


BARRY CALLEBAUT



**FORE ♥ ER
CHOCOLATE**

Our plan to make sustainable
chocolate the norm



We all love chocolate and we want
it to be around forever.

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Because chocolate not only brings
joy to people, it also has the power
to transform lives.

... but to do that, sustainable chocolate should become the norm. That's why we've got to find bold new ways of doing business and bringing partners together to make it happen.

That's what Forever Chocolate is all about.

It's a movement for the entire chocolate industry, from farmers to chocolate lovers. It's a movement to make sustainable chocolate the norm.

By 2025:

**We will eradicate child labor
from our supply chain**

—

**We will lift more than 500,000
cocoa farmers out of poverty**

—

**We will become carbon
and forest positive**

—

**We will have 100% sustainable
ingredients in all of our products**

This is our invitation to everyone who loves chocolate – work with us and join the movement so that we can scale our impact and ensure that the joy of chocolate will be around forever

Our Chairman and our CEO introduce Forever Chocolate



Andreas Jacobs
Chairman



Antoine de Saint-Affrique
CEO

Barry Callebaut is a company with a purpose. We believe that business should re-invest its knowledge and resources into the greater society in which it operates. Approximately half of the dividend we pay goes to the Jacobs Foundation via our majority shareholder, Jacobs Holding, benefiting future generations by providing children and young people with better opportunities for development. In cocoa producing countries, we have been engaging with cocoa farmer communities for more than a decade to provide them with education, know-how, services and access to finance. After all, knowledge empowers people to take the future into their own hands.

Nevertheless, the future of cocoa farming, and with it the future of chocolate, looks bleak. Sixty percent of cocoa farmers in West Africa, the world's largest cocoa growing region, have to live off less than \$2 per day, which is below the World Bank's defined level of extreme poverty. Education alone will not be enough to lift these farmers out of poverty. Access to finance, access to new seedlings and access to new production technologies have be added to the mix if the chocolate industry wants to solve the structural problems in the cocoa supply chain.

But as chocolate manufacturers we have to look beyond cocoa. Our products contain ingredients other than just cocoa, such as dairy, sugar and palm oil, and have an impact on the world's natural resources, including forests. The urgency of taking action through a holistic approach on sustainable chocolate has never been greater. In 2050, more than 9 billion people will live on this one planet.

This will create a never-seen-before pressure on the environment and access to resources. To ensure that all the actors in our supply chain will be able to earn an equitable income, engage in responsible labor practices, safeguard the environment, and provide for the basic health and education needs and well-being of their families we need to scale up our reach and our impact. We believe that by making our business more sustainable, we will make it better and more competitive.

This is why we are launching Forever Chocolate; an ambition for the entire chocolate industry to make sustainable chocolate the norm. To achieve this, we need to start a movement, including farmers, civil society, industry, governments and chocolate lovers around the world. The task is too big for any organization alone.

We have committed to four bold targets that we expect to achieve by 2025 and that address the biggest sustainability challenges in the chocolate supply chain. These targets are daunting and, at this moment, we do not have all the answers on how to achieve them. But we are confident that we will reach them, working together with all those who have chocolate close to their hearts.

Forever Chocolate is an open invitation to work with us in finding the solutions to realizing these targets. Through taking on the challenges we face as an industry, we will make Forever Chocolate a reality.

**“Barry Callebaut is launching Forever Chocolate
to start a movement with farmers, civil society,
industry, governments and chocolate lovers
around the world who are working
to make sustainable chocolate the norm.”**

Andreas Jacobs
Chairman

Antoine de Saint-Affrique
CEO

Forever Chocolate is about much more than doing the right thing. It is about securing the future of chocolate.

Understanding the root causes

Chocolate is a delicious product that brings joy to chocolate lovers and creates employment and value for many people and countries across the globe. There are, however, structural issues in the chocolate value chain. Low productivity on cocoa farms as a result of poor agricultural practices, nutrient depleted soil, and aging cocoa trees is keeping many farmers in a state of poverty. Poverty prevents cocoa farmers from investing in their farms and new practices to increase productivity that would boost their incomes. In addition poverty keeps farmers from hiring professional workers, forcing them to rely on their family members, including their children, to work the fields. As a result, the future generation of cocoa farmers, deprived of their childhood and education, will not be empowered to break this vicious cycle. And sustainable chocolate requires more than sustainable cocoa. It requires achieving zero net deforestation and curbing carbon emissions for the production of any chocolate ingredient or chocolate product. In order to secure the future of chocolate, all the actors in the chocolate value chain need to unite behind a common ambition and step up their efforts to address these structural issues.

Building upon existing initiatives

Barry Callebaut has a long-standing commitment to improve the livelihoods of cocoa farmers. Through our interactions with farmer cooperatives in origin countries, as well as through our direct sourcing and farm services organization, Biolands, we have invested and engaged in productivity and community development for the past decade. The premiums from the sale of our sustainable HORIZONS cocoa and chocolate products flow 100% to the Cocoa Horizons Foundation, funding initiatives to improve smallholder cocoa farmer livelihoods through a mission-driven, non-profit organization. We are also working in partnership with our customers, sustainability initiatives like the International Cocoa Initiative (ICI) and the Dutch Sustainable Trade Initiative (IDH) and global development institutions such as the International Finance Corporation (IFC) to further address sustainability issues in our value chain. We are participating in national and international policy forums on the topic of cocoa sustainability. On an industry level, Barry Callebaut was one of the driving forces behind the World Cocoa Foundation establishing CocoaAction to align initiatives of global chocolate producers to improve the livelihoods of cocoa farmers. Through partnerships between governments,

cocoa farmers and the cocoa and chocolate industry, CocoaAction focuses on boosting productivity and strengthening community development in Côte d'Ivoire and Ghana, the largest cocoa-producing countries in the world. We align our efforts with CocoaAction, but recognize the need to go above and beyond considering the urgency of the challenges in our supply chain. That is why we have defined an ambitious trajectory by when we want to have achieved meaningful impact.

Scaling up

Building on the foundations of these initiatives, Barry Callebaut launches Forever Chocolate; an overarching, holistic, strategy to scale up our own, and industry's, efforts. By setting four ambitious, time-bound targets on eradicating child labor, prospering farmers, thriving nature and sustainable chocolate we want to move beyond sustainable cocoa. By annually reporting our progress against these targets in a transparent and measurable way, we hope to unleash the sense of urgency required to find the creative solutions this cause deserves.

Starting a movement

Together with our industry partners in CocoaAction we must start a movement that also includes governments, NGOs and consumers in order to reach our targets. After all, sustainable chocolate is as much about governments creating an enabling policy environment and enforcing legislation, NGOs creating awareness and consumers making sustainable choices, as it is about industry commitment and investment.

**Together we can make
sustainable chocolate the norm**

FOREVER

CHOCOLATE



ZERO CHILD
LABOR

By 2025 we will
eradicate child labor
from our supply chain



PROSPERING
FARMERS

By 2025 we will lift more
than 500,000 cocoa
farmers out of poverty



THRIVING
NATURE

By 2025 we will be
carbon and forest positive



SUSTAINABLE
CHOCOLATE

By 2025 we will have
100% sustainable ingredients
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Making sustainable chocolate the norm



ZERO CHILD LABOR

By 2025 we will
eradicate child labor
from our supply chain

The Challenge

As a direct result of cocoa farmer poverty, it is estimated that there are more than 2 million children working on cocoa farms in Côte d’Ivoire and Ghana. Despite investments in education and awareness raising in the past years, and despite higher school attendance, the cocoa industry and cocoa origin countries have not succeeded in structurally eradicating child labor. Tackling poverty is a long term solution to child labor, but in the short term we need to put in place solid monitoring and remediation systems, in order to identify and forever eliminate child labor. In addition we need to work with governments, community leaders and the development community in origin countries to enforce existing laws and regulations against child labor, to provide an adequate school infrastructure, ensuring school attendance and availability of financial support in cocoa farmer families to send children to school. We need to support awareness raising and a change in the perception in the communities themselves.



Our Goal

By 2025 we will eradicate child labor from our supply chain.¹



Key Metric

Number of child labor cases identified and remediated in our supply chain.



Enabling KPIs

% of the farmer groups we directly source from, that have systems in place to prevent, monitor and remediate child labor.

% of third party suppliers, who have equivalent systems in place.

Highlights

Child labor monitoring system

Together with the International Cocoa Initiative, we piloted a Child Labor Monitoring and Remediation System (CLMRS) with more than 5000 farmers in Côte d’Ivoire in 2016. Facilitators on the ground work with communities to track and remediate child labor, as well as pinpoint the factors that contribute to it.



THE INTERNATIONAL COCOA INITIATIVE

Since its inception in 2002, we have been an active member on the Board of the International Cocoa Initiative – the leading organization promoting child protection in cocoa growing communities.

ICI has worked with more than 1,000 communities, supporting more than 3,000 community development actions that have benefited more than 1 million people, many of them children. Thanks to ICI’s help, more than 50,000 children now have better access to quality education.

1. According to ILO, not all work done by children should be classified as child labor that is to be targeted for elimination. The term “child labor” is often defined as work that deprives children of their childhood, their potential and their dignity, interferes with their schooling and is harmful to their physical and mental development. Activities such as carrying heavy loads or using chemicals are considered as “unacceptable forms of child labor” because they are physically dangerous for children.

Education

For many years Barry Callebaut has been promoting school enrollment and attendance, helping families to secure birth certificates for their school-age children and providing school kits at the start of the academic year to children of cocoa farmers. We contribute to educational infrastructure in communities where facilities are inadequate. This includes building and furnishing classrooms and school canteens.

Women's empowerment

Recognizing that a woman's income and education level has a direct impact on the health and education of her children, we work within farming communities to encourage and enable women's active participation in farmer training activities, as well as group administration and management, helping to increase business skills and create opportunities for women to earn an income.

Building awareness

Child labor prevention and awareness is included each year in the curriculum of the thousands of farmers we train on cocoa sustainability. We will continue this practice, but increase our efforts based on the results from our current pilot program on child labor monitoring and remediation. In addition, we will conduct other pilots with expert partners, including governmental and community involvement, to develop a tailored approach to address the root causes of child labor in the chocolate supply chain.

Yvonne Amenan Konan, an Ivorian farmer in the village of Petit Bouaké, is a graduate of the first agroforestry training program for women farmers, organized by Barry Callebaut, in 2014. After completing the training program, Yvonne has had the opportunity to train other interested farmers in agroforestry techniques.

"I hope to set an example for other women in my village, so that they can see that there's a way for them to have financial independence and to be strong and proud. When I train other women, and I see the effect it has on them and their confidence and independence, it fills me with pride. Every woman should have the opportunity to feel that way."





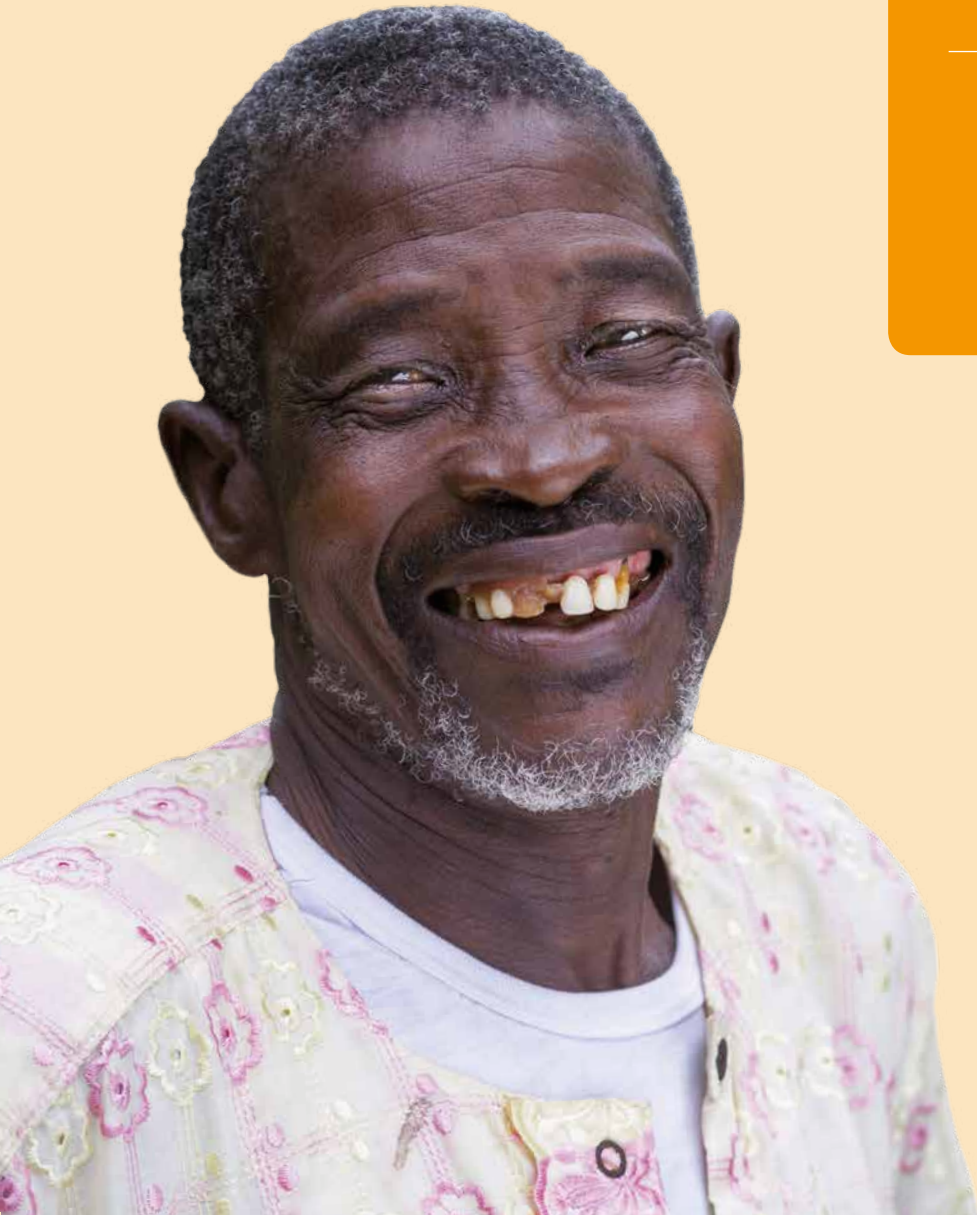
Nicko Debenham

Head of Sustainability, Barry Callebaut
and MD Biolands Group

“Child labor still exists in the cocoa supply chain, despite all of the work that has been done by numerous partners throughout the industry consistently fighting its occurrence. That’s the hard truth. We admit we have to learn a lot about this complex and challenging problem, which is why we are reaching out to experts in the field in order to test and implement the most effective solutions to eradicate child labor from our supply chain.

We are currently implementing programs with different partners in addition to the International Cocoa Initiative, to duplicate the successes from other regions. It is critical that we engage with governments in West Africa and consuming countries, in order to address root causes and generate a sustainable solution to this unacceptable situation.”





**PROSPERING
FARMERS**

By 2025 we will lift
more than 500,000 cocoa
farmers out of poverty

The Challenge

As a result of low yields due to poor farming practices, aging trees and limited access to inputs such as fertilizer and planting materials. The average cocoa farmer's income is significantly below the World Bank's extreme poverty line of USD 1.90/day. Such low income makes it impossible for farmers to invest in their farms, or to hire staff to work the fields. Aligned with the industry's CocoaAction strategy, we commit to tackling farmer poverty by empowering farmers to earn a better income through access to training, coaching, financing and planting material. We will also reach out to governments in origin countries and work with donors to create an enabling environment for the sustainable replanting of cocoa farms.



Our Goal

By 2025 we will lift more than 500,000 cocoa farmers out of poverty.



Key Metric

Number of cocoa farmers lifted out of poverty, measured against the World Bank's USD 1.90/day threshold for extreme poverty.



Enabling KPIs

Number cocoa farmers who have access to coaching, inputs such as tools and seedlings, or finance.

—
Number of hectares cocoa replanted.

—
Productivity improvement per hectare of these farmers.

Highlights

Credit For More Than 100,000 Farmers

Barry Callebaut, together with the International Finance Corporation (IFC), a member of the World Bank Group, and The Sustainable Trade Initiative (IDH) entered into a risk-sharing agreement to help more than 100,000 smallholder farmers in Côte d'Ivoire access credit needed to grow their production and earnings.

Transforming Communities

Together with the Jacobs Foundation, we will invest CHF 2.2 million through 2019 in cocoa farmer training programs in Côte d'Ivoire. The programs train farmers in 80 cocoa growing communities. They will focus on agricultural practices that will increase cocoa yields, and cocoa farmer's income. A special focus will be on providing training to currently under-represented groups in cocoa farming, young farmers and female farmers. This program is in addition to the broad range of education and training opportunities we have rolled out in the communities we have sourced from in the past decade and through which we train thousands of farmers each year.



DIRECT SOURCING THROUGH BIOLANDS

Biolands is our direct sourcing and farm services organization. Biolands uses a bottom-up model, working with smallholder farmers to ensure they are paid a fair price and to improve cocoa quality and yields. This farmer-centric, village-to-port approach enables strong relationships with farmers built on mutual trust, and full traceability for every bag of cocoa from the farmer to Barry Callebaut's warehouse.

The model also supports the Cocoa Horizons Foundation, enabling the implementation of program activities under the pillars of productivity and community development.



Brega Bi Kouadio Appolinaire

Cocoa Farmer
Côte d'Ivoire

"It's hard to make a living from cocoa. Many people don't want to work the land because they don't earn enough to survive from cocoa alone.

But that has changed for me. As a registered Cocoa Horizons farmer, I get trained in good agricultural practices and business skills. I have improved the quality and quantity of my cocoa with these practices. When you do things right, when you look after a cocoa tree like you would look after your family, you can earn good money doing a respectable thing.

I feel proud that I can say to my children, this is a good profession."





**THRIVING
NATURE**

By 2025 we will
be carbon and forest positive

The Challenge

Deforestation is one of the biggest causes of global warming. It emits carbon dioxide into the atmosphere through the “slash and burn” method for clearing forests, and at the same time reduces the amount of trees that will absorb carbon dioxide. Climate change has a severe impact on the world in general and agricultural regions in particular. Droughts mean that farmers can no longer rely on the rainfall that’s crucial to farming. And on top of all of this, deforestation leads to soil degradation, accelerating the downward spiral. If industry does not commit to reducing its carbon footprint and achieve zero net deforestation in its supply chain, the ecosystem that provides chocolate ingredients will rapidly erode.



Our Goal

By 2025 we will be carbon and forest positive.



Key Metric

The carbon footprint of our supply chain from farm to customer and number of hectares of forest regenerated.



Enabling KPIs

CO₂e intensity per tonne of product.

% of raw material volume proven to be free from deforestation.

Highlights

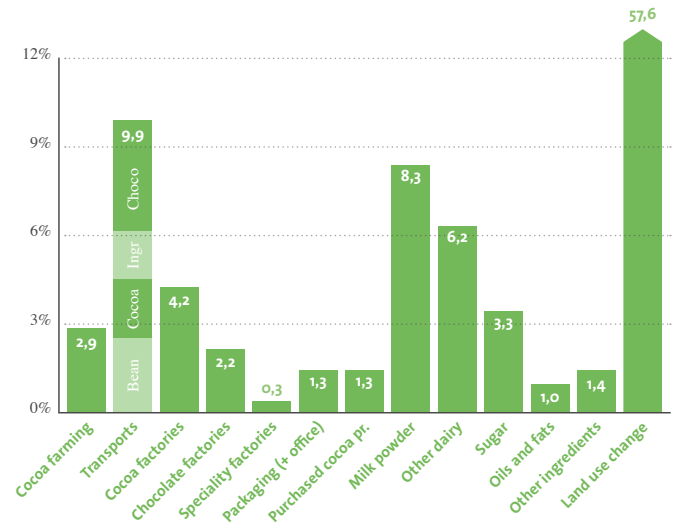
Mapping Our Impact

We have measured our environmental footprint, as well as the carbon footprint of chocolate so that we can target the areas where we have the greatest impact.

Organizational Carbon Footprint, FY 2014/15

Total = 7.4 Mill tonnes CO₂e;

3.1 w/o land use change (LUC) emissions; LUC = 4.3



Due to the fact that there are limitations in data availability, the calculated impacts resulting from land-use-change are estimates, which will be continuously improved in future years.

Energy Champions

Since 2009 we have managed to reduce our relative energy use and carbon emissions by 20%. In the coming years we expect to make further reductions. At more than 75% of our production facilities we have appointed an energy champion who will lead on-site energy saving measures. In the coming years we will introduce an energy champion at all of our sites.



Luiz Tonim

Process Improvement Manager
Barry Callebaut Brazil

“Water is the source of all life, and too often we take its availability for granted. In Brazil we have been struggling with some serious water shortages in the past years.

Our site identified the necessity to save water. I can tell from my own experience that once water is no longer available, you realize how much you depend on it.

As a process improvement manager at Barry Callebaut, I am tasked to find ways of reducing our water and energy footprint. Our team managed, through water saving measures and the re-utilization of water streams, to save 135 m³ of water per day on average at our Ilheus site . This is enough to supply over 2,400 people per day! Rethinking business as usual truly delivers!”





**SUSTAINABLE
CHOCOLATE**

**By 2025 we will have
100% sustainable ingredients
in all of our products**

The Challenge

We source a variety of ingredients – dairy products, sugar, palm oil, soy lecithin and soy oil, hazelnuts, vanilla, coconut oil, and, of course, cocoa. In the coming years and decades, increasing demand, due to an increasingly growing and affluent world population, will create social and environmental sustainability challenges for the sourcing of these ingredients. To feed the growing world population, without depleting the world’s resources, the sustainable production of food stuffs must be scaled up from niche to norm.



Our Goal

By 2025 we will have 100% sustainable ingredients in all of our products.



Key Metric

Percentage of agricultural raw material sustainably sourced.



Enabling KPIs

% of sustainably sourced cocoa.

% of sustainably sourced raw materials – sugar, dairy, palm oil, coconut oil, soy lecithin, vanilla and nuts.

Highlights

Cocoa Horizons Foundation

Our HORIZONS cocoa and chocolate products are traceable from our warehouse all the way back to the individual farmer. The premiums from the purchase of HORIZONS products flow to the Cocoa Horizons Foundation, which funds farmer training in good agricultural practices, farmer support, innovative finance solutions, initiatives to protect children, access to education, women’s empowerment and basic health services.

Empowering vanilla farmers in Madagascar

Together with partners we are working to diversify and stabilize revenues of vanilla farmers in Madagascar by increasing the levels of vanilla curing at farm level, diversifying their crops through the introduction of cocoa farming and supporting the adoption of Good Agricultural Practices (GAP).

Roundtable on Sustainable Palm Oil

Barry Callebaut has been a member of the Roundtable on Sustainable Palm Oil since 2011. By 2020, 100% of our palm oil will be sustainably certified and by 2022 we will be using only 100% physical certified sustainable palm oil.



LAUNCHING A DIGITAL DATA SYSTEM: KATCHILÈ

In 2016, together with the German Investment and Development Organization (DEG), we started rolling out Katchilè, a cloud-based geo-traceability App that enables us to assess the needs of farmers in our programs. We are now able to track a bean to the individual farmer through a combination of farmer registration, cocoa buying, processing and transportation records. Such a unique, high level of traceability means we can assess the farmer’s and community’s needs so that we provide the best possible support. We will expand Katchilè across all our major cocoa sourcing countries.



Massimo Selmo

Head of Global Sourcing
Barry Callebaut

“When it comes to the impact on people and the environment, palm oil is well known for its challenges. At Barry Callebaut, we’re dedicated to giving our customers products they can trust and be proud of. It’s why we made the switch to RSPO palm oil suppliers for all European factories back in 2013. In 2020 Barry Callebaut will be using 100% sustainable palm oil.

Since 2004, the Roundtable on Sustainable Palm Oil (RSPO) has been transforming the palm oil industry to put it on a sustainable path. Their certification is the assurance that the standard of production is sustainable. For example, one of the key certification requirements is that palm oil production can’t take place in primary forests or in high conservation value areas.

So, with this move we can support sustainable agriculture that safeguards the environment in tropical regions. And we can meet our customers’ needs for chocolate that’s produced the right way.”



Our People

Forever Chocolate is the next phase in our long tradition of integrating purpose into our business

Whether it is our commitment to education through the Jacobs Foundation, our employees' engagement in community activities, recognizing colleagues who embody the Barry Callebaut values of customer focus, passion, entrepreneurship, team spirit and integrity through the annual Chairman's Award, or our HORIZONS cocoa and chocolate products, we know that purpose drives a deeper engagement of our employees within the company.

Forever Chocolate will require us to rethink the way we are doing business. Globally we employ close to 10,000 people. Harnessing their knowledge, creativity and passion is key to achieving our goal of making sustainable chocolate the norm. Forever Chocolate is an ambitious approach to sustainable chocolate, inspiring our employees to innovate and make Forever Chocolate part of their working day, every day. After all, the better we do as a company, the more good we can do.



Forever Chocolate is an ambitious approach to sustainable chocolate, inspiring our employees to innovate and make Forever Chocolate part of their working day, every day

It means ensuring the support of our people everywhere so that every division within the business has a clear plan in place to help deliver the ambitious targets we have set ourselves under Forever Chocolate. It means the continuous support for our Winning Together initiative to support community development.

Only by doing this will we unlock the potential of our employees around the world to bring our vision for a better chocolate industry to life.

Creating a Movement

Forever Chocolate requires a movement to make it a reality

Making progress on our commitments and scaling up our impact beyond our own supply chain requires industry, societal stakeholders and governments to come together. We are working with a broad range of stakeholders through a number of platforms. Forever Chocolate is our engagement plan.

Leveraging stakeholder platforms

Chocovision brings industry representatives together, from farmers, processors and chocolate artisans, to retailers, consumers and NGOs.

The biennial business conference provides a platform for discussion and debate at a strategic level around industry challenges and opportunities.



Improving supply chains

We are working with a broad range of sustainability programs and stakeholder initiatives to create sustainable and traceable supply chains.



UTZ Certified

Creating a world where sustainable farming is the norm.



Fairtrade

Changing the way trade works through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries.



The Rainforest Alliance

Conserving biodiversity and ecosystems and ensuring sustainable livelihoods for producers.



Organic

Farming in a way that protects the environment, enhances animal welfare and creates new opportunities for rural communities.

Industry associations



World Cocoa Foundation and Cocoa Action

The World Cocoa Foundation (WCF) is helping to achieve cocoa sustainability through supporting cocoa communities, education, field programs and scientific research. CocoaAction is coordinated by WCF and is a voluntary, industry-wide strategy that aligns the world's leading cocoa and chocolate companies, governments and key stakeholders on regional priority issues in cocoa sustainability. CocoaAction convenes the sector in order to align complementary roles and responsibilities, leverage scale and efficiency through collaboration, and catalyze efforts to accelerate sustainability in the cocoa sector.



International Cocoa Initiative

The International Cocoa Initiative (ICI) is the leading organization promoting child protection in cocoa-growing communities. ICI works with the cocoa industry, civil society and national governments in cocoa-producing countries to ensure a better future for children and contribute to the elimination of child labor.



The Sustainable Agriculture Initiative Platform

The Sustainable Agriculture Initiative Platform is the primary food & drink value chain initiative for sustainable agriculture. SAI Platform develops tools and guidance to support global and local sustainable sourcing and agriculture practices.

Partnering for investment in education and farm productivity

We work with a number of foundations and initiatives to co-invest in education and farm productivity.



Jacobs Foundation

The Jacobs Foundation seeks to benefit future generations by providing children and young people with better opportunities for development, so that they can become productive and socially responsible members of society.



The Sustainable Trade Initiative (IDH)

IDH accelerates and scales up sustainable trade by building impact oriented coalitions of front running companies, civil society organizations, governments and other stakeholders that will deliver impact on the Sustainable Development Goals.



DEG: Promoting entrepreneurial initiative – Shaping development

DEG is a reliable partner for private companies investing in developing and emerging-market countries. For more than 50 years, it has been promoting sustainable development that creates jobs, better living conditions and new prospects. DEG is committed to the long-term success of their customers: Therefore they do not only provide long-term capital, but also individual advice and support. With a portfolio of around 8 billion euros in more than 80 countries, they are one of Europe's largest development finance institutions for the private sector.



International Finance Corporation (IFC)

IFC, a member of the World Bank Group, provides investment and advisory services on development solutions for the private sector in developing countries.



MasterCard Foundation, Fund for Rural Prosperity

The Fund for Rural Prosperity aims to provide 1 million people in rural Africa with access to appropriate savings, credit and insurance services.

Managing and reporting our progress

Reporting

Barry Callebaut will report on an annual basis against the targets identified in the Forever Chocolate strategy. We will use both internal and external milestones, and align with the Sustainable Development Goals to benchmark progress. Our reporting will be validated by a third party.

Ensuring ambition

In order to ensure that we continue to push an ambitious and relevant strategy, we will be working with a Sustainability Advisory Council consisting of a group of expert stakeholders. In addition we will actively seek engagement with stakeholders at global, regional and country level, for input, challenges and critique.

FOREVER CHOCOLATE AND YOU

Forever Chocolate is an open invitation to work with Barry Callebaut to find solutions to the challenges that we collectively face.

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If you have any feedback on our strategy, would like to know more about it, or if you want to contribute to this movement, please contact us at

forever_chocolate@barry-callebaut.com



BARRY CALLEBAUT

www.barry-callebaut.com