



Annual Report 2007

FOR MORE THAN 160 YEARS, LINDT & SPRÜNGLI HAS BEEN FOCUSING ENTIRELY ON ITS CORE COMPETENCE: THE UNCOMPROMISING MANUFACTURE OF EXCEPTIONAL PREMIUM CHOCOLATE. THIS GOAL CAN ONLY BE ACHIEVED BY MAINTAINING STRINGENT CONTROL OVER EACH INDIVIDUAL STEP IN THE OVERALL PRODUCTION PROCESS, NO MATTER HOW SMALL – FROM THE SELECTION OF THE FINEST RAW MATERIALS, THE PROCESSING OF COCOA AND REFINEMENT OF THE CHOCOLATE TO THE SUPERBLY PACKAGED PRODUCT, READY FOR THE CONSUMER. FOR GENERATIONS, THE LINDT MAÎTRES CHOCOLATIERS HAVE DEDICATED THEIR KNOW-HOW AND PASSION TO THIS SINGLE-MINDED GOAL. THEY HAVE ELEVATED CHOCOLATE MANUFACTURE TO A FINE ART.

In search of the perfect recipe

The LINDT Maîtres Chocolatiers are well acquainted with the specific characteristics of the finest cocoa grades from the best growing regions. They have mastered the most complex processes to give their creations an unmistakable smoothness. But it takes more than expertise to create a perfect product that meets the expectations and needs of consumers all over the world. One of the principal challenges confronting the LINDT Maîtres Chocolatiers is the everlasting search for new trends and different taste combinations to satisfy fast-changing consumer habits. There are many paths to follow in this process, and sometimes they are complicated. Finding the perfect recipe requires in-depth studies, extensive tests and ongoing trend research. The very nearly scientific evaluation of all these surveys, combined with the creative mastery of the LINDT Maîtres

Chocolatiers, is the reason why Lindt & Sprüngli is known as one of the most innovative manufacturers in the chocolate industry, consistently coming up with new ways to satisfy consumer expectations.

Consumer attitudes have become much more demanding in recent years.

Consumers are ever more receptive to new culinary experiences and exceptional tastes, which by now go far beyond the trend towards increasingly dark chocolate with a particularly high cocoa content or a designation of single origin. In their permanent search for new taste highlights, LINDT Maîtres Chocolatiers set off on extraordinary journeys into a world of spices, fragrances and aromas that inspire imagination and creativity, and which result in new and perfect recipes.

However, striking a perfect harmony of various ingredients requires a great

deal of time, mastery and inventiveness, to say nothing of intuition and sensitivity. It is the original combinations of cocoa and exotic spices that ultimately promise unsuspected new savors and open up horizons.

The impact of spices in the history of the world

The history of spices takes the LINDT Maîtres Chocolatiers, and indeed all of us, on a fascinating journey around the world. Spices are closely bound up with the cultural history of mankind. For thousands of years, they exerted a vast economic and therefore political influence on world history. For a long time, spices were a status symbol synonymous with wealth and power, and had an impact on the rise and fall of many a nation. As a gift, they symbolized the highest possible esteem. New worlds were discovered,



legendary trade routes opened up, and wars waged, all to gain access to these precious spices and control the lucrative trade. Along with other products – such as silk, tea, porcelain, silver, gold and gemstones from the Orient and Far East, but later also from Central and South America – spices were among the most sought-after and expensive goods of all. After interminably difficult and hazardous journeys overland and later by sea, they finally reached Europe. Highwaymen, plundering and ruinous customs duties drove the final prices of these expensive goods higher still. But the trade was profitable because some spices fetched more than a hundred times their original value. For centuries, colonial powers and merchants grew rich by these exotic supplies, which for a long time could be grown only in their countries of origin. Smuggling, biotechnical advances, industrialization

and modernization of transport routes finally drove down the economic relevance of spices. Yet some, such as saffron and vanilla, are still traded at extremely high prices.

Herbs and spices have always been used to refine and preserve prepared food. But they have also been used in

“Spices are closely bound up with the cultural history of mankind.”

medicines, cosmetics, and, last but not least, religious rites. There is evidence that chili was being cultivated in Mexico 6000 years ago. The ancient Egyptians used spices to flavor food, make themselves beautiful, and embalm pharaohs, high officials and priests. 15 grains of black pepper were found in the nose of the mummy of Ramses II. Cleopatra is said to have been a cinnamon addict. Records

show that more than 3000 years ago, the effect of spices on human health was already known in China. Chinese dignitaries were not allowed to appear before the Emperor without first freshening up their breath with cloves. Astute Arabian merchants and Phoenicians established trading centers along the Mediterranean

seaboard 1000 years before Christ and for centuries controlled spice exports to Europe. The origin of these precious goods and the trade routes along which they were carried remained secret for as long as possible. They were even deliberately surrounded by horror stories, which pushed the prices sky high. Although no centralized international primary commodity exchange existed at the time, these



mechanisms can already be interpreted as the first signs of speculation on the market, a practice which has become commonplace today.

Trade routes by land and water were increasingly used and trade relations between the countries of the West and East rapidly developed. They were further intensified by the conquests of Alexander the Great. The most famous caravan route, the "Silk Road," led from China through Persia and the Near East to the Mediterranean, or from India northwards via the Hindu Kush, the Pamir Mountains and the Caucasus to Constantinople. The first sea routes linked Southern India with the Arab countries. Spices and other highly sought-after luxury goods reached Europe in this way; a fertile exchange of intellectual and cultural values fostered an understanding of different customs and habits.

From antiquity to the colonial age

The high cultures of classical antiquity – the Greeks and the Romans – were obsessed with the idea of exotic spices, which came to be regarded as a symbol of wealth and power. Alexander the Great brought pepper and cinnamon with him from his campaigns in Persia and India. Cloves and nutmeg were so expensive in classical Rome that only the richest and most prestigious patrician houses could afford the luxury. Roman emperor Nero, capricious, spendthrift, and mad with grief at the death of his spouse Poppaea, is said to have burned all the cinnamon stocks in the city, destroying an incredibly valuable asset. Across the Alps, familiarity with rare and precious spices spread northwards as the Roman Empire expanded. But it was Benedictine monks who brought herbs and spices to the populations of Western

and Central Europe in the 8th and 9th centuries – not, of course, for pleasure, but for medicinal purposes. Until then, however, Christian merchants were unable to compete in the direct trade in goods with the Orient and the Far East, which was dominated by Muslim traders: Arabs were the lords of all spices. The Crusades put an end to that domination. Their monopoly over the transport of goods broke with the conquest of Jerusalem and the defeat of the Arabs.

A first high point in the European spice trade was reached with the rise of the city-states of Venice and Genoa. As intensive business relations developed on a large scale with the Orient and Asia, exotic spices from the Far East became the most valuable trading commodities of their day. Governments profited from this lucrative trade through customs duties, levies and



taxes of all kinds, while merchants became rich and influential. Constantinople and Alexandria were the main trading centers of the day. Great caravans, like those that gave the young Marco Polo a permanent place in world history, were organized and it often took years before the merchants arrived back home with their valuable cargo – if they returned at all. The flourishing trade persuaded many charlatans to “stretch” these expensive spices with gunpowder to increase the weight and their own profit. Aromas were also sometimes added to conceal the low quality of the goods.

New worlds open up

Nevertheless, the trade in spices was so profitable that other countries coveted a share. They looked for ways of profiting from the rich trade in goods and studied the possibility of growing

these products locally. The many wars over political power in Europe had bled a good many governments dry and new sources of funds were needed to replenish the state coffers. The age of the great Spanish and Portuguese conquest expeditions began. The pretext, as with the bloodthirsty crusades of earlier centuries, had been to Christianize the “heathens.” The real intent, however, was to gain access to new worlds and become global powers while simultaneously profiting from local riches. Along with gold, silver and free labor, expensive and highly lucrative spices were among the most sought-after sources of finance. A bitter contest developed in the 15th century between the two great seafaring nations, Portugal and Spain. The age of colonial imperialism had begun.

Against this background, Christopher Columbus of Genoa sailed under a

good star when he went west to India, laying claim to new territories and wealth for Spain. Queen Isabella was won over by his vision. In 1492, she placed a small fleet of three ships at his disposal. Columbus did not discover India or the legendary “Spice Islands,” but he did open the sea route to precious spices such as pimiento, chili and vanilla. Surprisingly, he took no interest in cocoa, with which he also came into contact and which went on to become economically and socially significant. Hernando Cortes finally brought cocoa to Spain in 1528.

In 1498 Vasco da Gama won a particularly important victory for the Portuguese when he discovered the sea route past the Cape of Good Hope to India and ushered in the glorious age of the spice trade. He made landfall on the Malabar Coast of West India and returned heavily laden with spices.





Access to some of the most precious spices, such as pepper, was now assured and the primary territories in which exotic spices were cultivated came into Portuguese hands. Lisbon achieved an unprecedented standard of prosperity, remaining the uncontested metropolis of the spice market for nearly a century. Finally, the Portuguese discovered the legendary Spice Islands, an Indonesian group of islands between Sulawesi and New Guinea known as the Moluccas. The Portuguese set up a support base there in 1512. The geographical location of this highly profitable spice paradise was kept a strict secret. To put the competition off the scent, they went so far as to circulate false maps.

The first organized trading companies

The Dutch were the first to contest this absolute domination the Portuguese held over the spice trade. Philip II, King of Spain and Portugal and Sovereign of the Netherlands, had undertaken to bar the rebellious Dutch from access to Lisbon harbor: spices became still more expensive and in even shorter supply. In response to this blockade, the Dutch organized a successful expedition to the East Indies in 1594 and managed to reach the mysterious Spice Islands. The islands did not come into their possession until 1663, but they did gain a share of the profitable business. To oust the powerful competitors of Portugal and Spain from the market, 17 ambitious Dutch traders joined forces and in 1602 founded the famous V.O.C



(Vereinigste Ostindische Compagnie), which was granted far-reaching power to grow and trade in spices by the Netherlands Confederation of States. It was not long before the Portuguese lost extensive tracts of their colonies,

“Be that as it may, demand for the finest spices remains as high as ever.”

sometimes as a result of bloody conflicts, and ceded great part of their plantations to the Dutch, who now controlled cultivation, harvest and trade with an iron fist – and not uncommonly with unmitigated violence. To push spice prices still higher and exert even more control over the stringently supervised exports, the Dutch burnt down entire plantations and concentrated cultivation in a few regions or islands, robbing many indigenous peoples of their livelihood. Brutal measures were taken to eradicate smuggling, for which the death penalty was sometimes imposed. However, the strictly guarded monopoly began to fall apart in 1770 when the French acted on the orders of the French governor of Mauritius and succeeded in stealing seeds and seedlings of cloves and nutmeg trees, which they went on to grow successfully on their own possessions in the Indian Ocean. The same occurred with ginger. Nonetheless, the global spice monopoly of the V.O.C lasted for a good 200 years.

The Dutch were finally booted out by England, a rising colonial power and the last important player in the colorful and

often bloody history of spices. Between 1796 and 1806, during the Napoleonic wars, Dutch territories in the Spice Islands fell into English hands. By this time, many of the popular spices could be found outside certain exclusive

cultivation areas. But the economic benefit derived from the high demand for spices was still considerable. London became one of the most important trading centers for spices, and remains so today. Almost simultaneously with the Dutch, the British founded their own trading company, the East India Company. Adventurous seafarers like the popular freebooter and vice admiral, Francis Drake (1540–1596), or later the man who discovered many Pacific Islands, James Cook (1728–1779), were given financial support with an eye to the fat profit to be made from the trade in exotic goods.

Jewels in any recipe

Today, the spice monopolies so hotly contested over the centuries have ceased to exist. The number and size of growing areas all over the world have continued to increase; technological developments have improved and expedited the flow of goods in world trade. Be that as it may, demand for the finest spices remains as high as ever, with the sole difference that even the most delicate jewels of the palate are no longer reserved for the most

privileged strata of society. They are now universally accessible. All sorts of spices enrich our meals, especially in chocolate and pastry, as they have since the earliest times. They are used as fascinating fragrances for body-care products and in the perfume industry. Others are brewed into beverages and taken to relieve all kinds of minor physical and mental ailments. Generally, they come from far-off places, bear the sweet taste of the tropics, and encourage us to dream and enjoy. In the end, they come together in harmonious union with precious cocoa varieties made with care and passion by the LINDT Maîtres Chocolatiers to give consumers the experience of chocolate at its finest. Certain spices have overflowed into the world of chocolate over the centuries, and particularly in recent years. Here are just a few.

Vanilla

The name of this tropical climbing orchid, which resembles a liana, comes from the Spanish word vainilla. It is the only species of orchid considered as an agricultural crop and was already cultivated 3000 years ago by the ancient cultures of Mesoamerica. The Aztecs used its sensuous, seductive and mysterious, delicate savor to refine the famous cocoa beverage known as Xocolatl. This “Queen of spices” was one of the few most precious spices the Spaniards brought back to Europe in the course of their conquista, and it soon became an essential luxury product for the privileged strata of

society. Queen Elisabeth I is said to have refused to drink or eat anything that did not taste of vanilla. Cardinal Richelieu purportedly won the favors of the ladies at the court of Louis XIII thanks to little vanilla fragrance balls. For 300 years, the Spaniards remained the world's only vanilla producers and defended this profitable trade monopoly using all the means at their disposal. Smugglers were sentenced to death. After Mexico gained its independence in 1810, seedlings of this unique primeval plant came into the hands of the Dutch and the French and were exported to their colonies of Java and the island of La Réunion, known at the time as the Ile Bourbon. Initially, in the absence of natural domestic pollinating agents found only in Mexico, the plants did not bear fruit. Belgian botanist Charles Morren is regarded as the pioneer of global cultivation. In 1838, he published the method of artificial greenhouse

fertilization. The final breakthrough is attributed to Edmond Albius, a black slave who in 1841 successfully produced artificial fertilization using a small bamboo stick in the natural environment of a plantation in La Réunion. He was rewarded with his freedom. This development put an end to the Spanish vanilla monopoly once and for all. Cultivation of the most precious and select "bourbon vanilla" soon spread to other French colonial territories, such as Mauritius, the Comoro Islands and Madagascar, where it is still grown on a grand scale. Because of its extremely difficult, labor-intensive and complicated cultivation methods, Bourbon vanilla remains the world's most expensive spice today, second only to saffron. The plant takes four years to bear fruit at all. Its blossoms last for just one day and can only be pollinated in the morning by a meticulous manual procedure. From blossom time to finished product

requires about a year. This complex and sophisticated spice, which combines around 35 different fragrances in a single small pod, is not used to manufacture only precious perfumes; it has enhanced our most popular dishes for centuries, and reaches true perfection when combined with the best cocoa beans in the fine LINDT specialties.

Cinnamon (canehl, cassia)

Some 5000 years ago, cinnamon was already known in China under the name Kwei. It is regarded as one of the oldest and most popular of all spices. In the days of the Pharaohs, the aromatic bark of the cinnamon tree, which was worth its weight in gold, was imported to Egypt by Arabian and Phoenician merchants. Patrician families in ancient Rome soon became addicted to the taste and spent a fortune on this sought-after spice, a status symbol of



power and wealth. It was the Portuguese who, in the course of their 16th-century conquests of Eastern India, brought canebl from Ceylon to Europe and set up a highly profitable monopoly trade that was eventually taken over by the Dutch and, later, by the English. Only after cinnamon plants came to be cultivated in Java did the monopoly end. This development influenced prices and gradually made cinnamon more and more affordable. Canebl is still mostly grown in Sri Lanka and other islands of the Indian Ocean, such as Madagascar, Mauritius and the Seychelles. Cassia comes mainly from Indonesia, China and Vietnam and is used in long strips or ground up into powder. The cinnamon tree or cinnamon bush, depending on the variety, belongs to the laurel family. Every two years, during the monsoon season, its shoots are cut when they are two to three meters long and their bark is

removed. This is then rolled up and dried first in the shade and then in the sun. While canebl has a strong aromatic fragrance and a sweet taste, cassia generally has a softer and rather acerbic taste and is sold mainly in ground form. Modern cooking is almost inconceivable without cinnamon. It is one of the most popular and commonly used spices for desert dishes. Countless culinary specialties and pastries of Northern and Eastern Europe would be unimaginable without cinnamon, especially in Christmas Lebkuchen, or soft gingerbreads of all kinds. It is a typical spice for traditional mulled wine and a staple in harmonious chocolate recipes by LINDT.

Pepper

Black pepper, or "real" pepper, originally from the Malabar Coast (sometimes called the "Pepper Coast") in

South West India, is one of the oldest and most popular of all spices today. More than 3000 years ago, pepper was commonly used not just as a spice but also as a preservative of perishable foodstuffs. It reached Europe along the caravan routes of central Asia. Pepper was so precious that it used to be weighed in balance with gold. "Pfeffer-sack" (pepper bag) was a pejorative applied to a person who achieved power and wealth through the pepper trade. It was used in medieval Germany in the context of the Hanseatic League and is sometimes still employed today as a rather derogatory term for businessmen who have their eye solely on money and power. With the discovery of the faster and safer sea route to India in 1489, the Portuguese were the first to begin exporting the product to Europe on a massive scale and at enormous profit. The great economic significance of the lucrative pepper





trade meant that this hot monopoly passed from hand to hand in the centuries that followed. Today, the climbing plant is cultivated in great quantities all over the world and is no longer a luxury item. Nevertheless, pepper has never lost its significance as one of the most widely used spices in the cuisine of all countries and continents. Over 200000 tons of pepper are harvested annually. The most common pepper varieties are obtained essentially from the same plant. Their color comes from the specific methods of harvesting and processing. Black and green pepper is harvested from unripe fruit. The green color is maintained by steeping the corns in salt water, or by drying them at high temperatures or freeze-drying them quickly. Immediate drying, on the other hand, makes the peppercorns shrivel and turn black. White pepper is harvested in the ripe state and softened in water for a few days until the shell comes away. The corns are then peeled and dried. Rare "genuine" red pepper is picked when fully ripe, then the unpeeled corns are placed in salty or sour solutions and sold. Dried red pepper is even rarer. Rose pepper, also known as Brazilian pepper, is not related to black pepper but for aesthetic reasons is often used in classical pepper blends. There are a few basic rules for determining the quality. The best bouquet is always that of big freshly ground peppercorns. The smaller the corn and the finer the degree of grinding, the poorer the quality and aroma will be.



Chili

The designations “chili,” “peperoni,” and “pfefferoni” are used in common parlance to denote paprika, which also goes by the name of Spanish pepper or devil’s pepper. However, the term chili is generally used to denote the varieties of the species that range from hot to very hot. Chili originally came from South and Central America. Archaeological finds in Mexico proved that chili was already being used 7000 years before Christ. Like vanilla, chili also played an important role in culinary and ritual practices among the Mesoamerican indigenous civilizations. And, like vanilla, chili is closely linked to cocoa. When the chroniclers of the Spanish conquistadors reported that the Aztec King Moctezuma II consumed great quantities of the cocoa beverage Xocoatl spiced with chili and vanilla from golden goblets, their interest was surely in the precious metal. They could hardly have imagined that these two spices, which Columbus had already discovered, would later play such a role in the economy of their own country. Today, thousands of different cultivated and wild varieties of chili are known, many of which thrive in the hot and humid regions of the Mediterranean seaboard and are used in a fresh, dried, or ground state in Mediterranean cooking. Depending on the variety, these nightshade bushes bear fruit of many different sizes, shapes and colors but can differ significantly in the sharpness of their taste. The seeds of the fruit, often wrongly referred to as “husks,” contain

a particularly high concentration of hot-tasting substances. The hottest varieties are consumed primarily in warmer regions, as the sensation of heat generated by the active substance capsaicin causes perspiration, which in turn reduces body temperature. One of the mildest varieties is the sweet or mild paprika plant, which has been grown in Hungary since about 1950 and contains practically no capsaicin. The fiery Tepin and Habañero chilies are 1000 times hotter. There is scarcely a culture that has not included in its cuisine some form of the impressive variety of paprika, ranging from mild to hot. But one of the most fascinating specialties is the recipe for the LINDT EXCELLENCE “Chili” chocolate tablet, in which the finest cocoa varieties harmonize perfectly with refined and hot chili.

Ginger

As one of the oldest known tropical spices, and probably one of the first spices ever to be introduced to the Mediterranean region – most likely by the Phoenicians even before the foundation of the Roman Empire –, ginger has been used not just as a spice for dishes, but also as a medicinal substance. Its benefits and features are recorded in the oldest Chinese chronicles and Sanskrit writings of ancient India. No less than Confucius is said to have spiced his dishes with ginger. The origin of the sharp bulb is uncertain today, but the cultivation of its reed-like plant probably spread via China to India,

South and Central Asia to East Africa. The Spaniards exported the plant grown in East Africa by the Arabs in the 13th century to their Caribbean and Central American colonial possessions and, after suitable processing, re-imported the spice to Spain with fat profits. Since the 12th century, ginger has figured in most pharmaceutical books. In the Middle Ages, it was used as a remedy against the plague. At the same time, it was employed for such purposes as brewing beer. During their colonial rule in India, the English brought ginger back home and used it to make the beverage called ginger ale, which remains popular today in English-speaking countries. The plant, whose newly formed, blanched, dried, and peeled tubers are the source of the sharp spice, needs a tropical humid climate with abundant rainfall in order to thrive. Ginger obtained in this way is used for cooking purposes, whether whole, chopped, sliced, ground, or even in candied form. Lengthy boiling considerably increases the sharpness. Among the 85 or so different varieties, ginger from Jamaica is the most popular in our latitudes. However, its properties are appreciated not only to spice sophisticated main dishes and deserts, but also as a cure-all in ayurvedic medicine. Even Western medicine acknowledges the beneficial role of ginger tea in soothing the stomach, alleviating cramps and promoting digestion. And although its suspected aphrodisiac effects cannot be scientifically proven, ginger does seem to exert a favorable influence on general mood and frame of mind.