



LINDT & SPRÜNGLI

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ANNUAL REPORT

2015

# LINDT & SPRÜNGLI

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## CREDO

**We are an international group and are recognized as a leader in the market for premium quality chocolate.**

We strive for excellence to maximize worldwide market opportunities. We thoroughly understand our consumers, their habits, needs, behavior, and attitudes. This understanding serves as the base to create products and services of superior quality and value. We will never make concessions that compromise our quality of product, packaging, and execution.

**Our working environment attracts and retains the best people.**

We encourage, recognize, and reward individual innovation, personal initiative, and leadership of people throughout the organization. Respect of personal individuality, trust, and fair play characterize our working relationships. Teamwork across all disciplines, business segments, and geographies is a corporate requirement to create a seamless company of people who support all others for mutual success. We will develop professionals and facilitate communication and understanding across all disciplines.

**Our partnership with our consumers, customers, and suppliers is mutually rewarding and prosperous.**

An in-depth understanding of our consumers' needs and our customers' and suppliers' objectives and strategies enables us to build a mutually rewarding and long-lasting partnership.

**We want to be recognized as a company which cares for the environment and the communities we live and work in.**

Environmental concerns play an everincreasing role in our decision makingprocess. We respect and feel responsible for the needs of the communities in which we live.

**The successful pursuit of our commitments guarantees our shareholders an attractive long-term investment and the independence of our company.**

We wish to remain in control of our destiny. Independence through superior performance will allow us to maintain this control.

INCOME STATEMENT

		2015	2014	Change in %
Sales	CHF million	3,653.3	3,385.4	7.9
EBITDA	CHF million	645.8	588.0	9.8
in % of sales	%	17.7	17.4	
EBIT	CHF million	518.8	474.3	9.4
in % of sales	%	14.2	14.0	
Net income	CHF million	381.0	342.6	11.2
in % of sales	%	10.4	10.1	
Operating cash flow	CHF million	488.9	308.2	58.6
in % of sales	%	13.4	9.1	

BALANCE SHEET

		2015	2014	Change in %
Total assets	CHF million	6,259.0	5,581.5	12.1
Current assets	CHF million	2,111.7	1,822.1	15.9
in % of total assets	%	33.7	32.6	
Non-current assets	CHF million	4,147.3	3,759.4	10.3
in % of total assets	%	66.3	67.4	
Non-current liabilities	CHF million	1,782.3	1,638.4	8.8
in % of total assets	%	28.5	29.3	
Shareholders' equity	CHF million	3,489.7	3,001.7	16.3
in % of total assets	%	55.7	53.8	
Investments in PPE/intangible assets	CHF million	252.8	234.6	7.8
in % of operating cash flow	%	51.7	76.1	

EMPLOYEES

		2015	2014	Change in %
Average number of employees		13,180	10,712	23.0
Sales per employee	TCHF	277.2	316.0	-12.3

## DATA PER SHARE

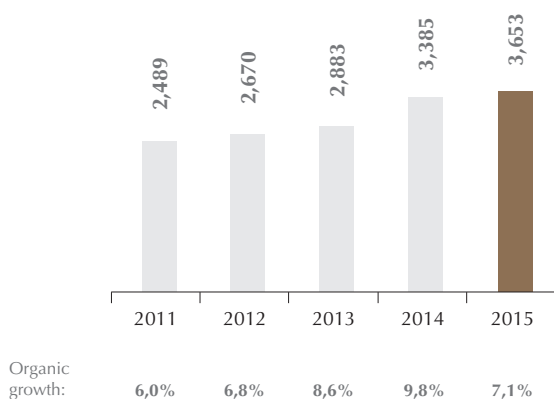
		2015	2014	Change in %
Non-diluted earnings per share/10 PC <sup>1)</sup>	CHF	1,646	1,504	9.5
Operating cash flow per share/10 PC <sup>1)</sup>	CHF	2,115	1,353	56.3
Dividend per share/10 PC	CHF	800 <sup>2)</sup>	725	10.3
Payout ratio	%	49.4	49.1	
Shareholders' equity per share/10 PC	CHF	14,854	12,954	14.7
Price registered share at December 31	CHF	74,620	57,160	30.5
Price participation certificate at December 31	CHF	6,255	4,932	26.8
Market capitalization at December 31	CHF million	16,337.8	12,495.4	30.8

1) Based on weighted average number of registered shares/10 participation certificates.

2) Proposal of the Board of Directors.

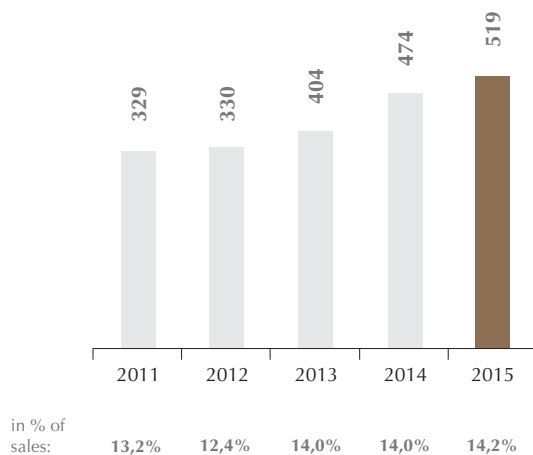
## SALES

(CHF million)



## OPERATING PROFIT (EBIT)

(CHF million)



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# FINANCIAL YEAR 2015

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## CHAIRMAN'S REPORT



### DEAR SHAREHOLDERS

Despite the challenging market environment over the past financial year, I am delighted to report that the Lindt & Sprüngli Group once again achieved excellent results in 2015, continuing its solid growth pattern. We were able to extend our leadership further in the attractive premium chocolate segment and expand our share in all the strategically important markets. Once again, our Group continues to grow at a faster pace than the overall chocolate market.

This strong performance was achieved despite a series of exceptional challenges in 2015: The first was the Swiss National Bank's decision in January 2015 to abandon the exchange rate floor between the euro and the Swiss franc, resulting in another sharp currency appreciation that had noticeable consequences for the Swiss economy. On top of that, a series of negative factors weighed on global consumer sentiment: record-high raw material prices (especially for cocoa beans), the recession in oil-exporting countries, the unsettling effects of terrorist threats, and concerns about

deflation and unemployment in the mature economies. A very hot summer followed by an extremely mild start to winter intensified this development. This led to a sluggish demand in the overall chocolate market.

*“Our company’s success continues to be built upon high quality standards, a rapid pace of innovation, as well as the long-term orientation of our business strategy.”*

Given this backdrop of uncertainty and weak growth, the results achieved by Lindt & Sprüngli in 2015 are all the more impressive, and prove that our durable business model is holding up well in a difficult market environment. The Lindt & Sprüngli Group achieved consolidated sales of CHF 3.65 billion, which equates to impressive sales growth of 13.5% in local currencies. Sales growth in Swiss francs came to 7.9%. Overall, the Group achieved organic sales growth of 7.1% and therefore is within the long-term target range of 6% to 8%. This positive trend was supported by all the major markets, as well as the constantly growing contribution from Global Retail. Our company’s success continues to be built upon high quality standards and a rapid pace of innovation, as well as the continuity and reliability of our management and workforce, and the long-term orientation of our business strategy.

Organic growth in the Europe segment amounted to 5.4%. Our UK business once again reported particularly strong double-digit growth, while the figures achieved by Germany and France, the Group’s biggest European subsidiaries, were also much better than the market average. Performance in the domestic market of Switzerland was also strong, despite a decline in the Swiss chocolate market as a whole.

One of the year’s highlights in Italy was Expo 2015 in Milan, for which Lindt & Sprüngli Italy acted as official sponsor. Lindt & Sprüngli played a prominent role in the event, from May 1 to October 31, by showcasing a “virtual chocolate factory”. Our LINDT Master Chocolatiers were daily on hand to sweeten the experience of around one million visitors.

Our clear focus and systematic approach in realizing strategically important acquisitions are paying off. In North America, we concentrated our efforts in 2015 on integrating the traditional American chocolate manufacturer Russell Stover into the Lindt & Sprüngli Group. The integration is progressing according to plan. Despite the necessary process adjustments and restructuring, we were able to maintain our momentum and increase our sales compared with the previous year, as well as expand our presence in North America. We were able to achieve organic sales growth of 7.9% in the NAFTA region. With this result we strengthened our no. 3 position in the world’s biggest chocolate market and our no. 1 position in the premium segment. This makes Lindt & Sprüngli a strong partner for the retail trade. In future, Lindt & Sprüngli will continue to benefit from its role as market leader in premium chocolate products and play a key role in the rapid development of this expanding market segment.

“The Rest of the World” segment reported organic growth of 11.4%. Subsidiaries in Australia, Japan, and Russia made particularly good progress, recording double-digit sales growth. In Latin America, Lindt & Sprüngli is concentrating on the strategically important market of Brazil, which is also enjoying double-digit growth. Our joint venture with the CRM Group supports this dynamic development. At the same time, our general approach in the emerging markets is still very cautious, in order to minimize risks.

Lindt & Sprüngli is one of the few chocolate makers that have complete control over every step of the production chain, from the selection of the finest cocoa beans through to the finished product. This is one of the fundamental criteria for a sustainable, transparent, and traceable cocoa supply chain. This was also the rationale behind the launch of the Lindt & Sprüngli Farming Program in Ghana in 2008, which ensures the traceability and verification of the cocoa beans and also helps to support the cocoa farmers and their local communities.

*“Our goal is to be the world’s leading retailer of premium chocolate by 2020.”*

2015 marked Lindt & Sprüngli’s 170th anniversary. Even though there were no official celebrations, we are fully aware of the significance of our unique corporate success story. Our investments in innovative products and the steady expansion of our subsidiaries, over the past 20 years are definitely bearing fruit. We now have 12 production sites, 24 subsidiaries and over 100 independent distributors in more than 120 countries. Furthermore, we are constantly adapting to ever-changing market conditions and reinventing ourselves. LINDT Global Retail plays a key role in this success story, as it continues to make inroads in all regional markets, opening up new sales channels in the process. We first developed and implemented our Global Retail concept back in 2009. It has been very well received by consumers and has a big impact in strengthening the public image and recognition of the LINDT brand. Our own retail outlets certainly provide the best environment for promoting our brand and allow consumers to experience first-hand the world of the “Master Chocolatiers”. We now have over 300 shops communicating LINDT’s core brand values such as top quality, tradition, product diversity, and a commitment to sustainability, sending out a clear and consistent global message to our consumers. The key success factors in this concept include the prime location of our shops and the close collaboration of the Global Retail Division teams with our subsidiaries. Thanks to the popularity and familiarity of our brand, as well as the quality of our service, we are now being offered most attractive locations for opening new LINDT shops. Furthermore, a number of products are exclusive to our own shops, so they attract loyal consumers who cannot buy them elsewhere.



Our goal is to be the world's leading retailer of premium chocolate by 2020. To achieve this, we plan to open between 20 and 30 new shops every year. We even exceeded this goal in 2015, expanding our global network by another 50 attractive new stores. In Brazil alone, 16 Lindt boutiques opened during 2015. Other highlights included the opening of a new store in Tokyo and also in Zermatt, where an exclusive LINDT shop opened its doors at a prime location in June 2015, just in time for the celebration marking the 150th anniversary of the first ascent of the Matterhorn.

The sales generated by Lindt & Sprüngli's own retail network now account for more than 10 % of overall Group sales. This great success shows that Global Retail is enjoying rapid and profitable growth, as well as making a significant contribution to the Group's financial performance. The division also plays a key role in supporting the company's goal in new growth markets. LINDT Global Retail reported sales growth of approximately 20 % in 2015. Today our Global Retail network contacts over 80 million consumers. On top of that, there are still many markets offering huge potential where we can – and will – implement our concept.

In 2015 the Group's operating profit (EBIT) rose by 9.4 % to CHF 518.8 million (previous year: CHF 474.3 million). The improvement in the operating margin to 14.2 % shows the reliability of our revenue forecasts. Net income increased by 11.2 % to CHF 381.0 million (previous year: CHF 342.6 million), amounting to 10.4 % return on sales. Operating cash flow stands at CHF 488.9 million (previous year: CHF 308.2 million). The balance sheet is still very solid.

The stock market has acknowledged Lindt & Sprüngli's strong performance. The price of our registered shares and participation certificates clearly outperformed the SMI growth rate (–1.8 %), recording an annual gain of 30.5 % and 26.8 % respectively. This confirms investors' confidence in our structural strength and excellent positioning for future success.

In view of the strong result achieved in the past financial year, the Board of Directors will be proposing to the 118th General Meeting scheduled for April 21, 2016, a dividend of CHF 800.– per registered share (CHF 400.– from the approved capital contribution reserve (agio) and CHF 400.– from available retained earnings) and CHF 80.– per participation certificate (CHF 40.– from the approved capital contribution reserve (agio) and CHF 40.– from available retained earnings). This is equivalent to a dividend increase of 10.3 %. We are delighted that our shareholders can once again benefit from the success of their company.

In August 2015 we received the sad news of the unexpected death of Dr Franz Peter Oesch, a long-serving member of our Board of Directors. Dr Oesch first joined the Board of Lindt & Sprüngli back in 1991 and was Chairman of our Audit Committee. We have lost a competent and exceptional personality who helped to shape the company with great commitment and made a significant contribution to the positive development and success of Lindt & Sprüngli.

During the reporting year, our dedicated and motivated employees in every country have once again worked extremely hard to help us achieve our goals. On behalf of the Group Management and the Board of Directors, I personally wish to thank them all for the enormous commitment and enthusiasm they have contributed towards the success of the Lindt & Sprüngli Group. I would also like to take this opportunity to thank our business partners and suppliers who support us, and last but not least our shareholders who give us their loyalty and trust year after year. We are of course also grateful to all our consumers, who eagerly buy and enjoy our premium chocolate products.

### OUTLOOK

In 2016 we will continue the successful integration of Russell Stover into the Lindt & Sprüngli Group. We also expect high prices for our key raw materials, together with the strong Swiss franc, to be significant negative factors in our ongoing trading environment. At the same time, we are confident that our uncompromising commitment to quality, rapid pace of innovation, and clear market positioning in the premium chocolate segment will pay off, backed up by investments in the LINDT brand, the expansion of our locations and new technologies. We will direct all our efforts to use this platform for further growth, overcome the current challenges, and achieve the strategic goals set for the Lindt & Sprüngli Group in 2016.

A vision is gradually taking shape: the Chocolate Competence Center at our headquarters in Kilchberg. The charitable foundation "Lindt Chocolate Competence Foundation" submitted the relevant planning application to the local building authority in December 2015. The plan is to offer the public and interested consumers a multimedia "chocolate experience" which includes a chocolate museum, shop and café, as well as a "Chocolateria" and a pilot plant that can be used for research and educational purposes. The Center's prominent national and international profile will reinforce Switzerland's enduring reputation as a center of excellence for chocolate production.



**Ernst Tanner**  
Chairman and Chief Executive Officer

# INTEGRATING RUSSELL STOVER

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In summer 2014 Lindt & Sprüngli took over Russell Stover Candies, LLC, based in Missouri, USA, a deal that significantly strengthened the Group's leading position in the world's biggest chocolate market USA. Dieter Weisskopf, CFO of the Lindt & Sprüngli Group, and Andreas Pfluger, member of the Group Management and CEO of Russell Stover, report on the progress made to date with the integration of Russell Stover's business into the Group.

## DR DIETER WEISSKOPF

The CFO of Chocoladefabriken Lindt & Sprüngli AG

"We managed to secure the long-term financing just a few days after closing the transaction. Working closely with leading banks, we issued three bonds totaling one billion francs on the Swiss capital market. The placement of the three tranches was spread across a broad selection of institutional investors, private banks, and retail investors. Demand was very high and the issue was oversubscribed.

This placement allowed us to secure financing at very attractive terms while interest rates were at historic lows. At the same time, the transaction enabled us to systematically diversify the structure of our financial liabilities and establish a staggered maturity profile, while the chosen financing structure underpins the conservative and long-term orientation of the Group's financing strategy. Further positive aspects worth mentioning include what was – in hindsight – fortunate timing for purchasing the necessary US dollars at very attractive exchange rates, and the special tax advantages of the financing structure. Lindt & Sprüngli's shareholders can rest assured that their capital is in good hands.

Following the successful financing of the acquisition, the next challenge was to integrate Russell Stover's reporting structures into the Lindt & Sprüngli Group. The focus has now shifted to the gradual adaptation of business processes so as to bring them in line with our Group standards. In the area of production, for example, our Group-wide "lean management program" is being adopted and Lindt & Sprüngli's rigorous quality requirements and sustainability standards are being introduced, step-by-step. The local team's other priority is to improve the company's operating performance. In this context, initial potentials are already tackled in the LINDT companies in North America in areas such as procurement, logistics, information technology, retail strategies, and tax management."

## ANDREAS PFLUGER

The CEO of Russell Stover

"One of the key tasks after the acquisition closed on September 8, 2014 was to carefully inform the workforce about the new ownership structure in detail. Employees' reaction to the takeover was generally very positive. They welcome the fact that the strong track record of this traditional company will be maintained with the backing of a leading international chocolate manufacturer and are keen to work together to continue Russell Stover's success story. To ensure everyone is committed to the same corporate values, the LINDT Credo was introduced as well and its various elements are now being gradually applied to each area of the business.

Since the closing of the transaction, integration has been progressing well in virtually every corner of the business and should be fully concluded over the next two years. This process is being supported by an experienced internal management team. Their specialist expertise plays a vital role in the successful completion of this challenging task.

Over the years Russell Stover has carved out a successful position for itself in the American market. With Russell Stover, Whitman's and Pangburn's we hold a leading position in seasons with a gifting tradition, such as Christmas, Valentine's Day and also Easter. This success is based on a wide range of goods, efficient production processes, and esteem for American consumers since many years. Since Russell Stover has spent relatively small sums in the past on classic consumer marketing and product development, much more will be invested in these areas in the future. On the one hand, Russell Stover can benefit from Lindt & Sprüngli's excellent know-how in these areas. On the other hand, more staff have already been drafted in to augment the marketing and sales team.

While all these processes are running in the background, we continue to supply Russell Stover's fine chocolate products to millions of loyal customers on a daily basis."

# MARKETS

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Lindt & Sprüngli is a global leader in premium chocolate and prides itself on a tradition dating back 170 years which began in Zurich in 1845. Today, quality chocolate is made by Lindt & Sprüngli at its 12 production sites in Europe and the USA. Our products are sold all over the world by many subsidiaries and branches, as well as a comprehensive network of independent distributors spread across more than 120 countries. With a total workforce exceeding 13,000 employees, the Lindt & Sprüngli Group reported sales worth CHF 3.65 billion in 2015.

## SWITZERLAND

Chocoladefabriken Lindt & Sprüngli (Schweiz) AG achieved sales growth of CHF 359.0 million in 2015 (previous year: CHF 361.8 million). In the year under review, special focus was placed on LINDOR, with numerous marketing campaigns helping to generate additional growth.

In January 2015 the Swiss National Bank abandoned its exchange rate floor of CHF 1.20 per euro, triggering a sharp rise in the value of the Swiss franc. This inevitably had consequences for the Swiss economy, which was already struggling with a significant deterioration in consumer sentiment, more Swiss consumers shopping in neighboring Europe, falling tourist numbers at home, and subdued export activity. The overall chocolate market suffered a sharp decline in this challenging environment, with the exceptionally hot summer and late onset of winter intensified this development. Aggressive pricing and distribution through discount channels were therefore the main sources of competitive pressure. These difficult market conditions were also a challenge for Lindt & Sprüngli, with sales stagnating (-0.8%) compared to the previous year. Despite this, the Swiss subsidiary hung on to its premium positioning and selective distribution, focusing consistently on quality and innovation as it continuously expanded its market share.

In the year under review, the main focus in Switzerland was on our top-selling brand LINDOR. Growth was boosted by a series of campaigns such as the launch of six new seasonal recipes, the sampling of one million LINDOR balls on Valentine's Day and the airing of a new TV advertising campaign. Not only LINDOR, but also the brand CONNAISSEURS posted record market shares, clearly confirming its market leadership in the assorted pralinés

segment. A number of new limited editions were brought out to celebrate Valentine's Day, as well as seasonal offers for autumn and Christmas.

For decades now, our classic LINDT chocolate tablets have stood for a unique milk chocolate experience, top quality, and Swiss tradition. In the year under review, these core values were at the center of a publicity campaign with the slogan "Savor Switzerland", designed to reinforce the dominant market position of these chocolate tablets. August saw the launch of the innovative GRAND PLAISIR tablets, whose crisp and crunchy texture provides an unforgettable taste sensation. Supported by a nationwide billboard campaign, the new chocolate tablets have established themselves extremely well in the Swiss market and exceeded our high expectations.

In the important seasonal business, LINDT managed to further extend its existing leadership through new product offerings and innovative marketing activities. Over the Easter period the traditional GOLD BUNNY once again proved very popular, achieving a new record of more than 6.5 million sold in 2015. A new promotion, "Give your GOLD BUNNY a name", was launched in cooperation with several media partners. This targeted the major Swiss cities and generated over five million new contacts. At Christmas, the seasonal offering benefited from two new and trendy praliné creations in the popular CONNAISSEURS line.

Over the course of 2015 the capacity for chocolate mass production in Kilchberg was significantly expanded in order to strengthen Switzerland's standing as a production location in the long run. In addition, the Lindt Chocolate Competence Foundation plans to build a Chocolate Competence Center at our Kilchberg headquarters. The new center will not only focus on research and development, but also on showcasing and communicating know-how and expertise in chocolate-making, thereby helping to reinforce and enhance Switzerland's standing as a center of excellence for chocolate-making.

## HIGHLIGHTS



### SWITZERLAND

LINDT brand ambassador Roger Federer joins competition winners in making chocolate masterpieces.



### SWITZERLAND

The Lindt Chocolate Competence Foundation is planning a new Chocolate Competence Center in Kilchberg.



### GERMANY

Our popular LINDT TEDDY is given a suitable outfit to tie in with Munich's Oktoberfest.

## GERMANY

With sales worth EUR 458.1 million (previous year: EUR 428.1 million), Chocoladefabriken Lindt & Sprüngli GmbH once again reported above-average growth of 7.0 % and further increased its market share.

Germany's economy experienced a modest upturn, driven mainly by increased private consumption on the back of rising disposable incomes. Although the chocolate market as a whole was declining in volume terms, this was offset by price increases which produced modest growth overall. Chocoladefabriken Lindt & Sprüngli GmbH also managed to increase its sales by 7.0 %. This above-average result is attributable to the focus on successful classics such as LINDOR, EXCELLENCE and GOLD BUNNY, as well as a series of product innovations. The young lifestyle brand HELLO gave fresh impetus to the Easter business with a number of novelties. Our traditional GOLD BUNNY also caused a splash with a limited "animal print" edition. The new line "I mog di" (Bavarian for "I'm sweet on you") was launched in autumn, while Christmas sales were boosted by a new "Owl" range of hollow chocolate figures.

The findings of a cross-industry survey to find the best product brand provided welcome confirmation of our successful marketing activities, with LINDT ranked in the top three out of a field totaling 279 brands from 39 branches.

The strategic expansion of the facilities at the Aachen production site was successfully continued, creating capacity for further growth. A new staff restaurant was opened in 2015 as part of this project.

## FRANCE

Lindt & Sprüngli France SAS increased its sales by 4.9 % to EUR 329.5 million (previous year: EUR 314.0 million), once again making LINDT one of the fastest-growing chocolate brands in the French market.

The retail price war that has been waged for some years led to the merger of a number of trading partners. This has created a heavily concentrated retail scene, with inevitable effects on the prices of most consumer goods. In this challenging environment, the overall chocolate market suffered a modest decline in value terms. Despite this, Lindt & Sprüngli France SAS managed to position itself as the country's second-



biggest chocolate manufacturer and achieve record growth in its market share.

LINDT further strengthened its position as the leading tablet brand by launching many product innovations. New taste variations were added to the key tablet lines EXCELLENCE and CREATION, and a completely new tablet concept, CONNAISSEUR, was launched with a new line of filled chocolate bars. This new product line is already very popular. In France LINDT has not only built a reputation as the most innovative chocolate brand, but has repeatedly finished top in the rankings of the most important innovations.

LINDT is also winning over consumers in the seasonal business with attractive new concepts. The very popular line of CHAMPS-ÉLYSÉES assorted pralinés was extended to include a limited edition in gold. The CONNAISSEUR range was enhanced by the latest creation from our Master Chocolatiers, SAVEURS DU MONDE pralinés, while the Christmas offering was spiced up with an eye-catching CREATION PETITS ÉCLAIRS box, a chocolate interpretation of the classic French delicacy.

In the year under review, LINDT's sales team received the Sales Force of the Year 2015 award from the trade paper "LSA Commerce & Consommation". This award is recognition of the commitment of our sales team, which regularly visits around 6,700 shops to ensure that LINDT products are displayed to maximum effect.

After the capacity for manufacturing tablet chocolate was expanded at the Oloron-Sainte-Marie production site, additional investments were made in optimizing pralinés production. This is the core competence of our factory in south-west France, which exports specialty products worldwide.

## HIGHLIGHTS



### AUSTRIA

An eye-catching display with the LINDT TEDDY in the famous Tyrol department store in Innsbruck.



### ITALY

LINDT Master Chocolatiers display their chocolate-making skills to millions of visitors at Expo 2015 in Milan.



### USA

LINDT adds a sweet note to the famous Golden Globes awards ceremony in Hollywood for the first time.

## ITALY

Lindt & Sprüngli SpA and Caffarel SpA achieved a consolidated result of EUR 216.6 million (previous year: EUR 216.1 million) and managed to expand their market share in a very challenging economic environment (+0.2 %).

After years of steady economic decline and rising unemployment, the Italian economy showed signs of stabilizing in the second half of 2015. Various measures taken by the government improved the labor market situation, boosting consumer sentiment in the process. The Expo 2015 world fair in Milan made a substantial contribution to this positive development.

Despite this, the overall chocolate market continued to stagnate and the commercial environment remained tense. There was a shift in consumption from milk chocolate to darker chocolate, while the long-term trend away from pralinés to chocolate tablets stabilized again in the second half of the year. The decision to focus marketing initiatives on the LINDOR and EXCELLENCE lines once again paid off for Lindt & Sprüngli SpA, with both key brands winning substantial market shares. Product innovations such as LINDOR Gianduja and EXCELLENCE Arabica Intense were well received by the trade, as well as by end consumers. EXCELLENCE did particularly well, achieving strong double-digit growth through its unique product offering in the popular dark chocolate segment, backed up by a TV advertising campaign.

LINDT played a prominent role at the Expo 2015 world fair in Milan, showcasing an impressive chocolate-making facility. This not only provided the opportunity to communicate LINDT values, but also to explain chocolate production and the unique properties of LINDT chocolate. Every day LINDT Master Chocolatiers worked on creations that sweetened the experience of around one million visitors in total.

**Caffarel SpA** continued to suffer from distribution occurring exclusively through the traditional trade in Italy, which once again posted a steep decline. However, the company is doing its best to combat the situation with measures such as the optimization of the product portfolio, the relaunch of selected key products, and a new presence at the point of sale. In the export business, markets in Japan and Saudi Arabia posted particularly impressive gains.

CAFFAREL also had its own stand at Expo 2015 in Milan and was able to generate millions of new contacts during this time.

## UNITED KINGDOM

Lindt & Sprüngli (UK) Ltd. looks after the markets in the UK and Ireland. Last year's sales of GBP 136.0 million (2014: GBP 121.0 million) reflected a very strong business performance, with impressive double-digit growth of 12.4 %.

**Lindt & Sprüngli (UK) Ltd.** is in charge of the markets in UK and Ireland and continued its strong performance of previous years, achieving double-digit growth in its home market. LINDOR generated an impressive rate of growth thanks to numerous new launches, targeted sponsoring activities and a comprehensive marketing campaign. Individual highlights included the successful launch of the new recipe "Milk Orange" as well as rising demand for its popular "Strawberries & Cream" recipe, especially around Valentine's and Mothers' Day. The LINDOR milk sticks, designed for snacking, also did very well and achieved significant growth in a challenging competitive climate for impulse buys. Thanks to a strong presence in the media and at selected events such as the "Taste of London" and the "BBC Food Show", 2015 was another solid year for the EXCELLENCE line. The presence of our GOLD BUNNY was once again boosted by a nationwide treasure hunt campaign. As a result, substantial market share gains were achieved across the board.

## NORTH AMERICA

Together, Lindt & Sprüngli (USA) Inc., Lindt & Sprüngli (Canada) Inc., Ghirardelli Chocolate Company and Russell Stover Inc. generate cumulative sales of USD 1,626.6 million (previous year: USD 1,309.2 million), equivalent to growth of 24.2 % and contains the consolidation of Russell Stover for the entire twelve months in 2015 (2014: four months). This result strengthens the Group's presence and market position as clear no. 3 in the world's biggest chocolate market. The integration of Russell Stover into the North American business is progressing according to plan.

In 2015 the North American economy continued to pick up, as confirmed by the fall in unemployment and the increase in the US gross domestic product (GDP). By comparison, growth in the overall chocolate market was significantly weaker, mainly because manufacturers had to pass on rising raw material costs to consumers in the form of higher retail prices. By contrast, the premium chocolate segment yet again grew faster than the chocolate market as a whole, driven mainly by the Lindt & Sprüngli companies. LINDT and GHIRARDELLI were once more the fastest-growing premium chocolate brands in the USA and managed to expand their market shares.

With solid sales growth of 8.1%, **Lindt & Sprüngli (USA) Inc.** further asserted its leadership in premium chocolate products, thereby making an important contribution to this segment's rapid expansion. Sales were driven by successful market launches and extended offerings, including a range of innovative taste variations under the LINDOR and EXCELLENCE labels. In the Easter business, another LINDT GOLD BUNNY Celebrity Auction was held for a charitable cause, further strengthening the GOLD BUNNY's market position as an Easter icon. The Christmas season opened once again with the presence of the LINDT Master Chocolatiers float at the traditional Macy's Parade in New York. This event is extremely popular and not only attracts big crowds, but is also watched on TV by millions of viewers. The most memorable highlight of 2015, however, was LINDT's debut appearance at the world-famous Golden Globes awards ceremony in Hollywood. On top of that, the company has developed its own marketing campaign for TV viewers. This is the perfect platform for inspiring even more American consumers to become fans of the LINDT brand. In addition, more investments were made in 2015 in the expansion of production facilities in Stratham, New Hampshire, as well as a new distribution center covering an area of almost 40,000 ft<sup>2</sup> in Carlisle, Pennsylvania. These initiatives, along with many other investments in infrastructure and personnel, lay the foundation for further dynamic and successful growth at LINDT USA.

**Ghirardelli Chocolate Company** achieved sales growth of 7.1%, maintaining its track record as one of America's fastest-growing chocolate companies. This growth was achieved through an increase not only in the volume but also the value of sales. Demand for premium choco-

late was boosted in part by innovative "mini" formats. GHIRARDELLI MINIs are designed to appeal to a younger audience and further enhance demand for premium chocolate in new households. The flagship SQUARES line also had another impressive year driven mostly by innovations and popular recipes such as caramel and mint. With its very high cocoa content, the INTENSE DARK line achieved double-digit sales growth, mainly thanks to innovative recipes and dark premium chocolate's growing appeal to consumers. GHIRARDELLI also has very extensive baking expertise. These skills helped to produce a strong and profitable result in this line of business, not only with professional customers such as kitchen chefs and baristas, but also with end consumers. GHIRARDELLI is the only premium brand in the US baking segment to achieve growth and win double-digit market shares with products such as chocolate chips, tablets, cocoa, and other innovations.

**Russell Stover** was in private ownership before being taken over by Lindt & Sprüngli in September 2014. Its integration into the Lindt & Sprüngli Group is progressing well and running according to plan. In the year under review, the opportunity was taken to perform a certain amount of restructuring in specific areas such as product development, sales, marketing, and finance. For example, the product range was optimized and promotions as well as activities that were either unprofitable or incompatible with the business strategy were eliminated. The company was able to further strengthen its dominant position in the boxed chocolate category during the very important seasonal business at Christmas, Easter and Valentine's Day. With more than 20,000 of its own product display stands, Russell Stover was able to continue to expand its sales presence in shops across the USA and Canada.

In the year under review, **Lindt & Sprüngli (Canada) Inc.** celebrated not only its 20th anniversary, but another set of excellent results. LINDT is still number one in Canada's premium segment, and consumer awareness of the brand has grown enormously. Thanks to the strongest brand value in the Canadian market, sales grew by 12.7%, driven by an equal focus on the two most popular key brands LINDOR and EXCELLENCE. The strength of the brand, combined with exceptional customer loyalty, helped to drive sales momentum in a challenging market environment.



## REST OF EUROPE

**Lindt & Sprüngli (Austria) Ges.m.b.H.** ended the financial year with sales growth of 5.3 %. Thanks to the focus on core products, as well as new product launches and solid advertising support, LINDOR and EXCELLENCE continued to be the main growth drivers. Sales of the GOLD BUNNY rose sharply once again in the important Easter business. **Lindt & Sprüngli (España) SA** managed to expand its market share in what is still a very price-sensitive Spanish retail environment, in both the tablet and pralinés segment. This was mainly attributable to the strong performance by the core brands LINDOR and EXCELLENCE. **Lindt & Sprüngli (Nordic) AB** once again reported strong growth in the double digits, driven mainly by the key markets of Sweden and Norway. With the launch of a suitable Pick & Mix range in food retailing, LINDOR has become more and more popular, while the EXCELLENCE brand also made significant progress. **Lindt & Sprüngli (Czechia) s.r.o.** continued to enjoy rapid growth, and was able to generate double-digit growth. The subsidiary gained market shares especially in the pralinés segment and from sales of the GOLD BUNNY. **Lindt & Sprüngli (Poland) Sp. z o.o.** reported satisfactory sales growth driven by the strong performance of LINDOR and EXCELLENCE. **Lindt & Sprüngli (Russia) LLC.** turned in impressive results in the very challenging Russian market, where it is the fastest-growing chocolate producer. LINDOR's sales growth was supported by the biggest tasting campaign ever, reaching some 2.8 million consumers. The EXCELLENCE brand also posted a rate of growth well above the average for that category, assisted by a strong marketing campaign.

## REST OF THE WORLD

**Lindt & Sprüngli (Australia) Pty. Ltd.** reported impressive sales growth of 19.1 %. The key brands LINDOR and EXCELLENCE made the biggest contributions to this excellent result. The innovation LINDOR "Dark Sea Salt Caramel" was well received by consumers and had an exceptionally positive impact on LINDOR's performance in general. Both LINDOR and EXCELLENCE increased their market share and confirmed their clear market leadership in their respective categories. In a dynamic market, LINDT expanded its market share in all categories and was once again the fastest-growing brand.

The subsidiary **Lindt & Sprüngli (South Africa) Pty. Ltd.** managed to increase sales considerably, achieving double-digit growth. LINDT continues to be the fastest-growing chocolate brand in South Africa. This positive result was mainly due to the successful expansion of the HELLO range with additional retail partners, and the exceptional performance of the LINDOR brand. Lindt & Sprüngli's regional office in **Dubai**, which serves markets in the Middle East, India, and the rest of Africa, also reported solid growth. The increase in sales and market shares in the United Arab Emirates, Lebanon, Egypt, and Iraq is worth particular mention. The focus on building up new business units in emerging markets in sub-Saharan African countries helped us to treble the local business and break into a significant number of new national markets.

**Lindt & Sprüngli (China) Ltd.** reported satisfactory results in a challenging market environment. Business performance in China's biggest cities was satisfactory thanks to a consistent focus on LINDOR Cornets and EXCELLENCE tablets. LINDT had a good year in Hong Kong too, with strong growth in the seasonal business over the New Year. Thailand also managed to produce positive results in an adverse environment. In Singapore, LINDT has achieved substantial growth through its LINDOR and EXCELLENCE lines, and has established itself as a leading premium chocolate brand.

**Lindt & Sprüngli Japan Co. Ltd.** reported strong growth in the double digits. The 15 LINDT shops in Tokyo and Nagoya play a key role in raising brand awareness in this important chocolate market. As a result, Japanese retail sales of specialty products were very strong. Sales of LINDOR balls and the EXCELLENCE dark chocolate tablets rose significantly. In addition, over one million LINDOR balls were provided for sampling by Japanese consumers, winning over many new customers in the process.

In **Latin America** the Brazilian market stands out the most. The joint venture entered into with the CRM Group in the previous year led to a rapid pace of growth. The LINDT Global Retail concept has gone down well with Brazilian consumers, and another 16 Boutiques were opened in São Paulo and Rio de Janeiro over the course of 2015. Combined with distribution via local retail channels, LINDT is focusing all its efforts on becoming the leading premium chocolate brand in Brazil.

#### DUTY FREE/TRAVEL RETAIL

In the Duty Free/Travel Retail segment, LINDT is represented at over 500 airports worldwide, allowing the presence of the LINDT brand to be continuously strengthened. Shop-in-shop concepts are located especially at strategically important airports with a high footfall such as Dubai, Delhi, São Paulo, and other major international hubs. The popular product range includes very appealing gift ideas and numerous new products. The product presentation is rounded off with exciting live demonstrations by LINDT Master Chocolatiers and attractive promotions. In view of the difficult economic and political situation in many countries, plus massive currency translation effects, 2015 was a very turbulent year for the Travel Retail chocolate market. Despite this, Lindt & Sprüngli managed to expand its market share thanks to a high percentage of innovation and promotional activities. Highlights included the double-digit growth achieved by the LINDOR range and the successful launch of the LINDT Diva range, which won the DFNI industry award for the best product innovation 2014/2015. This, plus many other attractive product offerings such as the LINDOR limited edition or exclusive travel edition of the NAPOLITAINS line, were significant growth drivers and made a major contribution to LINDT's leading position in this segment.

#### GLOBAL RETAIL

Global Retail can look back on another excellent financial year, with sales increasing to CHF 378.5 million, and has now become a major contributor to the success of the Lindt & Sprüngli Group. Distribution through our own shops and chocolate cafés play a key role in strengthening the image and awareness of the LINDT brand worldwide. Depending on the location, the range not only includes LINDT chocolate but also handmade specialties from the Master Chocolatiers, along with a big selection of popular Pick & Mix products. In order to promote this positive development and lay the foundation for additional growth, many new shops were opened in the year under review in Europe (Germany, France, Italy, Sweden, Switzerland, and Spain) and also in South Africa, Brazil, and Japan. GHIRARDELLI's own shop and restaurant chain attracted around 10 million visitors in 2015 and its presence was further expanded with the opening of a new flagship store in Chicago's landmark Wrigley building. The original Chocolate Shop on the famous Ghirardelli Square was refurbished in 2015, assuring its place as one of the most popular tourist destinations in San Francisco. Since 2015 the 35 or so Russell Stover/Whitman's own stores in America's central belt also belong to the Global Retail Division and are generating growth for that region. More information on Global Retail can also be found on page 41 onwards.

## HIGHLIGHTS



### AUSTRALIA

Official opening of the 270,000 ft<sup>2</sup> office building with a production and warehouse facility in Marsden Park, Sydney.



### CANADA

Our Canadian subsidiary celebrated its 20th anniversary with a range of different activities.



### RUSSIA

Sampling of LINDOR truffles on a massive scale in Moscow at the traditional celebrations to mark the city's birthday.

## PROCUREMENT

Cocoa bean prices continued to rise in 2015. This was mainly due to persistent speculation on commodity futures exchanges and poor harvest yields in Ghana, the world's second-biggest producer of cocoa beans. In the dried fruit segment, prices for hazelnuts and almonds rose as a result of low yields caused by frost damage to the hazelnut crop in Turkey and the drought affecting the almond crop in California. By contrast, prices on the global milk market sank to historic lows in the year under review. This was due to falling demand in China and the embargo on sales to Russia, while production volumes were kept at the same level. Milk prices in Switzerland remained on a high level. Sugar prices continued to fall on the world market and in the EU due to abundant harvests and falling demand. Sugar prices in Switzerland only followed this trend to a limited extent. Prices of packaging materials were relatively stable and in some cases slightly down.

## SUSTAINABILITY

Sustainability and socially responsible business conduct are central features of Lindt & Sprüngli's corporate philosophy. All the related aspects are dealt with at top management level and, additionally, are monitored by the Board of Directors' committee. Detailed information on our activities and progress in the area of sustainability are provided in a separate publication, the Lindt & Sprüngli Sustainability Report. It can be downloaded online from the following link:

 <http://www.lindt-spruengli.com/media/publications/>

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GLOBAL BRAND  
75 % OF SALES

*Lindt* 

MAÎTRE CHOCOLATIER SUISSE  
DEPUIS 1845



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REGIONAL BRANDS  
22 % OF SALES



*Russell Stover*



*Whitman's*



*PANGBURN'S*  
OF TEXAS

---

LOCAL BRANDS  
3 % OF SALES



*Hofbauer*  
WIEN



*Caffarel*  
CHOCOLATIER  
ROMANDE



*Küfferle*

# 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 headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The market capitalization, based on 2015 year-end prices, is CHF 16.3 billion.

→ Security and securities listing numbers see page 77

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 members are responsible for operational management tasks, supported by the Extended Group Management team.

→ Board of Directors see page 21

→ Group Management see page 26

The consolidation scope of Chocoladefabriken Lindt & Sprüngli AG includes subsidiaries listed in notes to the consolidated financial statements, along with details about these companies, such as name, domicile, share capital, participation, etc.

→ Details of subsidiaries see page 77

Chocoladefabriken Lindt & Sprüngli AG holds no interests in listed companies.

### Major shareholders

As of December 31, 2015, Chocoladefabriken Lindt & Sprüngli AG disclosed the following major shareholders owning voting rights of more than 3%: "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG," "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG," "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation", all in Kilchberg ZH, held, as a group, a total of 27,504 registered shares or 20.21 % of the share capital and thus 20.21 % of company voting rights. As far as the company knows, there are no tied shareholding agreements between these shareholders.

As of December 31, 2015, the company received no disclosure reports indicating that other shareholders own more than 3 % of the voting rights of the company.

Chocoladefabriken Lindt & Sprüngli AG has no cross holdings.

## CAPITAL STRUCTURE

As of December 31, 2015, Chocoladefabriken Lindt & Sprüngli AG had the following capital structure:

### Ordinary capital

The ordinary capital is composed of two securities types:

	2015
Registered shares*	CHF 13,608,800
Bearer participation certificates**	CHF 9,884,750
Total ordinary capital	CHF 23,493,550

\* 136,088 registered shares, par value of CHF 100.– each


\*\* 988,475 bearer participation certificates, par value of CHF 10.– each.

The registered share has a voting right at the General Meeting; 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 has total conditional capital of CHF 4,873,670, comprising 483,767 bearer participation certificates with a par value of CHF 10.– each. On December 31, 2015, of this total, the remaining 229,317 are reserved for employee stock option programs; 254,450 participation certificates are reserved for capital market transactions. Further information about authorized and conditional capital can be found in article 4bis of the Articles of Association, available on the Web site of Chocoladefabriken Lindt & Sprüngli AG.

 [http://www.lindt-spruengli.com/fileadmin/user\\_upload/corporate/user\\_upload/Investors/AOA/Articles\\_of\\_Association\\_E\\_11.02.2016.pdf](http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E_11.02.2016.pdf)

There is no 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	Participation capital in CHF	Registered shares (RS)*	Share capital in CHF	No. of bearer participation certificates (PC)**
2013	13,611,000	136,111	9,253,110	925,311
2014	13,611,100	136,111	9,560,660	956,066
2015	13,608,800	136,088	9,884,750	988,475

Conditional capital			
No. of bearer participation certificates (PC)**			
Year	Total	Capital market PC	Employee PC
2013	559,661	354,450	205,211
2014	528,906	354,450	174,456
2015	483,767	254,450	229,317

Number of securities, status as at December 31

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

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

In 2015, the company eliminated 23 registered shares and 12,730 owner participation certificates (reacquired during the company buyback program), thus reducing the share capital by CHF 2,300 and the participation capital by CHF 127,300.

### 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 for his own account.

According to article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships related to one another through capital ownership, through voting rights or common management, or otherwise linked, as well as natural persons and legal entities or partnerships acting 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 maintaining the share register of Chocoladefabriken Lindt & Sprüngli AG.”

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


According to these provisions, particularly (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 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 20.21 % of the voting rights of the “Fonds für Pen-

sionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG,” “Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG,” “Lindt Cocoa Foundation,” and “Lindt Chocolate Competence Foundation,” all in 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 – the 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 total shares in the shareholder register if such nominee discloses – in writing – the name, address, domicile or seat, nationality, and shareholdings of those persons for whose accounts he holds 0.5 % or more of the then outstanding share capital. However, entry per trustor is limited to 4 %, respectively to 10 %, per nominee collectively. Article 3, subsection 7 of the Articles of Association, is also applicable to nominees.

The implementation rules are defined in the Regulations of the Board of Directors “Registration of registered shares and maintaining 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](http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/REGISTRATION_AS_NOMINEE_EN.PDF)

A revocation of these restrictions regarding 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 of options issued	Strike price (CHF)	Running term	No. of rights exercised	No. of exercisable rights
2009	33,066	1,543	until 2016	32,373	693
2010	33,286	2,200	until 2017	29,528	3,758
2011	32,136	2,523	until 2018	17,374	14,762
2012	34,058	2,679	until 2019	8,573	25,485
2013	32,135	3,123	until 2020	0	32,135
2014	18,975	4,062	until 2021	0	18,975
2015	25,080	4,811	until 2022	0	25,080
<b>Total</b>	<b>208,736</b>			<b>87,848</b>	<b>120,888</b>

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 2015, a total of 45,139 of the above employee options were exercised (previous year: 30,755). Therefore, the “ordinary” participation capital was increased in 2015 by CHF 451,390 by the corresponding reduction in the “conditional” participation capital reserved for the employee stock option programs. The 120,888 options outstanding as of December 31, 2015, not yet exercised, are equivalent to 5.2 % of the total capital. There were no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

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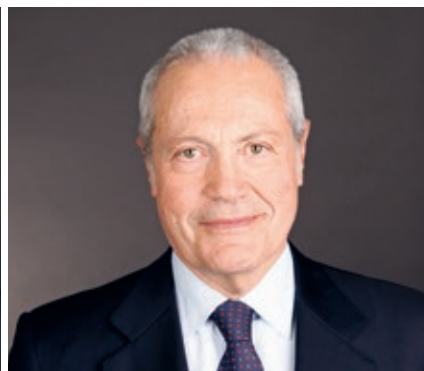
BOARD OF DIRECTORS



Ernst Tanner



Dr Rudolf K. Sprüngli



Antonio Bulgheroni



Dkfm. Elisabeth Gürtler



Petra Schadeberg-Herrmann



## BOARD OF DIRECTORS

### Role and function

The Board of Directors makes decisions jointly and is assisted by Board committees in special cases. The Board's primary function is to provide guidance and exercise control over the Group; it makes strategic decisions and defines the general means for achieving the goals it has set for the company, sets the General Meeting agenda and approves the annual and half-year reports, as well as the Compensation Report. Decisions regarding the appointment of members to Group Management, Extended Group Management, managing directors of subsidiaries, as well as resolutions on shareholders' motions from the General Meeting, will be made 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 according to article 17 of the Articles of Association. If the number of members falls below five, the minimum membership must be restored at the next ordinary General Meeting. As of December 31, 2015, the Board had five 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	2016
Petra Schadeberg-Herrmann, member	2014	2016
Dr Rudolf K. Sprüngli, member	1988	2016
Dr Franz Peter Oesch, member*	1991	2016
Antonio Bulgheroni, member and Lead Director	1996	2016
Dkfm. Elisabeth Gürtler, member	2009	2016

\* deceased on August 15, 2015

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli SpA until his retirement in April 2007. No other Board members were actively engaged in the management of the Group or a subsidiary; none had other business relations with any entity within the Group in the past three years.

Members of the Board of Directors were individually elected by 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. If a member leaves, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In this reporting year, all Board members have been re-elected for terms of one year until the conclusion of the next planned General Meeting.

**Ernst Tanner (CH)** Mr. Tanner was elected 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 then attended business school in London and at 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, last as 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 Boards of both the German Krombacher Brauerei GmbH & Co. KG and the Austrian SIGMA Group.

**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 Council of the British-Swiss Chamber of Commerce, a member of the Board of Directors of Peter Halter Liegenschaften AG, a Board member at the Institut für Wirtschaftsberatung as well as Chairman of Freies Gymnasium Zurich.

**Antonio Bulgheroni (IT)** Mr. Bulgheroni has been a member of the Board of Directors since April 1996 and Lead Director since February 2009; he currently serves on the Executive, Audit, and Compensation Committee. His extensive company management experience in every area of the chocolate business makes Mr. Bulgheroni a highly respected international expert. 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 SpA and Caffarel, the two Italian subsidiaries of the Group. Mr. Bulgheroni, who holds the Order of Merit for Labor 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 the Board of Directors 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, then built up an outstanding reputation, particularly as director of the world-famous Sacher Hotels in Vienna and Salzburg, where premium quality plays a key role. From 1998 till 2012, Ms. Gürtler was a member of the Supervisory Board of Erste Group Bank AG. She was a member of the general council of the Austrian National Bank from 2004 to 2014 and is currently member of the Board of Directors of ATP Planungs- und Beteiligungs AG in Innsbruck, as well as serving on the Advisory Board of the Nürnberger Lebensversicherung (Nürnberg Life Insurance) in Germany.

**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 (the leading German beer market brand) for more than 20 years and is currently a managing partner. 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 Krones AG, the world's leading manufacturer for filling and packaging technology in the beverage and liquid food industries.

#### Number of activities permitted outside the Group

The number of mandates in 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 according to article 19, paragraph 3 of the Articles of Association.

 [http://www.lindt-spruengli.com/fileadmin/user\\_upload/corporate/user\\_upload/Investors/AOA/Articles\\_of\\_Association\\_E\\_11.02.2016.pdf](http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E_11.02.2016.pdf)

### Internal organization

The Ordinary General Meeting elects the Chairman of the Board of Directors and the members of the Compensation Committee. In other respects, the Board of Directors remains 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. Should one or more members of the Compensation Committee retire early, 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 Board of Directors delegate, Group Management and Extended Group Management, provides timely information for the Board of Directors on all matters important for decision-making and the monitoring of significant company concerns. He is responsible for preparing all matters to be dealt with by the Board of Directors, placing them on the agenda, and for convening and chairing Board of Directors' meetings.

The Delegate of the Board of Directors (CEO) is entrusted with the task of managing the business jointly with Group Management and is assisted by the Extended Group Management and is Chairman of Group Management. Further details about tasks of the CEO, Group Management and Extended Group Management are found on page 25 of the 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, appointed for one year, is responsible for 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 himself has authority to convene and chair a meeting of the Board of Directors, 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 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 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 implemented the latter control mechanism in 2009.

The Board of Directors meets regularly – as often as business requires – but at least four times a 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; the purpose must be stated. 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. Along with members of the Board of Directors, the meetings may also be attended by members of Group Management, Extended Group Management and other non-members. In the year under review, four regular meetings were held; one member was not present at a regular meeting. Each meeting generally lasted for four to five hours. Members of Group Management regularly attended these meetings, in compliance with exclusion principles. One extraordinary meeting took place, in 2015, lasting between one and two hours. No 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 – through a majority decision – to set up further committees. Until that time, all other tasks of the Board of Directors will continue to be performed by the whole Board of Directors.

**Audit Committee** — The Audit Committee consists of at least three non-executive, independent members of the Board of Directors. Of these, at least two – as well as the Chairman – must possess substantial experience in finance and accounting. The CFO has a consultative vote in the committee. As of December 31, 2015, members of the Committee were: Dr Rudolf K. Sprüngli (interim 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, particularly in main audit areas, complete presentation of the financial statements/audit findings, compliance with statutory requirements and the services of external auditors. In addition, the committee assesses financial reporting expediency and internal control systems and ensures ongoing communication with external auditors. It also constantly scrutinizes the Group's risk management principles and appropriateness of risks taken, 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 areas discussed above, such as 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 2015, four regularly scheduled meetings were held; one member was not present at a regular meeting.

The meetings generally lasted between one and two hours, with members of Group Management regularly attending. Auditors attended meetings of the Audit Committee on one occasion. Auditors' direct access 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 auditors see page 30

**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 by the general meeting for a term of office of one year until the end of the next ordinary general meeting. As of December 31, 2015, Committee members were: Dr Rudolf K. Sprüngli (Chairman), Antonio Bulgheroni, and Dkfm. Elisabeth Gürtler.

→ Information on responsibilities of the Compensation & Nomination Committee see Compensation Report page 32

**Corporate Sustainability Committee** — The Corporate Sustainability Committee consists of three members from the Board of Directors. These may be both executive and non-executive members of the Board. The CFO attends the meetings. As of December 31, 2015, Committee 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 company activities, while aiming for comprehensive sustainable management. It is also responsible for the development and adaption of all globally valid corporate policies in this area and monitors compliance in 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 about 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 Group Management are set forth in the organizational regulation. Below is a summary of the basic principles:

#### Board of Directors:

- Performs vested statutory tasks. The Board of Directors is therefore responsible for strategic management of the company, giving necessary instructions and supervising Group Management and Extended Group 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, delegate, secretary, and the Lead Director of the Board of Directors, together with the members of Group Management, Extended Group Management and Chief Executive Officers of 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 organizational regulation. They are supported by the Extended Group Management.

**CEO** — The CEO is the Chairman of Group Management and responsible for procurement and forwarding of information to Group Management, Extended Group Management, and members of the Board of Directors. The CEO must also ensure that the decisions and instructions of the Board of Directors are executed by 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 planning the overall business and reporting within the Group.

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

→ For details on members of Group Management see page 26

**Extended Group Management** — Members of Extended Group Management perform the duties entrusted to them by the Chairman of Group Management or by members of Group Management in the area of country/market responsibility (supervising foreign subsidiary companies and providing services for them) and/or functional responsibility. Members of 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 on members of Extended Group Management see page 28

### Information and controlling instruments

The Board of Directors is kept regularly informed of all important matters relating to the Group's business activity. Members of Group Management attend Board of Directors' meetings and report on new business developments, important projects and events. Extraordinary occurrences are immediately called to the attention of the members of the Board of Directors. To obtain an accurate and direct picture of local market situations, the Board of Directors regularly visits national companies and meets with local business management.

The Board of Directors is kept informed in writing on a regular basis through an extensive and complete Management Information System (MIS) covering profit and loss, balance sheets, cash flow, investments and personnel, of the Group and the subsidiaries. The information is provided on both a historical basis and as a year-end forecast.

Furthermore, 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 for future development of 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 strategic, operational, and financial risks – including valuations, actions taken to limit risks and responsibilities – is also presented.

To enable assessment of Group risk parameters, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity (risk control reporting). Members of Group Management regularly attend Audit Committee meetings. The Group has no internal audit department; thus, the internal financial control system, 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 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 above and beyond legal and statutory requirements.

### GROUP MANAGEMENT

On December 31, 2015, Chocoladefabriken Lindt & Sprüngli AG's Group Management had five members:

Name, responsibility	Since
Ernst Tanner, Chief Executive Officer	1993
Uwe Sommer, Marketing/Sales/Global Retail & 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 21 of this Annual Report.

**Uwe Sommer (CH)** Economist, MA — Mr. Sommer joined Lindt & Sprüngli in 1993 as a member of Group Management, responsible for Marketing and Sales with country responsibilities. Since August 2012, he has been responsible for the Global Retail area. He worked previously as an executive in the marketing/sales sector of Procter & Gamble, Mars in Germany and England and as CEO with Johnson & Johnson in Austria.



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GROUP MANAGEMENT



**Ernst Tanner**



**Uwe Sommer**



**Dr Dieter Weisskopf**



**Andreas Pfluger**



**Rolf Fallegger**

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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 has been responsible country wide for North American markets. In 2011, he returned to the Swiss headquarters to work for Extended Group Management and was promoted to member of Group Management in 2013, where he is responsible for the development of specific markets. Since the 2014 takeover of the American group, Russell Stover Candies LLC, Mr. Pfluger has supervised their integration into the Lindt & Sprüngli Group and is CEO of Russell Stover.

**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 has also been 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, joining 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, members of Group Management are currently not involved 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, 2015, 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)** PhD in Law — After receiving 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 in 2001, for the Austrian subsidiary. He has been a member of Extended Group Management since 2011.

**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 also took over temporary management responsibility for the Ghirardelli Chocolate Company in the USA and national responsibility for the Italian market. He has been a member of Extended Group Management since 2011. In August 2012, he also assumed 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 has been a member of Extended Group Management since 2013; those duties give him strategic responsibility at the head of the Group.

Extended Group Management members are currently 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.

#### Number of permitted activities outside the Group

The number of mandates on senior management bodies and boards of directors of legal entities entered in the Swiss commercial register, or in a comparable foreign register outside the Group, is restricted for members of Group Management and Extended Group Management. Such mandates are 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\\_11.02.2016.pdf](http://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E_11.02.2016.pdf)

#### COMPENSATION, EQUITY PARTICIPATION & LOANS

→ Details Compensation Report see page 32

#### SHAREHOLDERS' RIGHTS OF PARTICIPATION

##### Restrictions 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 restrictions placed on the transfer of registered shares and limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, may 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 voting rights at the General Meeting. Natural persons or legal entities, which are linked to each other either by number of shares, pooling of votes, or similar actions 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 those rights by the independent voting rights representative and by shareholders with more than 6% of the voting rights whose names are recorded in the share register. Because the "Fonds für Pensionsergänzungen der Schokoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Schokoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation," and "Lindt Chocolate Competence Foundation", all Kilchberg

ZH, have been entered as a group in the share register with a shareholding interest of more than 6%, the voting rights 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 General Meeting. Pursuant to Art. 12, paragraph 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 rights representative on the basis of a written power of attorney. A general instruction may be given for voting either on motions announced or unannounced in the invitation to attend.

#### **Statutory quorum**

The General Meeting passes its resolutions by an absolute majority of the votes represented, unless the Articles of Association, or the law, specify otherwise. According to Art. 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, assignment of nominal shares, representation of shares at the General Meeting, amendment of Art. 15, subsection 3 of the Articles of Association, as well as the dissolution or the merger of the company require a three-quarter majority vote of represented shares.

#### **Announcement 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 – stating the matters to be discussed and proposals made – must be sent to the Board of Directors in writing no less than 60 days before the meeting. These requests for items to be placed on the agenda and the accompanying proposals must be placed before the General Meeting together with the Board of Directors' opinion about them. During the General Meeting, requests and justifications for items not on the agenda may be brought up before the meeting for discussion. A decision about these

items, however, may not be made 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, 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, Group Management, or any other company management members. The Articles of Association of incorporation make no special provision "opting up" pursuant to article 135 Finfra 6.

#### **AUDITORS**

##### **Mandate**

The General Meeting first appointed Pricewaterhouse Coopers 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 at the General Meeting. The 2015 reporting year is the third year for Bruno Häfliger, lead auditor. 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 2015 were TCHF 1,421.

**Additional fees** — The total sum of additional fees – mainly related to tax and EDP consulting – billed by the audit company in the reporting year 2015 totaled TCHF 98.

### Supervisory and controlling bodies

Supervision and control of auditors' performance is exercised by the whole Board of Directors. The Audit Committee supports the entire Board of Directors in this task. The committee also ensures that ongoing communication with the auditors is intact, regularly discussing results of audit activities in the areas of control and accounting activities, as well as suitability of the internal control systems with their representatives. Before the interim audit, auditors prepare an audit plan, which is then submitted to Audit Committee members. Based on an analysis of 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 Board of Directors. The appropriateness of the audit fee, as well as possible additional fees for "non-audit" services, are also reviewed on this occasion. The report on the final audit for the annual financial statement is dispatched to all members of the Board of Directors. It is first discussed in the Audit Committee with the auditors, then approved by the whole Board of Directors at the meeting called to adopt the annual report, in a circular resolution. In 2015, the auditors attended one meeting of the Audit Committee. Auditors' direct access to the Audit Committee is guaranteed at all times. Information about the organization and scope of duties can be found on page 24 of this Annual Report.

### SHAREHOLDER INFORMATION

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

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

→ For details refer to "Information" on page 124

The statutory publication is the Swiss Handelsamtsblatt. Information about the company is also published and processed by selected media and leading international banks. All data about the business is also available on the company Web site. Company press releases can also be found on that website. For news and ad hoc communications, a push system is available on the company Web site.

 [www.lindt-spruengli.com/media/press-releases/news-service/](http://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 from the Group headquarters at Seestrasse 204, 8802 Kilchberg.

For further information, contact the Investor Relations Department of the Group at phone number +41 44 716 25 37 or e-mail [investorrelations-in@lindt.com](mailto:investorrelations-in@lindt.com).

# COMPENSATION REPORT

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## DEAR SHAREHOLDERS

On behalf of the Compensation Committee, I welcome this opportunity to present the Compensation Report for the financial year 2015.

At the 2015 General Meeting, the Provision against Excessive Compensation in Stock Exchange Listed Companies (VegüV) – entered into the Articles of Association at the 2014 General Meeting – was implemented for the first time. In separate votes, the maximum combined compensation for Board of Directors members – until the next planned General Meeting in 2016 – as well as Group Management and Extended Group Management's forecast for the 2016 business year – were approved prospectively. In a consulting vote, the 2014 Compensation Report was also accepted with an impressive majority.

In accordance with the VegüV and the Articles of Association, existing employment contracts drawn up in the 2015 working year for Group Management and Extended Group Management members were amended as of January 1, 2016, to meet the legal requirements.

This Compensation Report is structured as follows:

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

The Board of Directors is convinced that this 2015 Compensation Report gives you, our valued shareholders, a comprehensive and integral overview of compensation for upper management at Lindt & Sprüngli Group.



Dr R. K. Sprüngli  
Chairman of the Compensation & Nomination Committee

## COMPENSATION REPORT 2015

This Compensation Report describes the underlying principles governing compensation for upper management of the Lindt & Sprüngli Group. The information provided refers to the financial year ending December 31, 2015. The Compensation Report also incorporates 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 *économiesuisse* “Swiss Code of Best Practice for Corporate Governance”.

### I. COMPENSATION GOVERNANCE

Article 24<sup>bis</sup> of the Articles of Association of Lindt & Sprüngli allocates the following tasks and competencies 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. 15<sup>bis</sup> of the Articles of Association. The Compensation Committee may submit to the Board of Directors proposals and recommendations in all matters of remuneration.”*

Governed by the corresponding bylaw, responsibilities of the CNC thus also include the approval of employment contracts for Group Management and Extended Group Management members and presents proposals to the Board of Directors (excluding the CEO) on employment contracts for the CEO or delegates for approval. Additional CNC responsibilities include occupational benefits and pensions of the company or of its subsidiary companies – outside the scope of occupational benefits and similar schemes abroad – granted to members of the Board of Directors, Group Management, and Extended Group Management within the limits defined by the Articles of Association. The CNC is also responsible for drawing up a proposed Compensation Report text to be reviewed by the Board of Directors.

Within the framework of the compensation principles, Articles of Association, and decisions at the General Meeting, the CNC determines the amount and composition of compensations for individual members of the Board of Directors, Group Management, and Extended Group Management. Individual Board of Directors members, Group Management, and Extended Group Management are excluded from these negotiation and voting, when their own compensation is affected. Once a year, the CNC informs the Board of Directors about the procedure for compensation determination and the outcome of the compensation process. The CNC meets at least twice each year; two regular meetings were held in the year under review, with Group Management members in attendance aside from the absence of the person concerned. The CNC has general authority to call in external consultants. Last year, in connection with the review of the Corporate and Extended Group Management compensation system and the review and verification of the Compensation Report, the CNC worked with a well-known consultant; this was the only project involving work with this consulting firm.

## Approval system

Recipient of the compensation	Proposal	Decision and Application to General Meeting	Binding votes on compensation starting at the General Meeting 2015
BoD Chairman	CNC	BoD (excl. Chairman)	Maximum fee budget for the period until the next Ordinary General Meeting
Members of the BoD	CNC	BoD	
CEO	CNC	BoD (excl. CEO)	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 releases the Board of Directors from potential conflicts of interest in the assessment of corporate performance.

The members of the Board of Directors received a fixed flat-rate fee for the term 2014/2015 and 2015/2016 of: CHF 260,000 to the Chairman of the Board of Directors and CHF 145,000 to the members of the Board of Directors. The following compensation was effectively paid to the members of the Board of Directors in the year 2014/2015:

### Compensation of the Board of Directors (audited)

Function on 31.12.2015		2015		2014	
CHF thousand		Fixed Cash compensation <sup>1)</sup>	Other compensation <sup>4)</sup>	Fixed Cash compensation <sup>1)</sup>	Other compensation <sup>4)</sup>
E. Tanner <sup>2)</sup>	Chairman and CEO, member of the CS Committee <sup>3)</sup>	260	14	260	14
A. Bulgheroni	Board member, member of the Audit and Compensation Committee and CS Committee, Lead director	145	40	145	39
Dkfm. E. Gürtler	Board member, member of the Compensation Committee	145	12	145	8
Dr R. K. Sprüngli	Board member, member of the Audit and CS Committee <sup>3)</sup>	145	15	145	8
Dr F. P. Oesch <sup>5)</sup>	Board member, member of the Audit Committee	145	12	145	8
P. Schadeberg-Herrmann	Board member	145	13	0	10
<b>Total</b>		<b>985</b>	<b>106</b>	<b>985</b>	<b>95</b>

1) Total compensation – remuneration excl. social insurance contributions paid by the employer

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

3) CS Committee: Corporate Sustainability Committee.

4) AHV share of the employee on fees paid by the employer (including that of the employer, that establishes or increases social insurance or pension contributions). Mr. Bulgheroni also received a gross fee of TCHF 28 in 2015 for his function as Chairman of the Board of Lindt & Sprüngli SpA and Caffarel SpA (previous year TCHF 32). Ms. Schadeberg-Herrmann received a fixed compensation of TCHF 13 for her consulting function at Lindt & Sprüngli (Austria) GmbH in 2015 (previous year TCHF 10).

5) Dr F. P. Oesch deceased in August, 2015.

No loans and credits were granted to current or past 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 staff recruitment and loyalty, thus influencing the company's future success. Lindt & Sprüngli is committed to performance-based compensation in line with the market and designed to reconcile the long-term interests of shareholders, employees, and customers. The compensation system at Lindt & Sprüngli has four main aims:

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

Lindt & Sprüngli attaches great importance to staff loyalty; this manifests itself particularly in the extraordinarily low turnover rate over a period of many years in Group Management, Extended Group Management and country CEOs. This is particularly important for a premium product manufacturer with a long-term strategy. Compensation principles at Lindt & Sprüngli are meant to have a medium and long-term impact and be sustainable. Continuity is a high priority.

#### ii. Compensation system

Compensation for members of 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 Group Management and Extended Group Management. The cash bonus is tied to performance targets for the financial year, while compensation in equities, or similar instruments, strengthens the focus on shareholders within Group Management and reconciles the long-term interests of the Management with those of the shareholders.

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

#### Composition of Group Management variable compensation

Fixed compensation		Variable compensation		
Base 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 target compensation is guided by the requirements and responsibility of the beneficiaries and is regularly reviewed within the Group through horizontal and vertical comparisons. When new appointments are made, the CNC also analyzes comparable data for the consumer goods sector, with reference to the specific post for the appointment.

In the year 2015 compensation for Group Management and Extended Group Management was reviewed by benchmarking. Here, compensation level and its structure were compared with twelve similarly sized industrial companies from the SMI and SMIM, using 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, members of Group Management and Extended Group Management receive other compensation and ancillary benefits, including entitlement to a company vehicle and participation in pension plans.

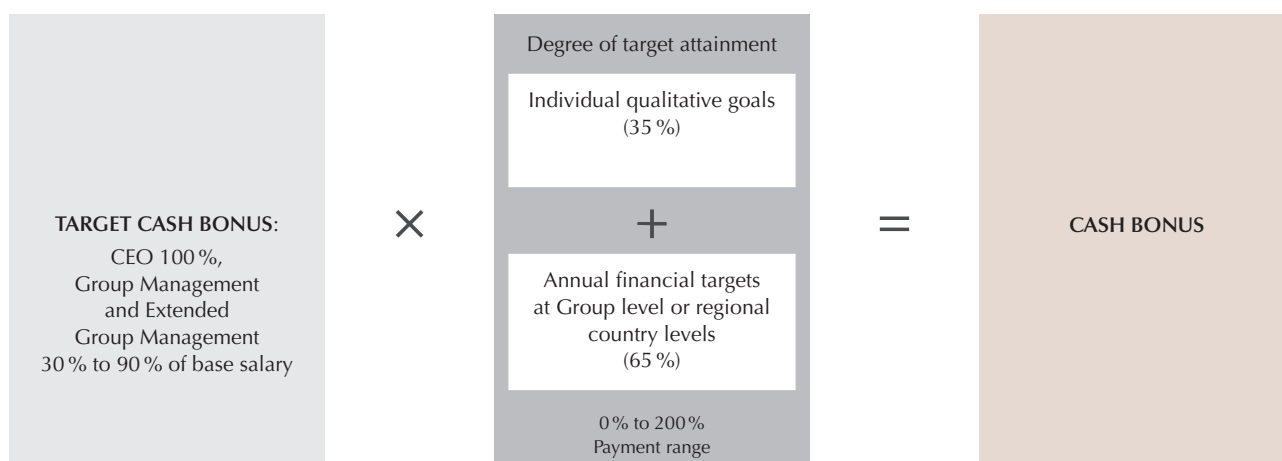
**Cash bonus** — The cash bonus is determined by multiplying the individual target cash bonus by a target attainment factor, determined by a scorecard. For the CEO and members of Group Management, this factor is determined largely by the attainment of financial targets for the year at Group level and, to a lesser extent, by the attainment of personal annual qualitative targets set by the CNC. The financial targets are determined annually and correlated with the long-term strategy, with the goal of achieving sustainable organic sales growth accompanied by continuous improvement in profitability. For financial targets, results achieved over the last three years on the market are also measured against our competitors to allow comparison of circumstances not influenced by the company itself. Non-financial targets are guided by the individual function and relate to strategy implementation and to defined management and conduct criteria.

For Extended Group Management, the target bonus multiplier is also determined using a scorecard, with multipliers mainly influenced by the attainment of established financial targets. For the members of Extended Group Management who have responsibility at regional or national level, regional and national financial targets are also considered, along with Group targets. For members of Extended Group Management, strategic and personal target achievement represents a comparatively small part of the bonus calculation.

As the following illustration shows, target cash bonuses for the CEO, members of Group Management and Extended Group Management are multiplied by each member's achievement 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 twice the target cash bonus.



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



**Share plan** — The compensation in blocked shares, agreed contractually with the CEO when he was appointed in 1993, entitled him to a certain number of blocked shares every year. Since 2015 the CEO receives a variable quantity of up to 50 shares, depending on performance in previous years. The exact number of shares is decided by the CNC, as part of an overall assessment based on a scorecard and is determined by achievement of financial and non-financial targets measured over a period of three years. If the targets are not achieved, 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 company's value trend.

**Option plan** — The option plan enables Group Management and Extended Group Management, as well as selected key employees, to participate in the long-term increase of the corporate value. The number is not determined primarily by previous year's performance, but by the employee's position and his influence on long-term corporate success. The CNC makes the final decision on option value per participant based on stated criteria; the allocated value may amount to as much as 200 % of the specific basic salary for the 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 to the average value of the closing price of the Lindt & Sprüngli participation share over the five previous trading days on the SIX Swiss Exchange prior to allocation of the option.

Option rights have a strike period of not more than seven years from allocation, with initial vesting periods of three (35 %), four (35 %), or five (30 %) years.

#### iv. Compensation

Compensation for members of Group Management and Extended Group Management for 2014/2015 is shown in the following table. The valuation of the option and equity-based compensation for 2015 uses market values at the time of allocation.

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

CHF thousand	Fixed gross compensation <sup>1)</sup>	Variable cash compensation <sup>2)</sup>	Other compensation <sup>3)</sup>	Options <sup>4)</sup>	Registered shares <sup>5)</sup>	2015 market value
						Total compensation
Ernst Tanner, CEO <sup>6)</sup>	1,226	1,600	116	1,620	2,859	7,421
Other members of Group Management and Extended Group Management <sup>7)</sup>	4,726	3,076	1,525	5,184	–	14,511
<b>Total</b>	<b>5,952</b>	<b>4,676</b>	<b>1,641</b>	<b>6,804</b>	<b>2,859</b>	<b>21,932</b>

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

1) Total of paid-out compensation, including pension fund and social insurance contributions paid by the employer, that establishes or increases employee benefits.

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. The total number of granted share options in 2015 to Mr. Tanner was 2,500 units (2,000 units in 2014) and to all other members of the Group Management and Extended Group Management 8,000 units (5,700 units in 2014).

5) Grant of 50 Lindt & Sprüngli registered shares in 2015 (50 in 2014). The valuation is based on the market value upon allocation.

6) The fixed base salary for function as CEO (excluding social security contributions) remains unchanged since 1993.

7) There are seven other Group Management and Extended Group Management members.

No loans and credits were granted to current or past executive and non-executive members of Group Management and Extended Group Management.

#### IV. EMPLOYMENT CONTRACTS

The employment contracts stipulate a maximum notice period of twelve months and make no provision for a severance payment. Maximum prohibition on competition for members of Group Management and Extended Group Management is twelve months. Compensation must not exceed the basic salary for one year. Vesting periods imposed on shares and options do not lapse with departure; 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, Group Management, and Extended Group Management on December 31, 2015.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2015	2014	2015	2014	2015	2014
E. Tanner	Chairman and CEO	3,103	3,103	9,000	6,943	12,250	19,750
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	1,900	5,900
Dkfm. E. Gürtler	Member of the Board	1	–	50	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr F. P. Oesch*	Member of the Board	–	13	–	–	–	–
P. Schadeberg-Herrmann	Member of the Board	115	131	–	–	–	–
U. Sommer	Group Management	12	12	40	140	6,150	7,450
Dr D. Weisskopf	Group Management	7	7	2,400	2,400	7,475	9,650
A. Pfluger	Group Management	5	5	30	30	5,100	5,188
R. Fallegger	Group Management	5	5	1,154	1,969	4,088	6,035
K. Kitzmantel	Extended Group Management	5	5	5	100	4,088	4,338
Dr A. Lechner	Extended Group Management	6	6	56	53	5,178	5,650
T. Linemayr	Extended Group Management	4	4	77	77	4,967	5,500
<b>Total</b>		<b>5,355</b>	<b>5,383</b>	<b>12,812</b>	<b>11,712</b>	<b>51,196</b>	<b>69,461</b>

\* deceased on August 15, 2015

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

Apart from the benefits listed in this report, no other compensation was provided in the reviewed year 2015 – either directly or via consultancy companies – to the executive and non-executive members of the Board of Directors or to the members of Group Management and Extended Group Management and to former members of Group Management and the Board of Directors as well as related persons. In addition, as of December 31, 2015, no loans, advances or credits were granted by the Group or by any of its subsidiary companies to this group of persons.

## REPORT OF THE STATUTORY AUDITOR

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

We have audited the remuneration report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on pages 34 and 38 of the remuneration report.

### 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 2015 complies with Swiss law and articles 14–16 of the Ordinance.



**pwc** PricewaterhouseCoopers AG

**Bruno Häfliger**  
Audit expert  
Auditor in charge

**Richard Müller**  
Audit expert

Zurich, 7 March 2016



A woman with brown hair, smiling, wearing a brown Lindt apron over a black shirt. She is holding a silver tray filled with Lindt Lindor chocolates. The background is a display of various Lindt chocolates in gold and white wrappers.

WE MAKE THE WORLD  
A SWEETER PLACE

# Global Retail

By 2020 we want to be  
the world's leading retailer  
of premium chocolate.

*Lindt*   
MAÎTRE CHOCOLATIER



INTERVIEW WITH UWE SOMMER

# “The concept of Lindt & Sprüngli’s shops is unique in the world.”



Derek Tanner (l.) and Uwe Sommer (r.)

**Mr. Sommer, as member of the Group Management your responsibilities extend not only to Global Retail, but also to International Marketing and Sales. On top of that, you act as line manager for several countries. Can you tell us a little more about how these functions interact with Global Retail?**

Over the past 20 years we have systematically built up the Lindt brand via traditional and social media, as well as through different points of sale and promotions, enhancing our reputation as “Maître Chocolatier Suisse depuis 1845”. We have developed guidelines for our “Master Chocolatiers” and our chocolate products. Even so, it is actually our own shops that offer the best possible environment to experience firsthand the Lindt brand and the world of our Master Chocolatiers. The interaction here is perfect.

**What about the products?**

Our best-selling products LINDOR and

EXCELLENCE – which benefit from the strongest advertising support worldwide – also generate the biggest percentage of sales in our retail stores. Most importantly, we need to offer consumers a much wider choice of products and packaging. To give just one example: our stores currently stock 21 varieties of LINDOR chocolate truffles.

Our Global Retail Division developed the Pick & Mix concept, which is not only the key element in our own shops but is also gaining popularity in the retail trade as a whole.

In addition, our Boutiques offer LINDT fans special products that cannot be purchased elsewhere. Aside from that, our shops provide the opportunity to test new ideas and products which we can then roll out to the wider retail trade.

**Are the prices in Lindt Shops the same as in the rest of the retail trade?**

We are not allowed to set the consumer prices for the retail trade. Even so, we do

our best to ensure that Lindt consumers pay roughly the same prices in our Boutiques and Cafés as those charged by our major retail partners. The prices charged in the factory outlets should never undercut current promotions in the retail trade.

**Do the retailers see Lindt’s network of shops as direct competition?**

Some partners did voice concerns initially, but we are able to show that whenever we open a new store, it helps to boost local sales of Lindt products within a 20-mile radius. This is partly because consumers are able to experience the brand and the product variety firsthand, eliciting a more emotional response. Visitors normally also have the chance to sample a LINDOR truffle as they enter the shop.

The first Lindt stores appeared in the US about 20 years ago in New England, and this is still the region where Lindt commands its biggest market share. In many countries we invite our retail partners into our own stores so we can present our brand and product range. The response is always very good.

**Given your decentralized structure, how is Global Retail viewed within your own country organizations?**

Similar to most innovation: some people approve, while others are skeptical, especially if they are asked to take over a new concept more or less on a one-to-one basis. The response is now overwhelmingly positive. Virtually every country has plans – or is working with Global Retail on plans – for expanding its own retail operations. Such a strong response underscores the success of this concept and the skills of our Global Retail Division.



INTERVIEW WITH DEREK TANNER

# “Global Retail has been a success story since 2009.”

***Since the Global Retail Division was established, you have been responsible for global expansion. What were the biggest challenges you faced initially?***

One of our aims in setting up this division is to establish a uniform presence for the Lindt brand – one that is instantly recognizable worldwide – in all our shops. Since Lindt & Sprüngli has a highly decentralized management structure, it wasn't always easy, especially at the beginning, to accommodate all the wishes and expectations of the individual countries. A clearly defined strategy, measurable goals, a consistently implemented global concept and a well-defined job specification for our retail employees were the building blocks for a successful start.

***The Global Retail Division employs around 1,800 people worldwide in Lindt Shops. What are the biggest challenges here?***

For many clients coming into our shops, this is their first real contact with our brand, so we are looking to communicate our core values, such as premium quality,

Swiss tradition, product diversity, and a commitment to sustainability. Good training of our staff is essential for this. Unfortunately, staff turnover in our shops happens regularly, as tends to be the case in the retail trade. Making sure all our sales staff are well trained and able to fulfil our expectations is a major challenge, but we have developed a special training program for this purpose.

***Before 2009 Lindt & Sprüngli had no track record as a retailer. How does the company manage to acquire prime locations for its shops?***

That was certainly a very big challenge, especially at the beginning: property companies and shopping mall operators were not familiar with our Group, we had no track record to speak of, and our brand image had no clear signature. The first step was to produce a new, elegant, and “up-market” shop design. Then we had to prove that we could actually achieve the projected sales figures. Our sales per square foot are now higher than the industry average. This has allowed us to build very solid relationships with international realtors and mall operators, who are now happy to offer us prime retail sites and locations.

***What have been the other major developments in recent years?***

Closer cooperation between countries has been – and continues to be – a crucial success factor, as it encourages us to learn from each other and continuously develop. It has also allowed us to test successful concepts such as our Pick & Mix range, which has become a global sales hit. Our own shops are also the best place to communicate our brand values. This year, for example, we have successfully established the “LINDT Difference” worldwide. Normally, we also welcome

every customer with a free sample of a LINDOR truffle, which is one of the most effective promotional tactics for our flagship product.

***Looking ahead, where do you see the Global Retail Division in 2020?***

In recent years we have steadily improved the overall sales in this division, achieving impressive double-digit growth. As a result, Global Retail now makes a significant contribution to the performance of the Lindt & Sprüngli Group. We want to maintain this strong growth in the years ahead and thereby improve the profitability of the Group as a whole.

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**UWE SOMMER** joined Lindt & Sprüngli's Group Management in 1993 and is responsible for Marketing & Sales. Since 2012 he has also been in charge of Global Retail, and has played a key role in expanding this new line of business into a profitable division.

**DEREK TANNER** first helped to set up Global Retail in 2009 and has managed this business very successfully ever since. During this time he has played a key role in developing a uniform shop concept, expanding the global network of Lindt Shops and recruiting highly motivated staff.

ON ALL CONTINENTS

# Lindt: global reach and local presence

Since it was established in 2009, the Global Retail Division has become an important contributor to the success of the Lindt & Sprüngli Group.

With sales of around CHF 379 million in 2015, the Group's global network of own shops, with over 300 points of sale, now accounts for more than 10 % of total Group sales. The network of LINDT Shops has thus recorded an impressive organic growth rate of around 20 %.

Not only has Lindt & Sprüngli managed to drive forward the global presence of its own retail outlets, but it has also established different store concepts designed with a clear signature to boost brand values and consolidate the Group's positioning as a leader in the premium chocolate segment.

## NORTH AMERICA

156

### Shops

2009

54

2015

156

The USA is the world's biggest chocolate market and accounts for around a third of Lindt & Sprüngli's total sales. The biggest contributors are the 156 shops of Lindt, Ghirardelli and Russell Stover.

## BRAZIL

18

### Shops

2009

0

2015

18

Lindt & Sprüngli has entered a joint venture with CRM Group in 2014, stepping up its expansion drive in the world's sixth-biggest chocolate market.

## EUROPE

# 114

### Shops



The home of our Lindt Master Chocolatiers is in Europe, where fine chocolate is produced and exported to more than 120 countries. Even within Europe, however, the number of Lindt Shops continues to grow thanks to increasing demand for premium chocolate.

## JAPAN

# 15

### Shops



The establishment of a new subsidiary in Japan in 2010 is followed by the opening of the first Lindt Chocolate Café in the popular shopping district of Ginza.

## SOUTH AFRICA

# 4

### Shops

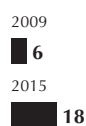


In 2012, Cape Town's mayor opens the first Lindt Chocolate Studio on the African continent, with an adjoining LINDT Boutique.

## AUSTRALIA

# 18

### Shops



In 2004, the world's first Lindt Chocolate Café opens in Sydney: the ideal way to establish the brand "down under".

## USA

# Three concepts – three success stories

The USA is the world's biggest chocolate market and accounts for more than a third of the Lindt & Sprüngli Group's sales, maintaining a consistently high growth rate. This success story is driven largely by the 156 chocolate shops of Lindt, Ghirardelli and Russell Stover, where customers are able to experience a large selection of mouth-watering chocolate delicacies. These include the very popular LINDOR truffles, the Ghirardelli squares, and the Russell Stover pralinés, as well as exclusive Swiss and other European Lindt specialties. Consumers are always greeted with a friendly "Chocolate Smile" and receive advice and service from highly trained and professional "Chocolate Advisors". This makes a visit to one of the many elegantly designed Chocolate Shops into a pleasurable and unforgettable experience in all senses.

**RUSSELL STOVER**  
operates a network of 35 independent stores located mainly in the Midwest of the USA.

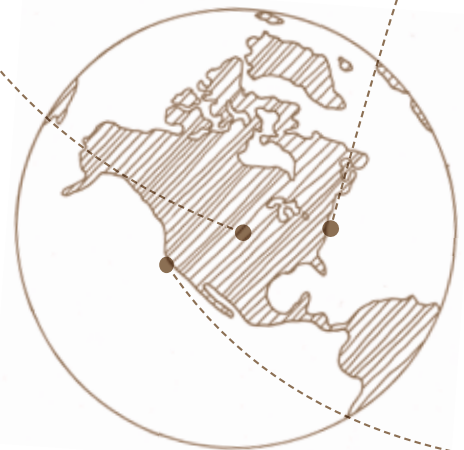


### ANDREAS PFLUGER

Started off as CEO of Ghirardelli in San Francisco before assuming responsibility for the entire North American market in 2005. Since the acquisition of Russell Stover in 2014 he has also overseen, as CEO, its integration into the Lindt & Sprüngli Group.



*"Our three brands Lindt, Ghirardelli and Russell Stover make us the uncontested no. 1 in North America's premium chocolate segment. Each of our brands has a unique shop concept, further strengthening our leading position."*



#### LINDT

The Lindt flagship store on New York's famous Fifth Avenue is a major attraction for chocolate lovers from all over the world.



#### THOMAS LINEMAYR

has been country CEO of Lindt & Sprüngli USA since 2009. During this time, he and his team played a key role in successfully establishing the Lindt brand in the world's biggest chocolate market.

*“We are continuously working on expanding our presence in the US market. Our Lindt retail stores are an ideal place for customers to enjoy themselves and to create loyal Lindt fans across the entire nation.”*

#### GHIRARDELLI

Ghirardelli has been based in the square of the same name since 1893, close to San Francisco's popular tourist district, Fisherman's Wharf.







#### PICK & MIX WITH LINDOR

Our Pick & Mix range provides a big selection of different chocolate products. Most popular are LINDOR truffles, which come in many varieties.



#### FLAGSHIP STORE 5TH AVENUE, NEW YORK

The flagship store on New York's 5th Avenue offers visitors a huge selection of specialty chocolate products in stylish surroundings.



#### VAST SELECTION

Shoppers can purchase a huge selection of block chocolate and fresh strawberries dipped in Chocolate over the counter.





**MICHAEL ROY**, Master Chocolatier  
Lindt, USA

*“The Lindt Boutique on 5th Avenue in New York City is always busy. Every day I get a real buzz out of producing miniature chocolate masterpieces in front of enthusiastic consumers.”*



#### **PROFESSIONAL ADVICE**

Our Chocolate Advisors are highly trained and provide customers with excellent advice to ensure they find the most suitable product.



#### GHIRARDELLI CHOCOLATE COMPANY

In 1998 Lindt & Sprüngli acquires the Ghirardelli Chocolate Company as part of its geographical expansion drive. Founded in 1852, Ghirardelli is one of the oldest and most traditional manufacturers in the American chocolate market.



**MEGAN FERGUSON**, Chocolate Advisor

Ghirardelli Chocolate & Ice Cream Shop, San Francisco, California, USA

*“The hot fudge sundae is our flagship product. It is prepared with special care and the very best ingredients, and has a simply wonderful taste. It’s the bestseller on our menu and a top favorite with our customers.”*





**ALLISON HEIMAN**, Chocolate Advisor  
Russell Stover, Kansas City, Missouri, USA

*“Russell Stover has a long history of manufacturing fine chocolates. When we became part of the Lindt & Sprüngli Group in 2014, I thought it was a perfect match.”*



#### MILLIONS OF LOYAL CUSTOMERS

While Russell Stover is being integrated into the Lindt & Sprüngli Group, its fine chocolate products are still being sold to millions of loyal customers.

## LINDT & SPRÜNGLI USA

LINDT ACTIVE IN THE USA

**Since 1925**

LINDT SHOPS IN THE USA

**Since 1994**

CHOCOLATE MARKET SALES  
TOTALING

**USD 18,3 billion**

CHOCOLATE CONSUMPTION  
PER PERSON

**9.48 lb**

**Lindt is clear  
no. 1 in the  
premium segment**

LINDT LOVER PROGRAM

**1.5 million loyal  
consumers**

NUMBER OF LINDOR TRUFFLES  
SAMPLED

**Around 5 million**

CANADA

# Lindt Shops strengthen brand presence at food retailers

The combination of sales through Lindt's own channels and via regular retail partners has to benefit both parties. Lindt Canada focuses exclusively on improving the brand's consumer loyalty and market presence. This has been achieved through the network of Lindt Shops, in conjunction with targeted sponsoring activities and bespoke promotional campaigns with selected retail partners. Lindt Shops offer a unique brand experience, while at the same time retail partners benefit from the strength of the Lindt brand. Jean Coutu, Loblaws, and London Drugs are prime examples of this. Demand for Lindt products is rising, market shares are growing, and the presence of Lindt products at retail partners has significantly improved.



## MCARTHUR GLEN DESIGNER OUTLET, VANCOUVER AIRPORT

Lindt Shops are a magnet for visitors. Thanks to their popularity, Lindt now has an excellent reputation among the operators of big shopping malls and is a highly sought-after partner. This status was confirmed in 2015, with the opening of the first McArthur Glen outlet outside Europe, which also hosts a Lindt shop.



## PRESENCE OPTIMIZED AMONG RETAIL PARTNERS

The success and the stylish design of our own Lindt Shops inspired our retail partner Jean Coutu in Montreal to produce an eye-catching display of Lindt products, helping to boost sales.



#### **DON MILLS, TORONTO**

The flagship store in Toronto offers the discerning consumer a unique shopping experience in this up-market shopping mall.

#### **RUDI BLATTER**

was appointed CEO of the newly established Canadian subsidiary in 1995. He has worked tirelessly to successfully establish the Canadian business as an important pillar of North American chocolate market.



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*“The 30 or so Lindt Shops in Canada have considerably strengthened our brand image and make an important contribution to our leading market position. Effective teamwork between our own retail shops and sales through our retail partners is a central strategic component aimed at maximizing our brand presence.”*





#### TEAM SPIRIT

In recent years we have invested heavily in expanding our network of retail stores and recruited many new employees. With their expertise, each one makes an important contribution to our overall success.



**HANNA BESPOIASKO**, Lindt Chocolate Advisor  
Lindt Chocolate Boutique, Montreal Eaton Centre, Montreal, Canada

*“Every day I still get a kick out of making customers smile when I welcome them with a melt-in-the-mouth LINDOR truffle.”*





**SHAHIRA KORANY**, Lindt Maître Chocolatier  
Lindt Chocolate Boutique, Montreal Eaton Center, Montreal, Canada

*“Most of our clients are Lindt fans, but when they visit our shop and see our handmade creations and sumptuous molten chocolate, they literally melt with delight.”*



**LINDT SHOP MONTREAL EATON CENTRE**

This prime location in the middle of Montreal's most popular shopping mall is perfect for showcasing our brand and our passion for premium chocolate, while at the same time generating high sales volumes on a daily basis.

## LINDT & SPRÜNGLI CANADA

CANADIAN CHOCOLATE  
MARKET

**CAD 1.876  
billion**

NUMBER OF SHOPS

**29 (including  
7 new outlets  
in 2015)**

AVERAGE GROWTH RATE SINCE  
2009

**28.5 %**

RETAILERS WITH LINDT  
PRODUCTS

**Presence at all  
major retail part-  
ners including  
Loblaws, Shop-  
pers Drug Mart,  
Walmart, Sobey's,  
London Drugs,  
Jean Coutu, Met-  
ro, and Costco**

BRAND RECOGNITION

**90 %**

## BRAZIL

# 18 new Lindt Shops in 18 months

Brazil is one of the world's top-ten chocolate markets. The country's middle class has grown significantly in recent years, fueling consumer demand for premium products in the process. Lindt & Sprüngli has already had a presence in the Brazilian market for many years through local distributors, and is Brazil's biggest imported chocolate brand. We expanded our local presence in 2014 by entering a joint venture with the CRM Group. This has led to the opening of 18 new LINDT Boutiques during the first 18 months in São Paulo, Campinas, and Rio de Janeiro. The progress to date highlights the potential of the Brazilian market for LINDT and is a very promising sign for our further expansion into other regions of the country.



### ROLF FALLEGGER

joined Lindt & Sprüngli in 1997 and since 2014 has been a member of Group Management, where he is responsible for developing specific markets and overseeing the expansion of our retail concept in Brazil.



*“In 2014, we decided to break into the Brazilian market through a joint venture. Employing our internationally successful retail concept, our goal is to make Lindt the country's leading premium chocolate brand.”*

### MANY NEW SHOPS OPENED

The new Lindt Boutiques are mainly located in popular shopping malls in the country's biggest cities.





**PATRICK DIGGELMANN** started as CFO of our UK subsidiary before becoming Country Manager of the new Brazilian subsidiary set up in 2014. He is responsible for the operational management of the joint venture.

*“Within a short period of time we have opened 18 new Lindt Boutiques, allowing us to make a profit from the outset.”*



**PREMIUM SHOPPING**  
The international design and stylish interior of Lindt Boutiques make for an imposing presence that fits perfectly with up-market shopping malls.







#### MORUMBI SHOPPING MALL

The Lindt shop is a very popular place for busy office staff to take a well-earned sweet break – especially at lunchtime.



#### POPULAR LINDOR MAXIBALLS

It's not just kids that get excited by our XXL sized LINDOR balls: each one contains around 44 standard-size LINDOR truffles.



#### ELEGANT GIFT BOXES

There is particularly strong demand for quality gifts. Customers can have the attractive Lindt gift boxes filled with their personal selection.



ADRIANA DA SILVA TEIXEIRA, Lindt Master Chocolatier  
Shopping Morumbi, São Paulo, Brazil

*“Lindt has already achieved a great deal in a very short space of time in Brazil. I’m very proud to be part of this success story.”*



**SOMETHING FOR EVERY TASTE**  
Our extensive Pick & Mix range provides a product to suit every palate.

## LINDT & SPRÜNGLI BRAZIL

CHOCOLATE  
MARKET RANKING

**no. 6 worldwide**

FIRST BOUTIQUE OPENED

**July 2014**

TOTAL SHOPS (ON 31 DECEMBER 2015)

**18**

LOCATIONS

**São Paulo  
Campinas  
Rio de Janeiro**

RETAIL SALES 2015

**approx. BRL 50 mio.**



## GERMANY & SWITZERLAND

# Growth in a saturated chocolate market

To ensure our premium products are presented in an optimal fashion, Lindt & Sprüngli follows a selective distribution strategy. In recent years it has therefore opened its own shops in popular tourist destinations in Germany, such as Dresden, Heidelberg, and Munich. The same strategy applies to Switzerland, where Lindt Boutiques opened in popular tourist spots such as the Jungfrauoch, Zermatt, and the Swiss Museum of Transport in Lucerne. Lindt Boutiques are often the first point of contact with the Lindt brand for foreign tourists, with a high purchase disposition when on holiday. They have the chance to experience the brand first-hand in a unique atmosphere, leaving them with a lasting positive impression that stays in their memory once they return home.



**DR ADALBERT LECHNER**  
has been with Lindt & Sprüngli since 1993, assuming responsibility for Germany in 1997 and our Austrian subsidiary in 2001. He has been a member of our Extended Group Management since 2011.



*“Our Lindt Global Retail concept has allowed us to generate additional growth in a saturated chocolate market.”*

### HEIDELBERG

is well known for its picturesque historic center and castle ruins, as well as being home to Germany's oldest university. The town is a magnet for tourists and every year attracts large numbers of visitors and academics from across the globe.







#### ZERMATT

is one of Switzerland's best-known resorts and popular with tourists. Located at the foot of the Matterhorn, it has had a Lindt Chocolate Boutique since 2015.



#### JUNGFRAUJOCH

The world's highest Lindt Chocolate Shop is located on the Jungfrauoch, which attracts around one million tourists every year.



#### KAMILLO KITZMANTEL

joined Lindt & Sprüngli in 1994 and has been in charge of the Swiss subsidiary since 1995. He has been a member of our Extended Group Management since 2011 and took on responsibility for Duty Free in 2012.

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*“Our Lindt Boutiques at top tourist destinations in Switzerland are the best ambassadors for the fine art of Swiss chocolate making. They are points of contact with our brand and project the excellent reputation of our chocolate far beyond national borders.”*



#### MELTED CHOCOLATE

At the Lindt Chocolate Bar the warm chocolate flows straight into a cup, where its fresh taste is heavenly.



#### LINDT CHOCOLATE BAR

At the Lindt Chocolate Bar consumers are spoiled with sumptuous chocolate drinks. The lavish creations provide irresistible moments of pleasure.



#### UNIQUE SHOPPING EXPERIENCE

Our staff are carefully selected professionals who do all they can to provide a unique shopping experience for our consumers.



#### LINDT MASTER CHOCOLATIERS

Lindt Master Chocolatiers showcase their skills in the Lindt shop, winning the attention and admiration of visitors.



**UTE DONDORF**, responsible for Lindt Shops in Germany, seen here in the LINDT chocolate Boutique in Heidelberg, Germany

*“Working as part of a highly motivated team, we ensure that our customers can enjoy the unique Lindt shop experience right across Germany and leave us with a ‘chocolate smile’ on their faces.”*





#### BAHNHOFSTRASSE ZERMATT

The Lindt Shop is located right on the popular main shopping street running through the town. A Master Chocolatier greets visitors at the entrance with a melt-in-the-mouth LINDOR truffle.



**MICHEL MAURER**, responsible for Lindt Shops in Switzerland  
pictured here with his team in the Lindt Chocolate Shop in Zermatt, Switzerland

*“With our Lindt chocolate shops, we have a strong presence at popular tourist destinations such as the Jungfraujoche or Zermatt. Every day our shop staff welcome many visitors from all over the world.”*



#### MATTERHORN AND SWISS CROSS

In Switzerland, Lindt offers a special range with iconic designs such as the Swiss cross, the Matterhorn, or Swiss alpine horn players: the perfect souvenir to take back home.



#### CHOCOLATE 11,332 FEET ABOVE SEA LEVEL

Our brand ambassador Roger Federer was guest of honor at the opening of Lindt Swiss Chocolate Heaven on the Jungfrauoch and is seen here enjoying LINDOR truffles 11,332 feet above sea level.



#### MULTIMEDIA WORLD

The chocolate shop on the Jungfrauoch and the Master Chocolatiers Experience next door provide multimedia insights into the secrets of chocolate making.

## LINDT & SPRÜNGLI GERMANY

POPULATION

**81.3 million**

CHOCOLATE CONSUMPTION  
PER PERSON

**26.9 lb**

CHOCOLATE MARKET RANKING

**3rd worldwide**

## LINDT & SPRÜNGLI SWITZERLAND

POPULATION

**8.3 million**

CHOCOLATE CONSUMPTION  
PER PERSON

**25.8 lb**

CHOCOLATE MARKET RANKING

**12th worldwide**



## JAPAN

# Lindt Café concept boosts growth in the retail trade

Consumers in Japan are becoming huge fans of the Lindt brand, and the Lindt Boutiques and Cafés attract large numbers of visitors. Here they are able to get expert advice from our Lindt Chocolate Advisors and choose their favorites from a very diverse product range. In this unique environment, consumers are able to experience our brand first hand – especially in the Lindt Cafés, where they can enjoy chocolate specialties on the spot.



**DEREK TANNER**  
assumed responsibility for  
Global Retail in 2009 and  
is also in charge of the  
rapidly expanding Japanese  
subsidiary.



*“In Japan we have shown that we can successfully build up a new market with our Global Retail concept.”*



### LINDT CAFÉS

are located at popular shopping and tourist destinations and attract large numbers of visitors.



#### LINDT CAFÉ TOKYO

At the famous Shibuya crossing in Tokyo up to 15,000 people cross the street at the same time during peak periods. The Lindt Café has four levels and its prominent position makes it a landmark for millions of passers-by.

#### BERTRAND DE STREEL

was appointed country manager of the newly established Japanese subsidiary in 2010, assuming responsibility for all Lindt Boutiques and Cafés.



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*“I’ve been lucky enough to be involved in our Group’s Japanese expansion from its beginnings in 2010. We are proud to now be running 15 Lindt Chocolate Cafés across all of Japan. They are located in busy shopping districts and are very popular with our steadily growing customer base.”*



**YOSHIFUMI NAGASHIMA**, Lindt Chocolate Advisor  
Lindt Chocolate Café, Tokyo, Japan

*"Our Chocolate Café is at a top location here in Tokyo and attracts many visitors. I'm passionate about my job and love helping consumers find the perfect product for them."*



## SUMPTUOUS CHOCOLATE CREATIONS

The international know-how of our Master Chocolatiers is also channeled into the products we create for our Cafés.





#### LINDT SHOP YOKOHAMA

A new Lindt Shop was opened in Yokohama's shopping district in 2015, making a total of 15 shops in Japan.



**ASUKA NAMIKI**, Master Chocolatier  
Lindt Chocolat Café, Tokyo, Japan

*“LINDOR truffles are very popular here in Japan. In 2015, we handed out around one million for customers to sample.”*

## LINDT & SPRÜNGLI JAPAN

LINDT FLAGSHIP STORES

**Ginza**  
**Omotesando**  
**Shibuya**  
**Yokohama**  
**Nagoya**  
**and many others**

CHOCOLATE MARKET RANKING

**no. 7 worldwide**

MOST POPULAR PRODUCT

**LINDOR truffles**

