

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 2018 year-end prices, is CHF 16.5 billion.

→ Security and securities listing numbers see page 93

The company's group structure is lean. While the Board of Directors handles management, strategy, and supervisory duties at the highest level, the Executive Chairman, the CEO and the Group Management members are responsible for operational management tasks.

→ Board of Directors see page 35

→ Group Management see page 41

The consolidation scope of Chocoladefabriken Lindt & Sprüngli AG includes national and international subsidiaries listed in the 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 93

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

Major shareholders

Pursuant to a disclosure notification as of 30 August 2017, BlackRock Inc., New York, as parent company has a shareholding of 6,063 registered shares (with respect to 1,092 of the 6,063 registered shares, it has only the right to exercise the voting rights at its own discretion) or 4.46% of the company's share capital. According to the share register of Chocoladefabriken Lindt & Sprüngli AG as of December 31, 2018, the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken

Lindt & Sprüngli AG", the "Lindt Cocoa Foundation", and the "Lindt Chocolate Competence Foundation", all in Kilchberg ZH, held, as a group, a total of 27,534 registered shares or 20.23% of the share capital and thus 20.23% of company voting rights (according to the last disclosure of November 25, 2013: 29,143 registered shares respectively 21.32% of the share capital and the voting rights).

During the year under review, no disclosure notices were publicized on the official notices section of the SIX Swiss Exchange platform. Details and disclosures of previous years can be found on the official notices page of SIX Swiss Exchange website:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html/>

Chocoladefabriken Lindt & Sprüngli AG has no cross holdings.

Capital Structure

As of December 31, 2018, Chocoladefabriken Lindt & Sprüngli AG had the following capital structure:

Ordinary capital

The ordinary capital is composed of two securities types:

	2018
Registered shares*	CHF 13,608,800
Bearer participation certificates**	CHF 10,725,350
Total ordinary capital	CHF 24,334,150

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

** 1,072,535 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 company has a conditional participation capital in a maximum amount of CHF 3,997,070, comprising a maximum of 399,707 bearer participation certificates with a par value of CHF 10.– each. Out of this maximum total amount, 145,257 participation certificates can be used for employee participation programs; up to 254,450 participation certificates can be used for capital market transactions. The subscription rights of shareholders and participation certificate holders are excluded. Further information about the conditional participation capital can be found in Article 4bis of the Articles of Association of the company, available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

The ordinary capital can be increased by way of the conditional participation capital by no more than 16.4% up to a maximum of CHF 28,331,220. There is no authorized capital besides 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/A) *	Share capital in CHF	No. of bearer participation certificates (PC)**
2016	13,608,800	136,088	10,131,360	1,013,136
2017	13,608,800	136,088	10,481,530	1,048,153
2018	13,608,800	136,088	10,725,350	1,072,535

Conditional capital

No. of bearer participation certificates (PC)**

Year	Total	Capital market PC	Employee PC
2016	459,106	254,450	204,656
2017	424,089	254,450	169,639
2018	399,707	254,450	145,257

Number of securities, status as at December 31

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

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

Restrictions regarding assignability and nominee entries

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

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/SHAREHOLDER_REGISTRY_REGULATIONS_2015_EN.PDF

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

According to these regulations, 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 20.23% of the voting rights held as a group by the “Fonds für Pensionsergänzungen der Schokoladefabriken Lindt & Sprüngli AG”, “Finanzierungsstiftung für die Vorsorgeeinrichtungen der Schokoladefabriken Lindt & Sprüngli AG”, “Lindt Cocoa Foundation”, and “Lindt Chocolate Competence Foundation”, all in Kilchberg, ZH.

A nominee shareholder will be registered in the share register as a shareholder with voting rights only up to 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 shares with voting rights 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 as nominee shareholder of Schokoladefabriken Lindt & Sprüngli AG”.

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

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E_1.2.2018.pdf

A revocation of these restrictions regarding assignability in article 3, subsection 6 of the Articles of Association 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 Schokoladefabriken 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
2012	33,505	2,679	until 2019	32,597	908
2013	30,566	3,123	until 2020	26,540	4,026
2014	16,944	4,062	until 2021	9,612	7,332
2015	21,664	4,811	until 2022	4,704	16,960
2016	23,800	5,401	until 2023	0	23,800
2017	22,710	5,360	until 2024	0	22,710
2018	25,480	5,794	until 2025	0	25,480
Total	174,669			73,453	101,216

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised during a maximum term 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 2018, a total of 24,382 of the above employee options were exercised (previous year: 35,017). Therefore, the “ordinary” participation capital was increased in 2018 by CHF 243,820 by the corresponding reduction in the “conditional” participation capital reserved for the employee participation programs. The 101,216 options outstanding as of December 31, 2018, not yet exercised, are equivalent to 4.2% of the total capital. There were no outstanding convertible bonds of Schokoladefabriken Lindt & Sprüngli AG.

Board of Directors

Role and function

The Board of Directors makes decisions jointly and is assisted by Board committees in certain areas. The Board's primary function is to exercise the ultimate management of the Group; it makes strategic decisions and defines the general means for achieving the goals it has set, 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 and the managing directors of subsidiaries, as well as resolutions on shareholders' motions for 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 number of members must only be restored at the next ordinary General Meeting. As of December 31, 2018, the Board had six members. Ernst Tanner is Executive Chairman of the Board; all other members are non-executive members.

Name, function	First election	until
Ernst Tanner, Executive Chairman of the Board of Directors	1993	2019
Dr Rudolf K. Sprüngli, non-executive member	1988	2019
Antonio Bulgheroni, non-executive member	1996	2019
Dkfm. Elisabeth Gürtler, non-executive member	2009	2019
Dr Thomas Rinderknecht, non-executive member	2016	2019
Silvio Denz, non-executive member	2018	2019

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli S.p.A. until his retirement in April 2007. None of the non-executive Board members have in the past three financial years been actively engaged in the management of the Group or a Group company or have had business relations with the Group or any Group company.

Members of the Board of Directors are individually elected by shareholders at the General Meeting for a one-year term of office (until the conclusion of the next ordinary General Meeting). No limitation is placed on their re-election. If a member withdraws, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In this reporting year, five Board members have been re-elected for terms of one year until the conclusion of the next ordinary General Meeting. In addition, Silvio Denz was elected as a new member for a term of office of one year until the conclusion of the next ordinary General Meeting. Petra Schadenberg-Herrmann did not stand for re-election in the year under review and retired from the Board.

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 is a member of the Corporate Sustainability Committee. 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. As of September 30, 2016, Mr. Tanner resigned as CEO of the Lindt & Sprüngli Group and is since then Executive Chairman of the Board of Directors.

Board of Directors Lindt & Sprüngli AG



Silvio Denz, Antonio Bulgheroni, Dkfm. Elisabeth Gürtler, Ernst Tanner, Dr Thomas Rinderknecht and Dr Rudolf K. Sprüngli with their personal favourite Lindt product.

Dr Rudolf K. Sprüngli (CH) Mr. Sprüngli has been a member of the Board of Directors since 1988. He is the Chairman of the Compensation & Nomination Committee and the Corporate Sustainability Committee. He completed his studies with a doctorate in economics. 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, an Advisory 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 1996 and was Lead Director from February 2009 until end of September 2016. He currently serves on the Audit Committee and Compensation & Nomination Committee. His extensive company management experience in every area of the chocolate business makes Mr. Bulgheroni a highly respected international expert in the chocolate industry. From 1993 until his retirement in April 2007 he was CEO of Lindt & Sprüngli S.p.A. Since then, he has been Chairman of the Board of Lindt & Sprüngli S.p.A. and Caffarel S.p.A., the two Italian subsidiaries of the Group. Mr. Bulgheroni, who holds the Order of Merit for Labor of the Italian Republic, is a member of the Board of Directors of the L.I.U.C. University, as well as the Chairman of the Board of Directors of Bulgheroni S.p.A.

Dkfm. Elisabeth Gürtler (AT) Ms. Gürtler has been a member of the Board of Directors since 2009 and is currently a member of the Compensation & Nomination Committee as well as the Audit Committee. 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, in an area 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.

Dr Thomas Rinderknecht (CH) Mr. Rinderknecht has been a member of the Board of Directors since April 2016 and is currently Chairman of the Audit Committee. He has a PhD in law and was admitted to the Bar in the Canton of Zurich in 1982. From 1984 onwards he worked as a freelance commercial attorney before becoming Senior Partner with the law firm Badertscher Rechtsanwälte AG, Zurich and Zug as of 2009. Since 1984 Mr. Rinderknecht has had numerous directorships on the boards of various unlisted companies in the healthcare/pharmaceutical/biotech branches and in the media, as well as in the industrial sector. With his background as a commercial attorney, Mr. Rinderknecht's legal expertise is of particular benefit to the Board of Directors.

Silvio W. Denz (CH) Mr. Denz has been member of the Board of Directors since May 2018 and is currently member of the Corporate Sustainability Committee. He is an entrepreneur active in the fields of luxury goods, wine, restaurants, hotels, art, and real estate. After a commercial training and professional positions in the financial, commercial, and marketing sector in Switzerland and in the USA, in 1980 he took over the management of Alrodo AG in Zurich and developed it into the largest perfumery chain in Switzerland. In 2000, he founded Lalique Group SA (formerly Art & Fragrance SA), a company active in the creation, marketing, and worldwide distribution of luxury goods, to which crystal manufacturer Lalique has belonged since 2008. Mr. Denz oversees the Group, which is listed in Switzerland, as Chairman of the Board of Directors and is its principle shareholder. He is also a member of different non-listed Swiss investment companies.

Number of activities permitted outside the Group

The number of mandates in senior managing bodies and boards of directors of legal entities outside the Group – which are to be entered in the Swiss commercial register or in a comparable foreign register – is according to article 19, paragraph 3 item 1 of the Articles of Association 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.

 https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association__E_1.2.2018.pdf

Internal organization

The General Meeting elects together with the members of the Board of Directors the Chairman of the Board of Directors and the members of the Compensation Committee. In other respects, the Board of Directors constitutes itself.

If the Chairman resigns from the Board before the end of the term of office, the Board of Directors appoints a 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 conclusion of the next General Meeting.

The Chairman presides over the General Meeting, represents the company externally and procures together with the CEO and the members of Group Management timely information to the Board of Directors on all matters important for decision-making and the monitoring of significant Group 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. In addition, the Executive Chairman of the Board of Directors assumes the following tasks:

- Representation and positioning of the Lindt & Sprüngli Group towards the public, the authorities, and the company shareholders (communications) unless the Executive Chairman of the Board of Directors delegates this task to the CEO after internal consultation between himself and the CEO;
- Representation and positioning of the Lindt & Sprüngli Group towards the public, the authorities, and the company shareholders (communications) unless the Executive Chairman of the Board of Directors delegates this task after internal consultation between himself and the CEO of the Lindt & Sprüngli Group to the CEO;
- Responsibility for the long-term strategic direction of the Lindt & Sprüngli Group and specific strategic projects, including transactions;
- Supporting important alliances and strategic partnerships;
- Positioning the Lindt & Sprüngli Group in the area of communications and marketing;
- Overall responsibility for corporate culture;
- Additional tasks are derived from the Allocation of Competences and the resolutions passed by the Board of Directors.

The CEO, together with the Group Management, is entrusted with the task of managing the business. The CEO presides over Group Management and coordinates in close collaboration with the Executive Chairman of the Board of Directors on the most important decisions. Further details about the tasks of the CEO and Group Management can be found on page 40 of this Annual Report.

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 substitute him. 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 appointed to substitute him, presides over the meeting. Along with members of the Board of Directors, the meetings may also be attended by members of Group Management and other non-members. In the year under review, four regular meetings and two telephone conferences were held; all members were present at each of them. The regular meetings lasted around three hours. The telephone conferences lasted around one hour. Members of Group Management regularly attended these meetings, in compliance with exclusion principles. No external consultants took part in meetings of the Board of Directors.

Committees of the Board of Directors

The Chairman of the Board of Directors and the Board of Directors are assisted in their 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. The committees meet upon the invitation by their chairman as often as business requires, usually immediately before or after an ordinary meeting of the Board of Directors. Otherwise, the rules applicable to the Board of Directors apply *mutatis mutandis* to the meetings of the committees.

Audit Committee

The Audit Committee consists of at least three non-executive, independent members of the Board of Directors. Of these, at least two must possess substantial experience in finance and accounting. The CFO has a consultative vote in the committee. As of December 31, 2018, members of the Committee were: Dr Thomas Rinderknecht (Chairman), Antonio Bulgheroni and Dkfm Elisabeth Gürtler. 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 with respect to the main areas of audit, 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 effectiveness of the 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, except for the enactment and amendments of the Group Approval Policy, 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 the year under review, four regularly scheduled meetings were held; all members were present at each of them.

The meetings generally lasted around two hours, with members of Group Management regularly attending. Auditors attended one meeting of the Audit Committee. Auditors' direct access to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Audit Committee.

→ Information on auditors see page 45

Compensation & Nomination Committee

The Compensation & Nomination Committee generally consists of three and of a maximum of five members of the Board of Directors, the majority of whom shall be non-executive and independent, each of whom is elected 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, 2018, 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 48

Corporate Sustainability Committee

The Corporate Sustainability Committee generally consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board. As of December 31, 2018, Committee members were: Dr Rudolf K. Sprüngli (Chairman), Ernst Tanner, and Silvio Denz.

The Corporate Sustainability Committee supports the Board of Directors in setting the strategic direction for company activities, while aiming for comprehensive sustainable management. It has decision-making power in connection with the definition of the sustainability strategy, monitors its implementation and approves sustainability projects. It is also responsible for the development and adaptation of all globally valid corporate policies in this area and monitors compliance in legal aspects. 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 CEO and the CFO attended this meeting. No external consultants were present at this meeting.

Allocation of competences

The essential principles for the allocation of competences and responsibilities among the Board of Directors and Group Management are set forth in the Organizational Regulations. Below is a summary of the basic rules:

Board of Directors

- Performs the inalienable statutory tasks. The Board of Directors is therefore responsible for strategic management of the company, giving necessary instructions and supervising 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 CEO, secretary, and Members of 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.

CEO

The CEO is the Chairman of Group Management and further responsible for procurement and forwarding of information to Group Management, the Executive Chairman of the Board of Directors, and the 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. 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 for reporting within the Group.

Group Management

Group Management is responsible for the implementation of Group strategies. In addition, the 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 CEO and the Executive Chairman of the Board of Directors. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific areas.

→ For details on members of Group Management see page 41

Extended Group Management

The Extended Group Management of Chocoladefabriken Lindt & Sprüngli AG was merged with Group Management on January 1, 2017.

Information and control instruments

The Board of Directors is kept regularly informed about all important matters relating to the Group's business activity. The CEO and members of Group Management attend Board of Directors' meetings and report on the ongoing course of business, important projects, and events. Extraordinary occurrences are immediately brought 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 individual 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 profit and loss, balance sheet, cash flow, investments, and personnel. Furthermore, an annually updated Group-wide analysis of strategic, operational, and financial risks – including assessments, as well as actions taken to limit risks, and responsibilities – is also submitted to the Board of Directors.

In order to assess the 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). The Group determines minimum financial controls for the subsidiaries; compliance with them and their documentation is reviewed. Within the framework of the yearly audit, the Audit Committee may charge the auditors with special assignments, which go above and beyond legal and statutory requirements.

Group Management

As of December 31, 2018, Chocoladefabriken Lindt & Sprüngli AG's Group Management had seven members:

Name, responsibility	At Lindt & Sprüngli since
Dr Dieter Weisskopf Chief Executive Officer	1995
Martin Hug Chief Financial Officer	2004
Andreas Pfluger* Country Responsibility	1994
Rolf Fallegger Country Responsibility, International Marketing	1997
Dr Adalbert Lechner Country Responsibility, Global Retail	1993
Alain Germiquet Country Responsibility, International Sales	2007
Guido Steiner Group Operations	1990

* Andreas Pfluger stepped down from Group Management as per December 31, 2018.

Dr Dieter Weisskopf (CH) lic. rer. pol. — Mr. Weisskopf started his career at Swiss Union Bank. After gaining additional experience in the banking sector in South America, he then changed to the food industry, joining the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the area of finance, latterly as CFO in Canada and Switzerland. Mr. Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration, IT, Purchasing and Sustainability. Since 2004, he has also been responsible for manufacturing. As of October 1, 2016, he took over as CEO of the Lindt & Sprüngli Group and is responsible for Group Legal & IP, Group Communications and Group HR.

Martin Hug (CH) Economist, MA — Mr. Hug started his career in various roles with a leading global coffee trading company in Latin America (Costa Rica, Ecuador, and Honduras), latterly as Finance Director in Costa Rica, before he joined Lindt & Sprüngli (International) AG in 2004 as Senior Controller. Only a short time later he was promoted to CFO at Lindt & Sprüngli UK. From 2011 to the end of 2016 he held the position of CFO at Ghirardelli Chocolate Company in California (USA) in the USA. As of January 1, 2017, he has been Group CFO and a member of Group Manage-

ment, where he is responsible for Finance, IT, Purchasing and Sustainability.

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 then held further positions as CEO of the French subsidiary and of the Ghirardelli Chocolate Company in California (USA). In 2011, he returned to Swiss headquarters to become a member of the Extended Group Management and was promoted to member of Group Management in 2013, where he is responsible for the integration of the American company Russell Stover and the development of specific markets. He retired on December 31, 2018, and stepped down from Group Management.

Rolf Fallegger (CH) lic. oec. HSG — Mr. Fallegger began his career in 1991 in marketing with Procter & Gamble in Geneva, the UK, 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 the UK and France. In 2009, he returned to Swiss headquarters and was a member of the Extended Group Management from 2011 to 2014. In 2014, he was promoted to member of the Group Management, where he is responsible for the development of specific markets as well as International Marketing, International Digital and International Consumer & Market Intelligence.

Dr Adalbert Lechner (AT) PhD in Law — After receiving his doctorate in law, Mr. Lechner held several management 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. He has been CEO of the German subsidiary Chocoladefabriken Lindt & Sprüngli GmbH since 1997. He was a member of Extended Group Management from 2011 until 2016. As of January 1, 2017, he is a member of Group Management, where he is responsible for the development of specific markets and Global Retail.

Alain Germiquet (CH) lic. oec. — Mr. Germiquet started his career in the Sales division of two notable mineral oil companies before joining Hiestand in 1999, where he was promoted from Marketing Director to Managing Director in a short time. In 2005, he became Commercial Director at Nestlé and in 2007, he joined Lindt & Sprüngli first as CEO of Lindt & Sprüngli UK and then as CEO of Lindt & Sprüngli France from 2009 to 2016. On January 1, 2017, he joined Group Management, where he is responsible for the development of specific markets and International Sales.

Guido Steiner (CH) Dipl. Lm-Ing. ETH — Mr. Steiner began his career as assistant at the Chair for Business Administration at ETH in Zurich. In 1990, he joined Lindt & Sprüngli as Assistant Manager Group Production Planning. Two years later he was promoted to Group Production Planning Manager. From 1998 until 2003 he was Vice President Operations at Lindt & Sprüngli USA. In 2003 he returned to headquarters as Vice President Operations. As of January 1, 2017, he is member of Group Management and continues to be in charge of Group Operations.

In addition to the above-mentioned assignments, members of Group Management are currently not active in other major national and international management or supervisory bodies. They also hold neither managing or consulting functions with major Swiss or foreign interest groups, nor do they hold public functions or political office. There are no management agreements regarding management functions between the Lindt & Sprüngli Group and legal entities or natural persons outside the Group.

Number of permitted activities outside the Group

The number of mandates in senior management bodies and boards of directors of legal entities outside the Group – which are to be entered in the Swiss commercial register or in a comparable foreign register – is according to article 19, paragraph 3 item 2 of the Articles of Association restricted for members of Group Management – always subject to approval by the Board of Directors – to not more than two mandates in listed companies, five mandates in non-listed companies, and fifteen mandates in other legal entities such as foundations and associations.

 https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/AOA/Articles_of_Association_E_1.2.2018.pdf

Compensation, Equity participation and Loans

→ Details Compensation Report see page 47

Group Management



Dr Dieter Weisskopf



Martin Hug



Andreas Pfluger



Rolf Fallegger



Dr Adalbert Lechner



Alain Germiquet



Guido Steiner

Shareholders' rights of participation

Restrictions of voting rights and proxy

The transferability of registered shares and consequently the recognition of an acquirer of registered shares as a shareholder with voting rights, as well as the registration 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 an acquirer of shares to the extent the number of registered shares held by that acquirer exceeds 4% of the total number of registered shares as entered in the commercial register. Details regarding the restrictions placed on the transferability of registered shares, 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".

 https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/SHAREHOLDER_REGISTRY_REGULATIONS_2015_EN.PDF

According to article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, through shares held or shares represented, more than 6% of the votes of the existing share capital 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 from 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 voting rights by the independent proxy and by shareholders who are registered with more than 6% of the voting rights in the share register. Because the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation", and "Lindt Chocolate Competence Foundation", all Kilchberg ZH, have been entered as

a group in the share register with a shareholding interest of more than 6%, the voting rights restriction does not apply to them.

A revocation of the statutory restrictions of voting rights requires a resolution of the General Meeting of shareholders with a three-quarter majority of the shares represented. Pursuant to Art. 12, paragraph 2 of the Articles of Association, a shareholder may be represented at the General Meeting by another shareholder or by the independent proxy 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.

Statutory quorum

The General Meeting passes its resolutions by an absolute majority of the votes cast, not including abstentions, unless the Articles of Association or the law provide otherwise. According to Art. 15, subsection 3 of the Articles of Association, amendments of the Articles of Association concerning a change in the company's registered office, the conversion of registered shares into bearer shares, the transfer of registered shares, representation of shares at the General Meeting, the amendment of Art. 15, subsection 3 of the Articles of Association, as well as the dissolution or a merger of the company require a three-quarter majority of the shares represented.

Announcement of the annual General Meeting, agenda and share register

Shareholders are invited to the General Meeting by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss Official Gazette of Commerce.

A shareholder who is registered in the share register with at least 2% of the share capital of the company may request that an item be placed on the agenda. Such a request must be made in writing to the Board of Directors at the latest 60 days before the General Meeting and shall specify the agenda items and the proposals made. The request and proposal must be brought before the General Meeting, together with a recommendation by the Board of Directors.

Requests made within the scope of the agenda items do not need prior announcement. In the invitation to the General Meeting, the Board of Directors indicates according to article 13 of the Articles of Association the cut-off

date for registration in the share register, which is relevant for the entitlement to attend and to exercise voting rights.

Change in control and defensive measures

In the event of a change in control of the company, employee options granted can be exercised without observing the three-to-five-year blocking period. The rules regarding change in control are also applicable in case employees are leaving the company. Other than that, there are no special agreements concerning a change in control in favor of either the members of the Board of Directors, Group Management, or any other company management members. The Articles of Association contain no provision regarding “opting out” or “opting up” pursuant to article 125 and 135 FinfraG.

Auditors

Mandate

The General Meeting appointed PricewaterhouseCoopers AG, Zurich, for the first time as its statutory auditor in April 2002. According to the Articles of Association of the company, the auditors must be newly appointed or confirmed, respectively, each year by the General Meeting. The 2018 reporting year is the sixth year for the responsible lead auditor (in charge since 2013). Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not hold office for more than seven years. The responsible lead auditor will therefore not be allowed to serve after the end of the financial year 2019 at the latest.

Audit fee

The total audit fees billed by the audit company in the reporting year 2018 amounted to CHF 1.8 million.

Additional fees

The total sum of additional fees – mainly related to tax and EDP advice – billed by the audit company in the reporting year 2018 amounted to CHF 0.2 million.

Supervisory and controlling bodies

Supervision and control regarding the assessment of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the entire Board of Directors in this task. The committee also ensures the ongoing communication with the auditors and regularly discusses with their representatives the results of audit activities in the accounting areas, as well as suitability of the internal control systems. Before the interim audit, the 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 of the annual financial statements is submitted to all members of the Board of Directors. It is first discussed in the Audit Committee with the auditors and then finally approved by the whole Board of Directors at the meeting or in the circular resolution, respectively, regarding the adoption of the Annual Report. In 2018, 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 of the Audit Committee can be found on page 39 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
Early March	Income statement and full-year results
Early May	Annual General Meeting
End of July	Half-year Report

→ For details refer to “Information” on page 146

The statutory publication organ is the Swiss Official Gazette of Commerce. 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 website. Company press releases can also be found on that website. For news and ad hoc communications, a push system is available on the company website.

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

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 on phone number +41 44 716 25 37 or via e-mail investorrelations-in@lindt.com.