they are assisted by the Extended Group Management.

→ Board of Directors see page 36

→ Group Management see page 41

The scope of consolidation of Chocoladefabriken Lindt & Sprüngli AG includes the subsidiaries listed in notes to the consolidated financial statements. Details about these companies, such as name, domicile, share capital, participation, etc. can be found there as well.

→ Details of subsidiaries see page 69

Chocoladefabriken Lindt & Sprüngli AG holds no interests in publicly traded companies.

MAJOR SHAREHOLDERS — As of December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG disclosed the following major shareholders which own voting shares of more than 3%: "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG," "Finanzierungstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft," "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation", all Kilchberg ZH, held as a group a total of 27,643 registered shares or 20.3% of the share capital and thus 20.3% of the voting rights of the company. As far as the company knows, there are no tied shareholding agreements between these shareholders.

As of December 31, 2014, the company received no disclosure reports indicating that further shareholders own more than 3% of the equity capital or voting rights of the company.

Chocoladefabriken Lindt & Sprüngli AG does not hold cross interests.

CAPITAL STRUCTURE

As of December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG presents the following capital structure:

ORDINARY CAPITAL — The ordinary capital is composed of two types of securities:

	2014
Registered shares*	CHF 13,611,100
Bearer participation certificates**	CHF 9,560,660
Total ordinary capital	CHF 23,171,760

* 136,111 registered shares par value of CHF 100.– each.

** 956,066 bearer participation certificates par value of CHF 10.– each.

The registered share has a voting right at the General Meeting, whereas the bearer participation certificates have no voting rights. Both types of shares have the same rights to dividends and proceeds of liquidation in proportion to their par value. All shares are fully paid-in. No bonus certificates ("Genussscheine") were issued.

AUTHORIZED AND CONDITIONAL CAPITAL — The Group possesses a total conditional capital of CHF 5,289,060. The conditional capital comprises a total of 528,906 bearer participation certificates with a par value of CHF 10.– each. As of December 31, 2014, of this total, the remaining 174,456 are reserved for employee stock option programs; and 354,450 participation certificates are reserved for capital market transactions. Further information about authorized and conditional capital can be found in article 4^{bis} of the Articles of Association which are available on the Webpage of Chocoladefabriken Lindt & Sprüngli AG.

 http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E.pdf

There is no other authorized capital apart from the conditional capital.

CHANGES IN CAPITAL — During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Ordinary capital				
Year	Share capital in CHF	Registered shares (RS)*	Participation capital in CHF	No. of bearer participation certificates (PC)**
2012	13,670,000	136,700	8,944,880	894,488
2013	13,611,100	136,111	9,253,110	925,311
2014	13,611,100	136,111	9,560,660	956,066

Conditional capital			
No. of bearer participation certificates (PC)**			
Year	Total	Capital market PC	Employee PC
2012	612,737	354,450	258,287
2013	559,661	354,450	205,211
2014	528,906	354,450	174,456

Number of securities, status as at December 31.

* Registered shares (RS) par value CHF 100.–

** Bearer participation certificates (PC), par value CHF 10.–

RESTRICTIONS REGARDING ASSIGNABILITY

AND NOMINEE ENTRIES — Both registered shares and participation certificates can be acquired without restrictions. According to article 3, subsection 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4% of the total of registered shares as entered in the commercial register. Moreover, according to article 685d, subsection 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if upon demand by the Board the buyer does not formally state that the shares are purchased on his own behalf and on his own account.

According to article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships, who are inter-related to one another through capital ownership, through voting rights or common management, or who are otherwise linked, as well as natural persons and legal entities or partnerships who act in concert in regard to a registration restriction, are considered to be one single shareholder. Based on article 3, subsection 9 of the Articles of Association, the Board of Directors may make exceptions to these provisions in special cases and adopt suitable provisions for the application of these rules. The implementing provisions for these rules are defined in the regulation of the Board of Directors on “Registration of registered shares and keeping the share register of Chocoladefabriken Lindt & Sprüngli AG.”

 <http://www.lindt-spruengli.com/investors/corporate-governance/board-regulations/>

According to these provisions, in particular (1) the intention of a shareholder to acquire a long-term interest in the company or (2) the acquisition of shares as part of a long-term strategic business relationship or a merger, together with the acquisition or allocation of shares on the occasion of the acquisition by the company of a particular asset, are treated as special cases within the meaning of article 3, subsection 9 of the Articles of Association.

In the year under review, no exceptions were granted. Based on the long-term participation and with regard to the purpose of the Foundation, the Board of Directors already granted such an exception prior to the year under review for the 20.3 % of the voting rights of the “Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG,” “Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft,” “Lindt Cocoa Foundation,” and “Lindt Chocolate Competence Foundation,” all Kilchberg ZH.

A nominee shareholder will be granted full shareholder status for a maximum of 2 % of the registered share capital as entered in the commercial register, if such nominee discloses in writing name, address, domicile or seat, nationality, and shareholdings of those persons on whose account he holds the shares. Over the limit of 2 %, the Board of Directors will enter the shares of a nominee as voting shares in the shareholder register if such nominee discloses, in writing, name, address, domicile or seat, nationality, and shareholdings of those persons for which accounts he holds 0.5 % or more of the then outstanding share capital, whereby entry per trustor is limited to 4 %, respectively to 10 % per nominee collectively. Article 3, subsection 7 of the Articles of Association is applicable to nominees likewise.

The regulations to these rules are defined in the Regulations of the Board of Directors “Registration of registered shares and keeping of the share register of Chocoladefabriken Lindt & Sprüngli AG.”

 http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/REGISTRATION_AS_NOMINEE_EN.PDF

A revocation of these restrictions regarding the assignability requires a resolution by the shareholders at the General Meeting with a voting majority of at least three quarters of the shares represented.

OUTSTANDING OPTIONS AND CONVERTIBLE

BONDS — Options on bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details concerning the number of options issued and still outstanding with the corresponding terms and conditions are shown in the table below:

Year of allocation	Number	Strike price (CHF)	Term	No. of rights exercised	No. of exercisable rights
2008	12,660	3,149	until 2015	12,269	391
2009	33,066	1,543	until 2016	25,855	7,211
2010	33,886	2,200	until 2017	12,936	20,950
2011	33,556	2,523	until 2018	4,253	29,303
2012	34,470	2,679	until 2019	0	34,470
2013	32,715	3,123	until 2020	0	32,715
2014	19,385	4,062	until 2021	0	19,385
Total	199,738			55,313	144,425

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised for a maximum of seven years after the grant and are subject to a blocking period of three, four and five years respectively. The strike price is equivalent to a five-day average of the closing daily prices of the share on the Swiss stock market prior to the date of issue.

In 2014, a total of 30,755 of the above employee options were exercised (previous year: 53,076). Therefore, the “ordinary” participation capital was increased in 2014 by CHF 307,550 by the corresponding reduction in the “conditional” participation capital reserved for the employee stock option programs. The 144,425 options outstanding as of December 31, 2014, and not yet exercised are equivalent to 6.2 % of the total capital. There are no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

BOARD OF DIRECTORS



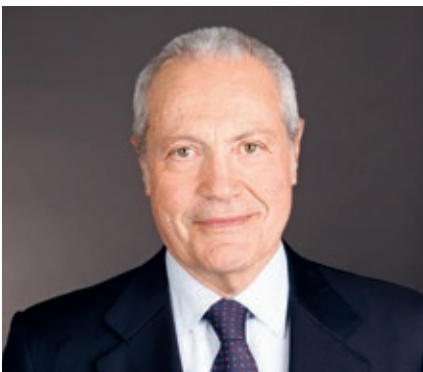
Ernst Tanner



Dr Rudolf K. Sprüngli



Dr Franz Peter Oesch



Antonio Bulgheroni



Dkfm. Elisabeth Gürtler



Petra Schadeberg-Herrmann

BOARD OF DIRECTORS

ROLE AND FUNCTION — The Board of Directors makes decisions jointly and, for specific matters, is assisted by Board committees. The Board's primary function is to provide guidance and exercise control over the Group. The Board makes strategic decisions and defines the general means for achieving the goals it has set for the company. It sets the agenda for the General Meeting and approves the annual and half-year reports as well as the compensation report. Decisions regarding the appointment of members to the Group Management, the Extended Group Management, the Managing Directors of subsidiaries as well as the nomination of the statutory auditor for election at the General Meeting are taken by the full Board.

MEMBERS — The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members. If the number of members falls below five, the minimum membership must be restored at the next ordinary General Meeting. As of December 31, 2014, the Board had six active members. Ernst Tanner (CEO) is an executive member of the Board, all other members are non-executive members.

Name, function	First election	Until
Ernst Tanner, Chairman and CEO	1993	2015
Dr Kurt Widmer, member	1987	2015
Dr Rudolf K. Sprüngli, member	1988	2015
Dr Franz Peter Oesch, member	1991	2015
Antonio Bulgheroni, member and Lead Director	1996	2015
Dkfm. Elisabeth Gürtler, member	2009	2015

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli SpA until his retirement in April 2007. Also the other members of the Board were not actively engaged in the management of the Group or of a subsidiary and none of them had other business relations with any entity within the Group in the past three years.

The members of the Board of Directors were for the first time individually elected by the shareholders at the General Meeting for a one-year term of office until the next General Meeting. No limitation is placed on their re-election. When by-elections were held, the new members serve out the term of office of their predecessors. If a member leaves, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In the year under review, Dr Kurt Widmer no longer stood for re-election after serving as a member of the Board of Directors for 27 years. Ms Petra Schadeberg-Herrmann was nominated as a candidate to succeed him. In the year under review, she was elected together with the five previous members of the Board of Directors for a term of office of one year until the end of the next ordinary general meeting, in compliance with the terms of the ordinance against excessive remuneration in listed companies (VegüV) which entered into force on January 1, 2014.

Ernst Tanner (CH) Mr Tanner was elected as CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. He completed a commercial education and thereafter attended Business schools in London and in Harvard. Before joining Lindt & Sprüngli, Mr Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, his last position having been Company Group Chairman Europe. Mr Tanner has been a member of the Board of Directors of the Swiss Swatch Group since 1995, Vice Chairman of the Board of Directors since 2011 as well as member of the Compensation Committee since 2002 and Chairman of this Committee since May 2014. He also has a seat on the Advisory Board of the German Krombacher Brauerei GmbH & Co. KG. Until mid 2013, he was a member of the managing board of the Zurich Chamber of Commerce.

Dr Rudolf K. Sprüngli (CH) Mr Sprüngli completed his studies with a doctorate in economics and has been a member of the Board of Directors since 1988. Due to his former executive activities for the Group and for an international premium food-trading company, Mr Sprüngli is an expert authority in the chocolate business. Today, he manages his own consulting firm. Mr Sprüngli is also a member of the Board of Directors of Peter Halter Liegenschaften AG and Communicators AG, advisor at the Institut für Wirtschaftsberatung as well as Chairman of Freies Gymnasium Zurich.

Dr Franz Peter Oesch (CH) Mr Oesch completed his studies with a doctorate in law and was appointed to practise as an attorney-at-law in the canton of St Gallen in 1972. He has been a partner of the law firm “swisslegal asg advocati” in St Gallen since 1971. His membership in the Board of Directors dates back to 1991. Furthermore, Mr Oesch held office as Chairman of the Board of Directors of the St Galler Kantonbank from 1996 until mid 2013. Since 2014, he is Chairman of the Board of Directors at Kunert Group (Swiss), Corazza AG St. Gallen and Corazza AG Gossau, Obega AG as well as Woerner Tribotechnik AG.

Antonio Bulgheroni (IT) Mr Bulgheroni has been a member of the Board of Directors since April 1996, Lead Director since February 2009 and he is currently appointed in the Executive, Audit and Compensation Committee. His extensive experience in company management in every area of the chocolate business makes Mr Bulgheroni a highly respected international expert in the chocolate industry. He was CEO of Lindt & Sprüngli SpA from 1993 until his retirement from executive directorship in April 2007. Since then he has been Chairman of the Board of Lindt & Sprüngli and Caffarel, the two Italian subsidiaries of the Group. Mr Bulgheroni, who is qualified with the Order of Merit for Labour of the Italian Republic, is the Vice President of Banca Popolare di Bergamo and holds other directorships including Il Sole 24 Ore and the L.I.U.C. University as well as the Chairman of Bulgheroni SpA.

Dkfm. Elisabeth Gürtler (AT) Ms Gürtler has been a member of the Board of Directors since 2009. She completed her business-science studies with a master's degree, and subsequently acquired an outstanding reputation in particular as manager of the world-famous Sacher Hotels in Vienna and Salzburg, in an area in which premium quality plays a key role. Ms Gürtler was from 1998 till 2012 a member of the Supervisory Board of Erste Group Bank AG. Since 2004, she is a member of the general council of the Austrian National Bank as well as member of the Board of Directors of ATP Planungs- und Beteiligungs AG in Innsbruck. Since 2007, she has also been Managing Director of the Spanish Riding School in Vienna.

Petra Schadeberg-Herrmann (D) After periods of study in Paris and London, Ms Schadeberg-Herrmann completed her studies at the European Business School in Germany in 1990 with a degree in business management. She has been employed by the Krombacher Brewery Group of Companies for more than 20 years and is currently a managing partner. Krombacher is the leading brand on the German beer market. Ms Schadeberg-Herrmann is active primarily on the financial and commercial side. Among her other duties as managing partner she is in charge of Krombacher Finance GmbH. In June 2011 she was elected to the Supervisory Board of Kronen AG and in April 2013 to the Supervisory Board of Commerzbank AG.

NUMBER OF PERMITTED ACTIVITIES OUTSIDE THE GROUP — The number of mandates in the senior managing bodies and boards of directors of legal entities which are to be entered in the Swiss commercial register or in a comparable foreign register outside the Group is restricted for the members of the Board of Directors to four mandates in listed companies, ten mandates in non-listed companies and fifteen mandates in other legal entities such as foundations and associations.

 http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E.pdf

INTERNAL ORGANIZATION — In the year under review, the Ordinary General Meeting elected for the first time the Chairman of the Board of Directors and the members of the Compensation Committee. In other respects, the Board of Directors will remain self-constituting.

If the chairmanship is abandoned prematurely, or if the chairman is dismissed from the Board of Directors or retires from the Board before ending the term of office, the Board of Directors can appoint an interim chairman from among its members until election at the next General Meeting. In case one or more members of the Compensation Committee prematurely retire, the Board of Directors can appoint substitutes from among its members until the next General Meeting.

The Chairman presides over the General Meeting, represents the company in dealings with third parties and, in cooperation with the Delegate of the Board of Directors, the Group Management and the Extended Group Management, provides timely information for the Board of Directors on all matters which are important for the decision-making process and monitoring of significant aspects of the company. He is responsible for preparing all the matters to be dealt with by the Board of Directors, for placing them on the agenda and for convening and chairing meetings of the Board of Directors.

The Delegate of the Board of Directors (CEO) is entrusted with the task of managing the business jointly with the Group Management and is assisted by the Extended Group Management. He is Chairman of the Group Management. Further details of the tasks of the CEO, the Group Management and the Extended Group Management will be found on page 40 of this annual report.

The Board of Directors may also appoint a non-executive member from its ranks to serve as the Lead Director. The Lead Director, who was appointed for one year, is entrusted with the task of safeguarding the independence of the Board of Directors in relation to the Chairman and CEO if both these functions are held by the same member of the Board of Directors. If necessary, the Lead Director has authority to

convene and chair a meeting of the Board of Directors himself which will not be attended by the Chairman and CEO. He must notify the outcome of any such meeting to the Chairman and CEO.

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG is firmly convinced that the dual mandate of Ernst Tanner as Chairman of the Board and CEO ensures effective leadership and excellent communication among shareholders, the Board of Directors, and the Management. Leading corporate governance practice also recognizes that a dual mandate of Chairman of the Board and CEO can be advantageous for a company, if the company provides for the appropriate control mechanisms. These comprise a majority of non-executive Board members, Board Committees (Audit Committee, Compensation & Nomination Committee, and Corporate Sustainability Committee), each consisting of non-executive or a majority of non-executive Board members, as well as the appointment of a non-executive, experienced member of the Board of Directors as Lead Director. With the appointment of Antonio Bulgheroni as Lead Director, Chocoladefabriken Lindt & Sprüngli AG has introduced the latter control mechanism.

The Board of Directors meets regularly and as often as business requires it, but at least four times each year. Meetings are convened by the Chairman or by another member of the Board of Directors appointed to represent him or by the Lead Director. Each member of the Board of Directors is authorized to ask for a meeting to be convened without delay, while stating the purpose. The Chairman or in his absence another member of the Board of Directors authorized to represent him or the Lead Director presides over the meeting. Apart from the members of the Board of Directors, the meetings may likewise be attended by members of the Group Management and other non-members. In the year under review, four regularly meetings were held; one member was not present at a regular meeting. Each meeting generally lasted for four to five hours. Members of the Group Management regularly attended these meetings. Two extraordinary meetings were held in 2014; one member was not present at one extraordinary meeting. No other external consultants took part in meetings of the Board of Directors.

COMMITTEES OF THE BOARD OF DIRECTORS — The Board of Directors is assisted in its work by three committees: the Audit Committee, the Compensation & Nomination Committee, and the Corporate Sustainability Committee. The Board of Directors may decide at any time by a majority decision to set up further committees. Until that time, all other tasks of the Board of Directors in particular in the areas of corporate governance, communication, relations with investors, and shareholders will continue to be performed by the whole Board of Directors.

Audit Committee — The Audit Committee consists of three members of the Board of Directors. At least two of them, together with the Chairman, must be non-executive members of the Board of Directors. The CFO has a consultative vote in the committee.

Until the general meeting of April 24, 2014, the following persons were members of the Committee: Dr Franz Peter Oesch (Chairman), Dr Rudolf K. Sprüngli, and Antonio Bulgheroni. Following the general meeting, the Committee membership was as follows: Dr Franz Peter Oesch (Chairman), Antonio Bulgheroni and Petra Schadeberg-Herrmann.

The members of the committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The Audit Committee supports the Board of Directors in its function of strategic supervision, with particular reference to the main audit areas, complete presentation of the financial statements/audit findings, compliance with statutory requirements, and the services of the external auditors. In addition, the committee assesses the expediency of the financial reporting and internal control system. It ensures ongoing communication with the external auditors. Likewise, it keeps the risk management principles of the Group, and the appropriate nature of the risks taken under constant review, especially in the areas of investments, currencies, raw material procurement, and liquidity.

The Audit Committee makes recommendations to the Board of Directors for important decisions in the aforementioned matters, such as the approval of risk management principles, adoption of the annual accounts statement or proposals for the appointment of the statutory auditor. The committee itself has no decision-making powers. It may, however, decide independently to entrust the auditor with special assignments and approve the fee budget for audit tasks submitted by the external auditors.

The committee meets as often as business requires, but at least four times a year. In 2014, four regularly scheduled meetings were held; one member was not present at a regular meeting. The meeting generally lasted between one and two hours. Members of the Group Management regularly attended these meetings. The auditors attended meetings of the Audit Committee on one occasion. Direct access for the auditors to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Board of Directors in the year under review.

→ Information on the auditor see page 45

Compensation & Nomination Committee — The Compensation & Nomination Committee consists of three non-executive members of the Board of Directors, each of whom was elected in the year under review for the first time by the general meeting for a term of office of one year until the end of the next ordinary general meeting. Until the general meeting of April 24, 2014, the Committee membership were as follows: Dr Kurt Widmer (Chairman), Antonio Bulgheroni, and Dkfm. Elisabeth Gürtler. Following the general meeting, the members were Dr Rudolf K. Sprüngli (Chair), Antonio Bulgheroni, and Dkfm. Elisabeth Gürtler.

→ Information and responsibilities of the Compensation & Nomination Committee see compensation report page 47

Corporate Sustainability Committee — The Corporate Sustainability Committee consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board of Directors. The CFO attends the meetings.

Until the general meeting of April 24, 2014, the Committee membership were follows: Dr Rudolf K. Sprüngli (Chairman), Dr Kurt Widmer, and Ernst Tanner. Following the general meeting, the members were: Dr Rudolf K. Sprüngli (Chairman), Antonio Bulgheroni and Ernst Tanner.

The Corporate Sustainability Committee supports the Board of Directors in setting the strategic direction for the activities of the company, whilst aiming for comprehensive sustainable management. Furthermore, it is responsible for the development and adaption of all globally valid corporate policies in this area, and monitors compliance in the legal aspects. The committee has a preparatory as well as consultative role. It meets as often as business requires, at least once a year. One regularly convened meeting took place in the year under review and lasted for around two hours. The CFO attended this meeting. No external consultants were present at this meeting.

ALLOCATION OF COMPETENCES — The essential principles for allocating the competences and responsibilities among the Board of Directors and the Group Management are set forth in the organizational regulation. Below is a summary of the basic principles:

Board of Directors:

- Performs the inalienable statutory tasks. The Board of Directors is therefore responsible for strategic management of the company, giving the necessary instructions and supervising the Management
- Determines strategic, organizational, accounting, and financial planning guidelines
- Changes to the legal structure of the Group (especially incorporation of new subsidiary companies, acquisitions, joint ventures, as well as liquidation of companies)

- Appointment and dismissal of the Chairman, the delegate, the secretary, and the Lead Director of the Board of Directors together with the members of the Group Management, the Extended Group Management, and Chief Executive Officers of the subsidiary companies
- Approves the budgets for the Group and the individual subsidiaries

The Board of Directors has assigned the management of day-to-day business to the CEO and Group Management on the basis of the organizational regulation. They are supported by the Extended Group Management.

CEO — The CEO is the Chairman of the Group Management and responsible for procurement and forwarding of information to the Group Management, the Extended Group Management, and the members of the Board of Directors. The CEO must also ensure that the decisions and instructions of the Board of Directors are acted upon by the Group Management and Extended Group Management. Last but not least, he is responsible for managing the operational business of the Group within the framework of its strategic objectives, and for the planning of the entire business and reporting within the Group.

Group Management — The Group Management is responsible for the implementation of the Group strategies. In addition, the individual members of the Group Management must lead their allocated functional and responsibility areas within the framework of the Group policy and in compliance with the instructions given by the delegate of the Board of Directors. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific areas.

→ For details of the members of the Group Management, see page 41

Extended Group Management — The members of the Extended Group Management perform the duties entrusted to them by the Chairman of the Group Management or by members of the Group Management in the area of country/market responsibility (looking after foreign subsidiary companies and providing services for them) and/or functional responsibility. The members of the Extended Group Management may assume additional responsibility in the capacity of Managing Director/CEO of a subsidiary company or at Group level with pure market/country responsibility and/or functional responsibility.

→ For details of the members of the Extended Group Management, see page 43

INFORMATION AND CONTROLLING INSTRUMENTS

— The Board of Directors is kept regularly informed of all important matters relating to the business activity of the Group. Members of the Group Management attend the meetings of the Board of Directors and report on the latest state of business and on important projects and events. Extraordinary occurrences are called to the attention of the members of the Board of Directors without delay. To obtain a direct picture of the market situation, the Board of Directors regularly visits national companies and meets the local business management.

The Board of Directors will be kept informed in writing on a quarterly basis by means of an extensive and complete Management Information System (MIS) about profit and loss, balance sheet, cash flow, investments, and personnel both of the Group and the subsidiaries. The information is provided both on a historical basis and as a year-end forecast.

Furthermore, the members of the Board of Directors receive, on an annual basis, a detailed overall budget, together with a three-year medium-term plan with forecasts of the future development of the individual subsidiaries and the consolidated group of companies, covering the income statement, profit and loss, balance sheet, cash flow, investments, and personnel. An annually updated Group-wide analysis of the strategic, operational, and financial risks – including valuations, actions taken to limit risks, and responsibilities – will also be presented.

To enable the risk parameters of the Group to be assessed, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity (risk control reporting). Members of the Group Management regularly attended the meetings of the Audit Committee. The Group has no internal audit department. Accordingly, the internal financial control system, the management information and risk management reporting of the Group is given very special attention.

Each year, a report is submitted to the Audit Committee on the internal financial control processes in the various corporate functions of the subsidiary companies (IT, Procurement, Production, Sales, Salary payments, Treasury, HR, and Financial Reporting). Within the framework of the yearly audit, the auditors may be charged with special assignments, which go over and beyond the legal and statutory requirements.

GROUP MANAGEMENT

On December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG's Group Management had five members.

Name, responsibility	Since
Ernst Tanner, Chief Executive Officer	1993
Uwe Sommer, Marketing/Sales & Country Responsibility	1993
Andreas Pfluger, Country Responsibility	1994
Dr Dieter Weisskopf, Chief Financial Officer, Finance/Administration/Procurement/Operations	1995
Rolf Fallegger, Country Responsibility	1997

Ernst Tanner (CH) For details refer to “Board of Directors” on page 36 of this Annual Report.

Uwe Sommer (CH) Economist, MA. — Mr Sommer joined the Lindt & Sprüngli Group in 1993 as a member of the Group Management, responsible for Marketing and Sales with country responsibilities. Previously, he gained his professional experience as an executive in the marketing/sales sector of Procter & Gamble, Mars in Germany and England, and as CEO with Johnson & Johnson in Austria.

GROUP MANAGEMENT



Ernst Tanner



Uwe Sommer



Dr Dieter Weisskopf



Andreas Pfluger



Rolf Fallegger

EXTENDED GROUP MANAGEMENT



Kamillo Kitzmantel



Dr Adalbert Lechner



Thomas Linemayr

Andreas Pfluger (CH) lic. rer. pol. — Mr Pfluger began his career with Unilever in Switzerland before joining Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1994. In 1997, he took over responsibility as CEO for building up the subsidiary in Australia. He has held further positions as CEO of the French subsidiary and of the Ghirardelli Chocolate Company in California (USA). Since 2005, Mr Pfluger is country responsible for the markets in North America. In 2011, he returned to the Swiss headquarters as member of the Extended Group Management and was promoted member of Group Management in 2013, where he is responsible for the development of specific markets.

Dr Dieter Weisskopf (CH) PhD in Economics / Business Administration — Mr Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration, and Purchasing. Since 2004, he is also responsible for manufacturing. Starting his career at Swiss Union Bank, he gained additional experience in the banking sector in Mexico and Brazil, later changing to the food industry, namely the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the financial sector, lastly as CFO in Canada and Switzerland.

Rolf Fallegger (CH) lic. oec. HSG — Mr Fallegger began his career in 1991 in marketing with Procter & Gamble in Geneva, Great Britain, and Belgium. He joined Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1997. He was then appointed CEO of the Lindt & Sprüngli subsidiary companies in Great Britain and France. In 2009, he returned to the Swiss base and in 2011 was appointed as member of the Extended Group Management. In 2014, he was promoted to member of the Group Management where he continues to be responsible for the development of specific markets.

Except for the above-mentioned assignments, the members of the Group Management are not active in other management or supervisory bodies. They are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

EXTENDED GROUP MANAGEMENT

On December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG's Extended Group Management had three members.

Name, responsibility	Since
Dr Adalbert Lechner, Country responsibility	1993
Kamillo Kitzmantel, Country responsibility	1994
Thomas Linemayr, Country responsibility	1995

Dr Adalbert Lechner (AT) Lawyer — After his PhD in law, Mr Lechner held several managements positions in marketing and sales with L'Oréal and Johnson & Johnson. He joined the Lindt & Sprüngli Group as CEO of the Austrian subsidiary company in 1993. In 1997, he took over responsibility for Chocoladefabriken Lindt & Sprüngli GmbH in Aachen and since 2001 additionally for the Austrian subsidiary. Since 2011, he has been a member of the Extended Group Management.

Kamillo Kitzmantel (AT/CH) Mag. Handelswissenschaft — Mr Kitzmantel initially held various positions with Fischer Ski, Johnson & Johnson, and Bahlsen before joining Lindt & Sprüngli Germany in 1994 as Marketing and Sales Manager. One year later, he was appointed CEO of the Swiss subsidiary company over which he still presides today. He temporarily also took management responsibility for the Ghirardelli Chocolate Company in the USA and national responsibility for the Italian market. He has been a member of the Extended Group Management since 2011. In August 2012, he also took over responsibility for Duty-Free.

Thomas Linemayr (AT) Mag. Betriebswirtschaft — Mr Linemayr began his career at the Lindt & Sprüngli Group in 1995 when he joined the German subsidiary in Aachen as Marketing and Sales Director. In 1999, he was appointed CEO in charge of Lindt & Sprüngli USA in Stratham, NH; in that capacity, he made a substantial contribution to the development of the LINDT brand in the world's biggest chocolate market. In addition to his position as CEO of Lindt & Sprüngli USA, he is also a member of the Extended Group Management since 2013; those duties give him strategic responsibility at the head of the Group.

The members of the Extended Group Management are not active in other management or supervisory bodies. The members of the Extended Group Management are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

NUMBER OF PERMITTED ACTIVITIES OUTSIDE THE GROUP — The number of mandates on the senior management bodies and boards of directors of legal entities which are entered in the Swiss commercial register or in a comparable foreign register outside the Group is restricted for the members of Group Management and Extended Group Management – always subject to approval by the Board of Directors – to not more than two mandates in listed companies, five in non-listed companies and fifteen mandates in other legal entities such as foundations and associations.

 http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E.pdf

COMPENSATION, EQUITY PARTICIPATION & LOANS

→ see details Compensation Report on page 47

SHAREHOLDERS' RIGHTS OF PARTICIPATION

RESTRICTION OF VOTING RIGHTS AND PROXY —

The transfer of nominal shares and consequently the recognition of the buyer of nominal shares as a shareholder with voting rights, as well as the registering of nominees as shareholders with voting rights are subject to certain restrictions. According to article 3, subsection 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to a buyer of shares if the number of shares held by that buyer exceeds 4 % of the total registered shares as entered in the commercial register. Details of the restrictions placed on the transfer of registered shares and the limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, will be found on page 33 of this Annual Report and in the respective regulation of the Board of Directors "Registered Share and Shareholder Registry Regulations Lindt & Sprüngli AG."

 <http://www.lindt-spruengli.com/investors/corporate-governance/board-regulations/>

According to article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, whether with his own shares or with those voted by proxy, more than 6 % of total voting shares when exercising the voting rights at the General Meeting. Natural persons or legal entities, which either by the number of shares or the pooling of votes or similar are linked to each other or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may make exceptions to the voting rights restrictions. In the reporting year, the Board of Directors granted no such exception.

The voting rights restriction does not apply to the exercise of the those rights by the independent voting right representative and by shareholders with more than 6 % of the voting rights whose names are recorded in the share register.

As the “Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG”, “Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft”, “Lindt Cocoa Foundation”, and “Lindt Chocolate Competence Foundation”, all Kilchberg ZH, as a group are entered in the share register with a shareholding interest of more than 6%, the voting right limitation does not apply to that fund.

A revocation of the statutory restrictions of voting rights requires a three-quarter majority of the votes represented at the Annual Shareholders' Meeting.

Pursuant to Art. 12 para. 2 of the Articles of Association a shareholder may arrange to be represented at the general meeting by another shareholder or by the independent voting right representative on the basis of a written power of attorney. A general instruction may be given for voting on motions which have been announced in the invitation to attend or have not been so announced.

STATUTORY QUORUM — The General Meeting passes its resolutions by an absolute majority of the votes represented, unless the Articles of Association or the law prescribe otherwise. According to article 15, subsection 3 of the Articles of Association, amendments of the Articles of Association regarding the relocation of headquarters, transformation of nominal shares into bearer shares, the assignment of nominal shares, the representation of shares at the General Meeting, the amendment of article 15, subsection 3 of the Articles of Association as well as the dissolution or the merger of the company requires a three-quarter majority vote of represented shares.

CALLING OF THE ANNUAL GENERAL MEETING, AGENDA, AND SHARE REGISTER — Shareholders are given notice by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss Handelsamtsblatt.

A shareholder whose name appears in the share register as owning at least 2% of the equity capital of the company may ask for an item to be placed on the agenda. The request for an item to be placed on the agenda must be sent to the Board of Directors in writing no less than 60 days before the meeting stating the matters to be discussed and the proposals made. These requests for items to be placed on the agenda and the accompanying proposals must be placed before the General Meeting together with the opinion of the Board of Directors on them. During the General Meeting, requests and justifications therefore for items not on the agenda may be brought up before the meeting for discussion. A decision about these items, however, may not be taken until the next General Meeting after review by the Board of Directors.

Requests made within the realm of the agenda items do not need prior announcement. In the invitation to attend the general meeting, the Board of Directors indicates the cut-off date for entry in the share register which entitles the shareholder to attend and vote.

CHANGE IN CONTROL AND DEFENSIVE MEASURES

In the event of a change in control of the company, the employee options granted can be exercised without regard to the three to five year blocking period. Other than that, there are no special agreements concerning a change in control that would favor either the members of the Board of Directors or the Group Management or any other management members of the company. The Articles of Association of incorporation make no special provision for “opting out” or “opting up” pursuant to article 22 BEHG of March 24, 1995 about stock exchange and stock trading.

AUDITORS

MANDATE — The General Meeting first appointed PricewaterhouseCoopers AG, Zurich, as its statutory auditor in April 2002. According to the Articles of Association of the company, the auditors must be newly appointed or confirmed each year by the General Meeting. The 2014 reporting year is the second year for the responsible lead auditor, Bruno Häfliger. Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not

hold office for more than seven years. Bruno Häfliger will therefore not be allowed to serve as the responsible lead auditor after the end of the financial year 2019 at the latest.

AUDIT FEE — The total audit fees billed by the auditing company in the reporting year 2014 amounted to TCHF 1,534.

ADDITIONAL FEES — The total sum of additional fees mainly related to tax and EDP consulting, billed by the audit company in the reporting year 2014 totalled TCHF 582 (including the Due Diligence).

SUPERVISORY AND CONTROLLING BODIES — Supervision and control with respect to the performance of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the whole Board of Directors in this task. The committee also ensures that the ongoing communication with the auditors is intact. It regularly discusses with their representatives the results of the audit activities in the areas of control and accounting activities as well as the suitability of the internal control systems. Before the interim audit, the auditors prepare an audit plan which is then submitted to the members of the Audit Committee. Based on an analysis of the current business and audit risks, the main points to be audited are proposed in this plan. The audit plan is approved by the Audit Committee and then also by the whole Board of Directors. The appropriate nature of the audit fee as well as possible additional fees for “non-audit” services is also reviewed on this occasion. The report on the final audit for the annual financial statement is dispatched to all the members of the Board of Directors. It is previously discussed in the Audit Committee with the auditors, and then approved by the whole Board of Directors at the meeting called to adopt the annual report in a circular resolution. In the year under review, the auditors once attended a meeting of the Audit Committee. Direct access for the auditors to the Audit Committee is granted at all times. Information about the organization and the scope of duties can be found on page 39 of this Annual Report.

SHAREHOLDER INFORMATION

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

Middle of January	Net sales of the previous year
Middle of March	Income statement and full-year results
End of April	Annual General Meeting
Mid July	Half-year figures
End of August	Half-year report

→ For details refer to “Information” on page 120

The statutory publication is the Swiss Handelsamtsblatt. In addition, information about the company is published and processed by selected media and by leading international banks. All data about the business can also be consulted on the company web site. Company press releases can also be consulted on that web site. For news and ad-hoc communications, a push system is likewise available on the company web site.

 www.lindt-spruengli.com/media/press-releases/news-service/

Interested parties can obtain a free copy of the annual report as well as the Compensation Report of Chocoladefabriken Lindt & Sprüngli AG in the original version from the Group headquarters at Seestrasse 204, 8802 Kilchberg.

For further information contact the investor relations department of the Group via phone number +41 44 716 25 37 or e-mail investorrelations-in@lindt.com.

COMPENSATION REPORT

DEAR SHAREHOLDERS

I welcome this opportunity to present the compensation report for the financial year 2014 to you on behalf of the Compensation Committee.

The financial year 2014 saw a great many regulatory changes. In particular, the entry into force of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on January 1, 2014, imposes new requirements concerning compensation issues. In the light of the provisions of VegüV, Lindt & Sprüngli reviewed and revised its compensation system as well as the Articles of Association. The performance-based compensation together with share and option plans intended for members of the Group Management and Extended Group Management are concerned in the first instance. To enable the revised Articles of Association to provide the necessary basis for the votes on compensation at the 2015 General Meeting they were already submitted to last year's General Meeting and were approved by 94.6% entitled to vote. In the financial year 2014, the Corporate Governance Directive of the SIX Swiss Exchange and the compensation principles set out in the attachment to the "Swiss Code of Best Practice for Corporate Governance" of *economiesuisse* were also revised. The revised compensation system and the Articles of Association of *Chocoladefabriken Lindt & Sprüngli AG* consider these additional regulatory requirements and recommendations in due form.

VegüV requires a separate compensation report to be drafted for the financial year 2014. The primary purpose of that report is to give a compact overview of all information about compensation for the financial year 2014. By comparison with the previous year's report, transparency has been increased with additional information concerning the determination of the cash bonus amounts. A consultative vote will be taken for the first time on this compensation report at the 2015 General Meeting.

At the forthcoming General Meeting in April 2015, separate votes will then be taken for the first time concerning the approval of the maximum amount of compensation for the Board of Directors until the next General Meeting and the maximum amount of compensation for the Group Management and Extended Group Management in preparation for the year 2016.

This compensation report is structured as follows:

- I. Compensation governance
- II. Compensation for the Board of Directors
- III. Compensation for the Group Management and Extended Group Management
 - i. Compensation principles
 - ii. Compensation system
 - iii. Compensation elements
 - iv. Compensation
- IV. Rules for outgoing officers
- V. Participation
- VI. Additional fees, compensation, and loans to company officers

The Board of Directors is convinced that this compensation report gives our shareholders a comprehensive and integral overview of the compensation at Lindt & Sprüngli.

The Chairman of the Compensation & Nomination Committee

Dr R. K. Sprüngli

COMPENSATION REPORT 2014

This compensation report describes the underlying principles governing compensation at Lindt & Sprüngli. The information provided refers to the financial year which ended on December 31, 2014. The compensation report likewise takes account of the disclosure obligations set out in Art. 14 ff. VegüV and Art. 663c OR, the revised provisions of Chapter 5 of the Corporate Governance Directive of the SIX Swiss Exchange and the revised recommendations of the “Swiss Code of Best Practice for Corporate Governance” of *economiesuisse*.

I. COMPENSATION GOVERNANCE

Article 24bis of the Articles of Association of Lindt & Sprüngli lays down the following tasks and terms of reference for the Compensation & Nomination Committee (CNC):

“The Compensation & Nomination Committee shall concern itself with compensation policies, particularly at the most senior levels of the company. It shall have the tasks, decision-making powers, and authority to present motions accorded to it by the organizational regulations and the Compensation Committee regulations. In particular, it shall assist the Board of Directors in determining and evaluating the remuneration system and the principles of remuneration, and in preparing the proposals to be presented to the General Meeting for approval of remuneration pursuant to Art. 15bis of the Articles of Association. The Compensation Committee may submit to the Board of Directors proposals and recommendations in all matters of remuneration.”

The responsibilities of the CNC include the approval of the contracts of employment of members of the Group Management and Extended Group Management. It draws up proposals to the Board of Directors on any occupational benefits and pensions of the company or of its subsidiary companies outside the scope of occupational benefits and similar schemes abroad which are granted to the members of the Board of Directors, the Group Management and Extended Group Management within the limits laid down by the Articles of Association. In addition, the CNC is responsible for drawing up a proposed text of the compensation report for the attention of the Board of Directors.

Within the framework of the compensation principles, the Articles of Association and the decision of the General Meeting, the CNC determines the amount and composition of the compensation of the individual members of the Board of Directors, the Group Management and the Extended Group Management. The individual members of the Board of Directors, the Group Management and the Extended Group Management are excluded from the negotiation and voting as far as their own compensation is directly affected. Once each year, the CNC informs the Board of Directors of the procedure for the determination of compensation and on the outcome of the compensation process. The Committee meets at least twice each year. Three regular meetings were held in the year under review. Members of the Group Management took part regularly in these meetings. The CNC has general authority to call in external consultants. Last year, in connection with the review of the compensation system and the staff option plan, the CNC obtained consultancy services from the independent consultancy company Hostettler & Company, HCM Switzerland Ltd. No other tasks were entrusted to Hostettler & Company, HCM Switzerland Ltd.

Approval system

Recipient of the compensation	Proposal	Decision	Binding votes on compensation starting at the General Meeting 2015
BoD Chairman	CNC	BoD (excluding the Chairman)	Maximum fee budget for the period until the next Ordinary General Meeting
Members of the BoD	CNC	BoD	
CEO	CNC	BoD (excluding the Chairman)	Maximum total compensation for the next financial year
Members of the Group Management and Extended Group Management	CEO and CNC	BoD	

II. COMPENSATION FOR THE BOARD OF DIRECTORS

The members of the Board of Directors receive compensation in the form of a fixed fee. The entire compensation is paid out in cash after the General Meeting. This compensation released the Board of Directors from potential conflicts of interest in the assessment of the corporate performance.

The fixed fee received by members of the Board of Directors was unchanged by comparison with the previous years. The flat-rate sum paid to the Chairman of the Board of Directors is CHF 260,000 and CHF 145,000 for the members of the Board of Directors. The following compensation was paid to the members of the Board of Directors in the year 2014.

Compensation of the Board of Directors (audited)

		2014		2013	
CHF thousand		Cash compensation ¹⁾	Other compensation ⁴⁾	Cash compensation ¹⁾	Other compensation ⁴⁾
E. Tanner ²⁾	Chairman and CEO, member of the CSR Committee ³⁾	260	14	260	14
A. Bulgheroni	Board member, member of the Audit and Compensation Committee, Lead director	145	39	145	38
Dkfm E. Gürtler	Board member, member of the Compensation Committee	145	8	145	8
Dr R. K. Sprüngli	Board member, member of the Audit and CSR Committee ³⁾	145	8	145	8
Dr F. P. Oesch	Board member, member of the Audit Committee	145	8	145	8
P. Schadeberg-Herrmann ⁶⁾	Board member	0	10	0	0
Dr K. Widmer ⁵⁾	Board member, member of the Compensation- and CSR Committee ³⁾	145	8	145	8
Total		985	95	985	84

1) Total gross cash compensation (excluding social charges paid by employer), in the form of Board fees to Directors.

2) Cash compensation for the function as Chairman of the Board.

3) CSR Committee: Corporate Social Responsibility Committee.

4) AHV-share of the employee on fees, that are paid by the employer. Furthermore Mr Bulgheroni received a gross fee of TCHF 32 in 2014 (TCHF 31 in 2013) for his function as Chairman of the Board of Lindt & Sprüngli SpA and Caffarel SpA. Moreover, Ms. Schadeberg-Herrmann received a fixed compensation of TCHF 10 for her consulting function at Lindt & Sprüngli (Austria) GmbH in 2014.

5) Did not run for re-election at the General Meeting 2014.

6) Was elected into the Board of Directors at the General Meeting 2014.

No loans and credits had been granted to executive and non-executive members of the Board of Directors.

III. COMPENSATION FOR THE GROUP MANAGEMENT AND EXTENDED GROUP MANAGEMENT

i. COMPENSATION PRINCIPLES

Compensation plays a central role in the recruitment of staff and in retaining their loyalty. As a consequence, compensation influences the future success of the company. Lindt & Sprüngli is committed to performance-based compensation compliant with the market and designed to reconcile the long-term interests of the shareholders, employees, and customers.

The compensation system at Lindt & Sprüngli has four main aims:

1. long-term motivation of staff,
2. creating long-term loyalty of key personnel to the company,
3. establishing an appropriate relationship between the costs of compensation and the results, and
4. ensuring that the activity of the management reflects the long-term interests of the owners.

Lindt & Sprüngli attaches great importance to staff loyalty. That is apparent in particular from the extraordinarily low turnover rate over a period of many years in the Group and Extended Group Management. This is particularly important for a premium product manufacturer with a long-term strategy. The compensation principles at Lindt & Sprüngli are intended to have a medium and long-term impact and be sustainable. Continuity is a high priority.

ii. COMPENSATION SYSTEM

The compensation for members of the Group Management and Extended Group Management consists of a combination of basic salary, cash bonus, share and participation certificate or option-based compensation, and ancillary benefits consistent with their respective position. Fixed compensation essentially reflects the particular grade, powers and experience of the members of the Group Management and the Extended Group Management. The cash bonus is tied to the performance targets of the financial year, while the compensation in equities or similar instruments strengthens the focus on shareholders within the corporate management and reconciles the long-term interests of the Management with those of the shareholders.

The compensation in equities or similar instruments with vesting periods of three to five years until they can be sold promotes the long-term action which is important in the consumer goods industry and has already been a major pillar of the company's development in recent years. The following table shows the particular bonus target as a percentage of the basic salary, the accompanying target attainment bandwidth as a percentage of the bonus target and the elements of the equity-based compensation. The bandwidth for possible option allocations is expressed as a percentage of the fixed compensation in each case.

Composition of variable compensation of the Group Management

Fixed compensation		Variable compensation		
Basic salary		Cash bonus		Options* as % of base salary
		Target bonus in % of base salary	Target attainment range as % of target	
CEO	100 %	100 %	0–200 %	0–50
Group Management and Extended Group Management	100 %	30–90 %	0–200 %	—

* Options on participation certificates

The amount of the target compensation is guided by the requirements and responsibility of the beneficiaries and is regularly reviewed within the Group by making horizontal and vertical comparisons. When new appointments are made the CNC also takes account of comparable data for the consumer goods sector with reference to the post to which a new appointment is to be made.

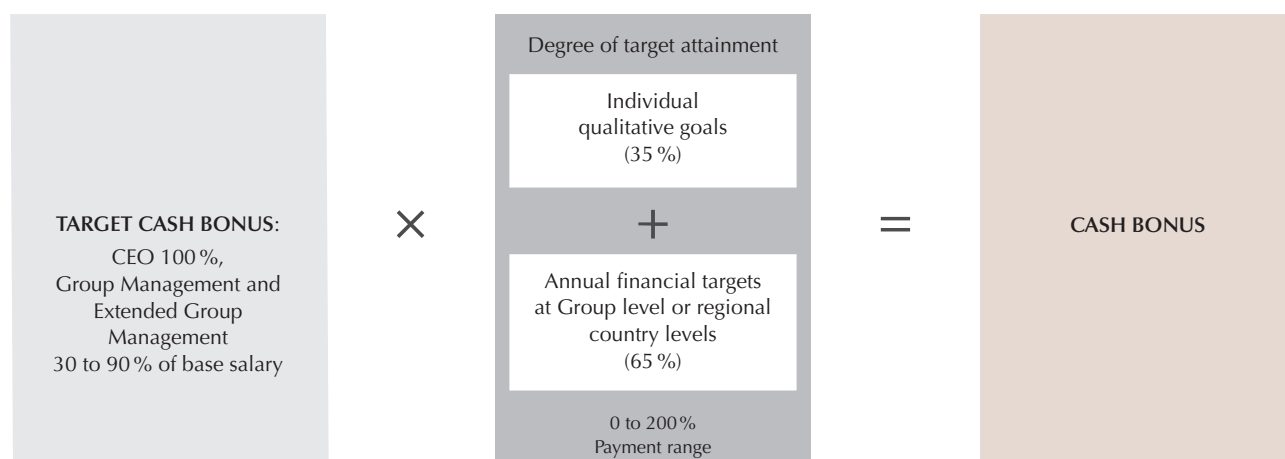
In the year 2014 the compensation for the Group Management and Extended Group Management was reviewed by benchmarking. Here the level of compensation and its structure were compared with twelve industrial companies from the SMI and SMIM of a similar size in terms of their market capitalization and sales. In addition, the long-term corporate performance of Lindt & Sprüngli was determined by comparison with the peer group to obtain an assessment representing a “Pay for Performance” analysis.

iii. COMPENSATION ELEMENTS

Basic salary and other compensation — The basic salary is paid out in twelve or thirteen equal monthly cash installments. In addition, the members of the Group Management and Extended Group Management receive other compensation and ancillary benefits. These include the entitlement to a company vehicle and participation in pension plans.

Cash bonus — The amount of the cash bonus is determined by multiplying the individual target cash bonus by a target attainment factor which is determined by a scorecard. For the CEO and members of the Group Management this factor is determined largely by the attainment of financial targets for the year at Group level and to a lesser extent by the attainment of personal annual qualitative targets which are proposed by the CNC and finally set by the Board of Directors. The financial targets are determined annually and correlated with the long-term strategy which aims to achieve sustainable organic sales growth accompanied by continuous improvement of profitability. As to the financial targets, the financial results achieved over the last three years on the market are also measured against those of a comparison group. The purpose of that comparison is to take account of circumstances which cannot be influenced by the company itself. The non-financial targets are guided by the individual function and relate to the implementation of the strategy and to defined management and conduct criteria.

Calculation of the cash bonus for the CEO, Group Management, and the Extended Group Management



For the members of the Extended Group Management, the target bonus multiplier is also determined using a scorecard. Here, too, the multipliers are mainly influenced by the attainment of the set financial targets. For the members of the Extended Group Management who have responsibility at regional or national level the regional and national financial targets are likewise considered alongside the Group targets. Also in the case of members of the Extended Group Management, the degree of attainment of the strategic and personal targets represents a comparatively small part of the bonus calculation.

As the illustration shows, the particular target cash bonus of the CEO, the members of the Group Management and Extended Group Management are multiplied by the particular degree of attainment of the target which ranges from 0 % to 200 % (maximum figure in excess of the set target). In other words the cash bonus paid out is limited to not more than twice the target cash bonus.

Share plan — The long-term share compensation which was agreed contractually with the CEO when he was appointed in the year 1993 and entitles him to a fixed number of shares every year is now supplemented by a success-dependent variable allocation mechanism. The CEO is to receive a variable quantity of up to 50 shares which depend upon the performance achieved in the previous years. The exact number of shares is decided by the Board of Directors as part of an overall assessment based on a scorecard and is determined by the degree of attainment of financial and non-financial targets which are measured over a period of three years. If the targets are not achieved, the amount of the number of shares will be reduced accordingly. The allocated shares continue to be subject to a five-year vesting period during which they may not be sold; in other words, the long-term value is linked to the trend in value of the company.

Option plan — The option plan enables the Group Management and Extended Group Management as well as selected employees to participate in the long-term increase in corporate value. The options are allocated as an incentive for future value growth. The number is not determined primarily by the performance in the previous year but by the position held by the employee and his influence on long-term corporate success. The Board of Directors takes the final decision on the value of the options per participant on the basis of the stated criteria; the allocated value may amount to as much as 200% of the particular basic salary for the CEO, Group Management and Extended Group Management. The options are issued in a ratio of one option to one participation certificate (1:1). The option strike price corresponds upon allocation to the average value on the five previous trading days.

The option rights have a strike period of not more than seven years from allocation with initial vesting periods of three, four or five years (35 % of the options may therefore be exercised after three or four years and 30 % after five years).

iv. COMPENSATION

The compensation for members of the Group Management and Extended Group Management for the year 2014 is shown in the following table. The calculation of the option and equity-based compensation for 2014 uses market values based on Black-Scholes at the time of allocation. The compensation table for 2013 has been adjusted accordingly for comparison purposes.

Compensation for the Group Management and Extended Group Management (audited)

CHF thousand	Fixed cash compensation ¹⁾	variable cash compensation ²⁾	Other compensation ³⁾	Options ⁴⁾	Registered shares ⁵⁾	2014 market value
						Total remuneration
Ernst Tanner, CEO ⁶⁾	1,256	1,600	99	1,574	2,450	6,979
Other members of the Group Management and Extended Group Management ⁷⁾	4,208	3,810	1,186	4,486	–	13,690
Total	5,464	5,410	1,285	6,060	2,450	20,669

CHF thousand	Fixed cash compensation ¹⁾	Variable cash compensation ²⁾	Other compensation ³⁾	Options ⁴⁾	Registered shares ⁵⁾	2013 market value
						Total remuneration
Ernst Tanner, CEO ⁶⁾	1,256	1,600	146	1,904	3,602	8,508
Other members of the Group Management and Extended Group Management ⁷⁾	4,064	3,160	698	6,823	–	14,745
Total	5,320	4,760	844	8,727	3,602	23,253

CHF thousand	Fixed cash compensation ¹⁾	Variable cash compensation ²⁾	Other compensation ³⁾	Options	Registered shares	2013 tax value
						Total remuneration
Ernst Tanner, CEO ⁶⁾	1,256	1,600	146	996	2,691	6,689
Other members of the Group Management and Extended Group Management ⁷⁾	4,064	3,160	698	3,570	–	11,492
Total	5,320	4,760	844	4,566	2,691	18,181

1) Total gross cash compensation and allowances including pension benefits paid by employer (excluding social charges paid by employer).

2) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).

3) Employees part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.

4) Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). The valuation reflects the market value at the time granted according to Black Scholes. The total number of granted share options in 2014 to Mr Tanner was 2,000 units (3,000 units in 2013) and to all other members of the Group Management and the Extended Group Management 5,700 units (10,750 units in 2013).

5) Grant of 50 Lindt & Sprüngli registered shares in 2014 (100 in 2013). The valuation is based on the market value upon allocation.

6) Compensation for function as CEO, fixed base salary of CHF 1.3 million (including pension benefits paid by employer) unchanged since 1993.

7) The number of other Group Management and Extended Group Management members is seven.

No loans and credits had been granted to executive and non-executive members of the Group Management and Extended Group Management.

IV. RULES FOR OUTGOING OFFICERS

The employment contracts stipulate a maximum notice period of twelve months and make no provision for a severance payment. The maximum prohibitions on competition for members of the Group Management and Extended Group Management amount to twelve months. Compensation must not exceed the basic salary for one year. The vesting periods imposed on shares and options do not lapse upon departure and the vesting periods are not shortened.

V. PARTICIPATION

The following table provides information on the ownership of Lindt & Sprüngli registered shares, participation certificates and options on participation certificates for members of the Board of Directors, the Group Management and Extended Group Management as at December 31, 2014.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2014	2013	2014	2013	2014	2013
E. Tanner	Chairman and CEO	3,103	3,039	6,943	8,967	19,750	17,750
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	5,900	5,900
Dr K. Widmer ¹⁾	Member of the Board	–	35	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,090	–	–	–	–
Dr F. P. Oesch	Member of the Board	13	17	–	–	–	–
P. Schadeberg-Herrmann	Member of the Board	131	–	–	–	–	–
U. Sommer	Group Management	12	12	140	1,449	7,450	9,369
Dr D. Weisskopf	Group Management	7	5	2,400	1,800	9,650	10,550
A. Pfluger	Group Management	5	5	30	30	5,188	8,213
R. Fallegger	Group Management	5	5	1,969	1,612	6,035	5,985
K. Kitzmantel	Extended Group Management	5	5	100	100	4,338	4,938
A. Lechner	Extended Group Management	6	6	53	53	5,650	6,900
T. Linemayr	Extended Group Management	4	4	77	77	5,500	5,350
Total		5,383	5,223	11,712	14,088	69,461	74,955

1) Mr. Dr K. Widmer left the Lindt & Sprüngli Group in 2014, therefore no participation is reported for 2014.

VI. ADDITIONAL FEES, COMPENSATION, AND LOANS TO COMPANY OFFICERS

Apart from the benefits listed in this report, no other compensation was provided in the year under review 2014 – either directly or via consultancy companies – for the executive and non-executive members of the Board of Directors or for the members of the Group Management and Extended Group Management. In addition, as of December 31, 2014, no loans, advances or credits had been granted by the Group or by any of its subsidiary companies to the members of the Board of Directors, Group Management and Extended Group Management.

REPORT OF THE STATUTORY AUDITOR

To the general meeting of
Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

We have audited pages 49 and 53 of the compensation report of Chocoladefabriken Lindt & Sprüngli AG for the year ended December 31, 2014.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the remuneration report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.



PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'Bruno Häfliger'.

Bruno Häfliger
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'Richard Müller'.

Richard Müller
Audit expert

Zurich, 9 March 2015





2014
AN EVENTFUL YEAR

Swiss Chocolate Heaven

Shop opening
on 3,454 above sea level,
told in eight highlights

01 Thrilling exhibition match reaches new heights: Roger Federer takes on Lindsey Vonn.

LINDT ambassador Roger Federer faced US ski racer Lindsey Vonn in an exhibition tennis match played on the Aletsch glacier to mark the opening of the “Swiss Chocolate Heaven.” The extraordinary match was watched by a live audience of guests and journalists from all over the world. Swiss Television presenter Rainer-Maria Salzgeber took on the role of umpire and helped Lindsey using a few tricks. The spectators acclaimed loudly when it was decided that Lindsey had won the match. Roger, ever the gentleman, took it all in his stride and thanked Lindsey at the net for an unforgettable match.



02 Opening ceremony for the LINDT “Swiss Chocolate Heaven”.



In front of a crowd of media representatives from all over the world, presenter Rainer-Maria Salzgeber welcomed the guests of honor at the opening of the LINDT “Swiss Chocolate Heaven:” Urs Kessler, CEO of Jungfrau Railways, Ernst Tanner, CEO and Chairman of the Board of Directors of Lindt & Sprüngli, and LINDT brand ambassador and tennis champion Roger Federer. In his speech, Ernst Tanner stressed the perfect match between the Jungfrau Railway and Lindt & Sprüngli: both companies are built on innova-

tion and creativity, the former with the construction of the legendary railroad line and the latter with the invention of the world’s first melt-in-the-mouth chocolate. After a few words of welcome, the chocolate adventure was brought to life and the guests were able to try out the multimedia exhibits.

03 The first themed chocolate shop 11,332 feet above sea level.

At 11,332 feet above sea level, the themed chocolate shop on the Jungfraujoch is, up until now, the first and only shop of its kind. Not only is it built high up in the clouds, it also enjoys the most spectacular location in the heart of the Sphinx massif. Per year, over 800,000 visitors from all over the world can expect an extensive range of the finest LINDT chocolates, the perfect souvenir. In addition, the Master Chocolatiers' experience next door to the shop offers a fascinating insight into chocolate-making. Guests can therefore look forward to a little added sweetness on their visit to the Jungfraujoch in the future.



04 Extraordinary event location at the “Top of Europe”.



Probably the greatest challenge the event entailed was building the tennis court among all the snow and ice. Despite July being a warm season, fresh snow fell at the top of the mountain until just before the event. With great commitment and hard work, the local helpers got to work to make what seemed impossible possible. With tremendous dedication and meticulous timing, the tennis court was finished just before the start of the event. The hard work paid off. On the day of the event itself, the weather was on its best and the court appeared in true Davis Cup style against the backdrop of the Eiger, Mönch, and Jungfrau mountains.

05 The “Maître-Parlor” offers a glimpse into the fine art of chocolate-making.

In the “Maître-Parlor” next to the LINDT shop, five exhibits provide information about chocolate-making in eight languages. The ingredients are presented in a display cabinet, while short movies make an interactive recipe book revealing how they are prepared. This is followed by a replica conche, which is filled with liquid chocolate mass and a cartoon tells the story of its invention. A life-size hologram of a Master Chocolatier demonstrates how tablets and hollow chocolate figures are made. Visitors are also able to find out about the LINDT range by interacting with products on the giant touchscreen table. A LINDOR machine illustrating how the popular truffles are made provides the final highlight of the visit. Each visitor receives a real LINDOR truffle at the end of their tour.



06 A unique event with a spectacular international media response.



Around 100 media representatives from around the world were present at the event itself, some reporting live from the edge of the court. The news spread, primarily via online channels, in a matter of seconds. The final figures were impressive, with the event generating extensive global media coverage. In particular, the sensational images of the tennis court surrounded by snow and ice were used on a large scale and viewed by millions. According to estimates, coverage of the event reached an au-

dience of around 500 million, achieving an equivalent advertising value of approximately CHF 8 million based on global printing, online articles, and social media posts. It is pleasing to note that, in terms of posts by users, Lindt & Sprüngli was mentioned almost as often as Lindsey Vonn – only brand ambassador Roger Federer recorded higher traffic.

07 News of the exhibition match reaches an audience of millions online.

In the run-up to the event, LINDT brand ambassador and Swiss tennis star Roger Federer skyped US Olympic champion and ski racer Lindsey Vonn to invite her to take part in a special challenge in the LINDT "Swiss Chocolate Heaven," but without telling her all the details. In a comparison of the views from their respective apartments, Lindsey would certainly win the first point. A video of the event itself followed a few days later on YouTube, showing them both at the match. The news of the sensational exhibition match between the two superstars on the Aletsch glacier spread like wildfire around the globe

online and appeared in many major Internet media platforms. Together, the videos of the Skype call and the tennis match received more than two million hits on YouTube, while the Facebook pages of LINDT (5.7 million followers) and Roger Federer (more than 14 million followers), served to reach additional fans.



08 A strong partnership with Jungfrau Railway.



The Jungfrau Railway group is the leading mountain railway company in Switzerland. The group mainly operates tourist railroads and winter sports facilities in the Jungfrau region. Its most important asset is the route to the Jungfrauoch – "Top of Europe," situated 11,332 feet above sea level in the Swiss Alps Jungfrau-Aletsch UNESCO World Heritage site. The Jungfrauoch is a popular tourist destination, particularly with Asian tourists, and it received more than 800,000 visitors in 2013 for the second consecutive year.