

GRI Report 2018/19

MATERIAL ISSUES – GRI STANDARDS MAPPING

Barry Callebaut AG's 2018/2019 GRI Index is based on the Global Reporting Initiative (GRI) Standards. GRI is the world's leading standard for corporate sustainability reporting (www.globalreporting.org). Through this GRI Index, together with the Forever Chocolate Progress Report and the Annual Report 2018/2019, Barry Callebaut reports in accordance with the Core option of the GRI Standards.

All material standards and indicators discussed are reported as fully as the available data allow.

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Relevant GRI Standard(s)

CHILD LABOR	408: Child Labor 412: Human Rights Assessment 414: Supplier Social Assessment
FORCED LABOR	409: Forced Labor 412: Human Rights Assessment
POVERTY	203: Indirect Economic Impact 413: Local Communities
FARMER INCOME	203: Indirect Economic Impact 413: Local Communities
LOW YIELDS	203: Indirect Economic Impact
FUTURE COCOA SUPPLY	201: Economic Performance 203: Indirect Economic Impact 304: Biodiversity
TRACEABILITY	308: Supplier Environmental Assessment 414: Supplier Social Assessment
HEALTH & SAFETY	403: Occupational Health and Safety 414: Supplier Social Assessment
TALENT	404: Training and Education 405: Diversity and Equal Opportunity
EMPLOYEE ENGAGEMENT	401: Employment
CLIMATE CHANGE	302: Energy 305: Emissions
DEFORESTATION	304: Biodiversity 308: Supplier Environmental Assessment
CO₂ EMISSIONS	302: Energy 305: Emissions
AIR POLLUTION	305: Emissions
SOIL DEGRADATION	304: Biodiversity
WATER	303: Water
COMPLIANCE	205: Anti-Corruption 206: Anti-Competitive Behavior 307: Environmental Compliance 410: Security Practices 415: Public Policy 419: Socio-Economic Compliance

GRI 102: GENERAL DISCLOSURES

Organizational Profile

Disclosure number	Disclosure title	Answer
102-1	Name of the organization	Barry Callebaut AG
102-2	Activities, brands, products, and services	Barry Callebaut is the world's leading supplier of high-quality chocolate and cocoa products, with more than 12,257 employees operating out of more than 40 countries. Its main brands are: Barry Callebaut, Callebaut, Cacao Barry and Carma. For further information: https://www.barry-callebaut.com/en/brands
102-3	Location of headquarters	Barry Callebaut AG, West-Park, Pfingstweidstrasse 60, 8005 Zurich, Switzerland
102-4	Location of operations	https://www.barry-callebaut.com/en/contact
102-5	Nature of ownership and legal form	Barry Callebaut AG ("The Company") was incorporated on December 13, 1994, under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2019, Barry Callebaut's market capitalization based on issued shares was CHF 11,109.4 million (August 31, 2018: CHF 9,484.7 million). The Group's ultimate parent is Jacobs Holding AG, which holds 50.11% of the shares issued (August 31, 2018: 50.11%).
102-6	Markets served	Barry Callebaut offers its products in 150 countries across the following regions: Europe, Americas, Asia Pacific. The company serves clients in the Food & Beverage industry. Barry Callebaut serves the entire industry, from food manufacturers to artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers; the Company also supplies products for vending machines.
102-7	Scale of the organization	As of August 31, 2019, the total number of employees was 12,257 and Barry Callebaut operated 62 factories. The annual sales in fiscal year 2018/19 (ended August 31, 2019), amounted to CHF 7.3 billion. Barry Callebaut's market capitalization based on issued shares was CHF 11,109.4 million (August 31, 2018: CHF 9,484.7 million) and the debt to equity ratio was 54.4%. Barry Callebaut produced a total of 1,620,112 tonnes of chocolate & compound in its latest fiscal year.
102-8	Information on employees and other workers	At the end of the fiscal year 2018/19, Barry Callebaut had 12,257 employees. The Company had: 3,391 permanent and 191 temporary female employees; 8,370 permanent and 295 temporary male employees. Employees in EMEA: 5,283 permanent and 299 temporary; Americas: 3,297 permanent and 65 temporary; Asia: 1,811 permanent and 82 temporary; Africa: 1,380 permanent and 40 temporary; 3,215 full-time and 367 part-time female employees; 8,466 full-time and 199 part-time male employees. The following type of workers perform organization activities: Consultants, Agency Temps, Members of the Board of Directors, Contractors, Trainees, Volunteers / Students. Information on employees is collected in Barry Callebaut's internal HR system (Global HRIS System Success Factors). As from September 2018, we collect granular data on employees in the Barry Callebaut training and education center Marbach. At the end of FY 18/19, we had 52 employees assigned to the Marbach Training Center subdepartment.
102-9	Supply chain	Barry Callebaut is fully vertically integrated along the entire value chain. The Company sources cocoa directly from smallholder farmers in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil as well as from third-party suppliers from the main cocoa-producing countries. Cocoa beans and chocolate are processed or produced in 62 factories operated directly by Barry Callebaut. Its main brands are Barry, Barry Callebaut, Bensdorp, Callebaut, Cacao Barry, Carma, Caprimo, Chocovic, La Morella Nuts, Le Royal, Mona Lisa, SICAO, Van Leer, Van Houten Professional and Van Houten Drinks.
102-10	Significant changes to the organization and its supply chain	In the fiscal year 2018/19, the significant changes to the organization's size and structure include the following: <ul style="list-style-type: none"> – Acquisition of Inforum, a leading Russian business-to-business producer of chocolate, compounds and fillings, serving many of the well-known consumer chocolate brands in Russia (completed January 2019). – Acquisition of the chocolate manufacturing assets of Burton's Biscuit Company. Burton's Biscuit Company is based in Moreton, UK, and is the second biggest biscuit manufacturer in the UK (completed December 2018). – Opening of two CHOCOLATE ACADEMY™ Centers in Beijing and Antwerp. – In India, one of the fastest-growing chocolate markets in Asia, Barry Callebaut laid the first stone for the construction of a chocolate factory in Baramati. The Group strengthened our partnership with Garudafood, a leading food company in Indonesia, by opening a second chocolate plant in Rancaekek. In Côte d'Ivoire, Barry Callebaut inaugurated a cocoa processing unit in Abidjan, enabling the Group to expand its capacity there by +40% by 2022.
102-11	Precautionary principles or approach	Barry Callebaut considered the following references in development of the HACCP (Hazard Analysis and Critical Control Point) principles: Guidance on Food Allergen Management for Food Manufacturers Food Drink Europe (2013), Global Standard for Food Safety: Guidelines for Allergen Management (2014), FARRP – International Regulatory Chart (2015), European Food Safety Authority, FAO/WHO Food Standards. Codex Alimentarius. General Standard for the Labelling of Prepackaged Foods (1991), Guidance on Allergen Management and Consumer Information. Best Practice Guidance on Managing Food Allergens with Particular Reference to Avoiding Cross-Contamination and Using Appropriate Advisory Labelling, FSA (2006).
102-12	External initiatives	Among the main external initiatives which Barry Callebaut endorses and supports are: the Dutch Sustainable Trade Initiative (IDH), The German Development Finance Institution (DEG), Fairtrade, ILO Impact Insurance Facility, International Cocoa Initiative, International Finance Corporation (IFC), Jacobs Foundation, Livelihoods Fund for Family Farming, Mastercard Fund for Rural Prosperity, Opportunity International, Rainforest Alliance, The Sustainable Agriculture Initiative Platform, United Nations Global Compact, UTZ Digital ICS, World Business Council for Sustainable Development (WBCSD) and the International Cocoa Initiative (ICI).

Disclosure number	Disclosure title	Answer
102-13	Membership in associations	<p>Cocoa relevant ABICAB, AIDEPIT, AIPC, Alliance7, Amcham, Ania, Aschoko/Conformex, BDSI, BLL & BVE, Belgian Confectionary Association (Choprabisco), Biscosuise, Bundesverband der Deutschen Süßwarenindustrie, China National Candy Association, Chocolate and Cocoa Association of Japan, Chocosuisse, Cocoa Association of Asia, Cocoa Merchants Association of America (CMAA), EFOSZ, European Cocoa Association (ECA), European Confectionary Association (Caobisco), Federalimentare, FAARP, Federation of Malaysian Manufacturer, FEVIA, FDP, FIAL, FNL, GAPMM Indonesia, Hunbisco, Index Nuovo Leon, International Cocoa Initiative, International Cocoa Organization, INC International Nut and Dried Food, Indonesia Cocoa Association, Malaysia Cocoa Board, National Confectioners Association, NCA, Polbisco, Produlce, SGLH, Singapore Manufacturing Federation, SVLQ, SVG, VBZ, Unione Ind. LI VCO, World Cocoa Foundation.</p> <p>Non-cocoa relevant Bonsucro, Coalition for Sustainable Livelihoods AIM-Progress, Dairy Sustainability Alliance, Sustainable Vanilla Initiative, Roundtable on Sustainable Palm Oil (RSPO), Roundtable on Sustainable Coconut and Coconut Oil, Palm Oil Innovation Group (POIG), Sustainable Agriculture Initiative Platform (SAI), ProTerra Stakeholder Council, Dairy Working Council.</p> <p>Industry World Business Council on Sustainable Development (WBCSD)</p>

Strategy

102-14	Statement from senior decision-maker	<p>Message from the CEO In 2016, Barry Callebaut launched Forever Chocolate, our plan to make sustainable chocolate the norm by 2025. Through measurable, time-bound targets, in combination with third-party verified annual reporting, Forever Chocolate is about creating impact in the chocolate value chain. We want to achieve this through innovative projects that will lift cocoa farmers out of poverty, eradicate child labor, create a carbon and forest positive supply chain and ensure 100% sustainable ingredients in all of our products.</p> <p>Our third Forever Chocolate progress report, listing our activities and achievements over fiscal year 2018/19, shows that we, together with the support from our customers and our partners, are creating impact on the ground and leading change in the cocoa and chocolate value chain. More than half of our ingredients are sustainably sourced. We managed to reduce our carbon footprint by almost -7%, whilst achieving +5.1% volume growth. We are not yet hitting all the right notes, but through trying we are learning, and this enables us to progress and scale. Whilst much more remains to be done, the progress is undeniable. Our progress has also been confirmed by Sustainalytics, who ranked Barry Callebaut's plan on sustainability in July 2019 #1 out of 178 other food companies.</p> <p>Sustainability is at the heart of Barry Callebaut, and it is at the heart of our employees. I am extremely proud of all our over 12,000 employees, who are making sustainability happen through their everyday activities. Our third Forever Chocolate Progress Report is a testimony to their passion, expertise and dedication, which are the right ingredients to make sustainable chocolate the norm.</p> <p>Forever Chocolate is a movement, and we welcome all feedback and offers for support.</p> <p>Antoine de Saint-Affrique CEO of Barry Callebaut</p>
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Ethics and Integrity

102-16	Values, principles, standards, and norms of behavior	<p>Barry Callebaut values are customer focus, entrepreneurship, team spirit, passion, and integrity. The Barry Callebaut Code of Conduct reflects these values and their belief that the best working environment is one built on mutual respect and trust.</p> <p>Barry Callebaut developed its Code of Conduct in 2002 (updates in 2011, 2013 and 2016). The document was approved by the Executive Committee and signed by the CEO. The Chairman of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is informed about compliance cases and completion of training by Executive Committee members. The importance of this document and its implementation is amplified by the fact that the Chief HR Officer is a member of the AFRQCC.</p> <p>All employees of Barry Callebaut sign the Code of Conduct; the document is available in 9 languages on the website. Barry Callebaut's business partners receive the Supplier Code. The Supplier Code includes a reference to their values.</p>
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Governance

Disclosure number	Disclosure title	Answer
102-18	Governance structure	<p>As of November 2, 2016, the Barry Callebaut Group is organized into different regions: EMEA (Europe, Middle East, Africa), Americas and Asia Pacific. The globally managed Global Cocoa is, like a Region, reported as a separate segment. Barry Callebaut's business can also be separated into three different Product Groups: Food Manufacturers Products, Gourmet & Specialties Products, and Cocoa Products.</p> <p>Committees of the highest governance body include the Board of Directors; the Audit, Finance, Risk, Quality & Compliance Committee; the Nomination & Compensation Committee; and the Internal Audit.</p> <p>The sustainability agenda is strongly driven by Barry Callebaut's top management. The cross-functional Sustainability Steering Committee is chaired by the CEO and includes all members of the Executive Committee and top managers of Barry Callebaut. The Committee meets quarterly to review sustainability strategy and progress.</p>

Stakeholder Engagement

102-40	List of stakeholder groups	Barry Callebaut is a vertically integrated company and therefore its stakeholders include all parties along the cocoa value and supply chain: farmers, suppliers, governments and donors. Besides the customers, the other major stakeholder groups are employees, investors, media, industry associations / platforms, governments and NGOs.
102-42	Identifying and selecting stakeholders	Barry Callebaut engages with all identified stakeholder groups to drive a shared vision for the future of cocoa industry and at the same time to respond to challenges shared with the identified stakeholder groups.
102-43	Stakeholder engagement	<p>In 2015, Barry Callebaut identified issues material for the sustainability of its business and the context in which the Company operates. An updated materiality assessment was conducted through an online survey in spring 2018. The survey was sent to both internal and external stakeholders and responses from the following stakeholder groups were received and taken into consideration: employees, investors, NGOs, customers, suppliers, industry platforms, donors, implementing partners, analysts, IGOs and others.</p> <p>Barry Callebaut maintains a regular dialog with stakeholders through both participation in external activities (like workshops and conferences) as well as through organization of own internal activities (such as feedback sessions).</p>
102-44	Key topics and concerns raised	<p>Together with the stakeholders, a number of topics were identified in 2015 and re-confirmed in 2018:</p> <p>Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance, child labor, climate change and greenhouse gas emissions, forest restoration and biodiversity and supply chain traceability. All of the topics are addressed by Barry Callebaut's Forever Chocolate Strategy and its ambitious targets: Eradicate child labor from Barry Callebaut's supply chain; Lift more than 500,000 farmers out of poverty; Become carbon- and forest-positive; Have 100% sustainable ingredients in all of Barry Callebaut's products.</p>

Reporting Practice

102-45	Entities included in the consolidated financial statements	See Annual (Financial) Report 2018/19, pp. 43–147: https://www.barry-callebaut.com/sites/default/files/2019-11/Barry_Callebaut_Annual_Report_2018-19.pdf
102-46	Defining report content and topic boundaries	<p>This report represents a holistic materiality universe and sustainability issues that are at the core of the food and beverage industry. Barry Callebaut aims for continuous and transparent reporting on its sustainability activities and achievements. To further enhance and improve the monitoring and evaluation of its activities, annual sustainability results are verified by an external third party.</p> <p>The Company engaged all stakeholder groups to contribute to its materiality matrix. The materiality matrix therefore represents a set of topics relevant for the entire stakeholder universe of Barry Callebaut.</p> <p>Barry Callebaut takes into consideration its size and reach. With operations in more than 40 countries and more than 12,000 employees, Barry Callebaut is a major player in the cocoa and chocolate industry. Our non-cocoa ingredients are sourced from third-party suppliers who we are actively engaging on sustainability issues. This includes both structured engagements such as our Vision Dairy charter as well as project work on a variety of ingredients, including for example cane sugar. Furthermore, we are collaborating with one of our suppliers on a project in Madagascar to work directly with vanilla farmers and their communities. The project has now scaled to cover significant volumes of our standard vanilla reference.</p>
102-47	List of material topics	<p>The following topics were identified through a rigorous materiality assessment process: Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance, child labor, climate change and greenhouse gas emissions, forest restoration and biodiversity, and supply chain traceability.</p> <p>Compliance, health and safety, talent and diversity and employee engagement are topics not directly identified in Barry Callebaut's materiality matrix. They are nevertheless included in the GRI Report to paint a full picture of the sustainability activities. They co-define how Barry Callebaut lives its corporate values, serves customers, and honors its commitments.</p>
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	September 1, 2018–August 31, 2019

Disclosure number	Disclosure title	Answer
102-51	Date of most recent report	GRI Report 2017/18 (December 2018) Annual Report (November 2019)
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Christiaan Prins, Head of External Affairs Phone: +41 43 204 03 76 Email: christiaan_prins@barry-callebaut.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	See individual GRI Disclosures
102-56	External assurance	An assurance report and statement is publicly available online via www.barry-callebaut.com The auditing partner, PwC UK, audited the Forever Chocolate Progress Report 2018/19.

GRI 103: MANAGEMENT APPROACH

Management Approach

103-1	Explanation of the material topic and its Boundary	
		<p>Child labor The major child labor risk appears at the smallholder farm level. 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 alone. Despite investments in education and growing awareness over the past years, and despite higher school attendance, the cocoa industry and cocoa origin countries have not succeeded in structurally eradicating child labor. Barry Callebaut manages child labor (or human rights violations) in its own operations. The risk is much lower in factory production as it is regulated both by laws and by internal means.</p> <p>Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance 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 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. Barry Callebaut works with farmers across major cocoa producing regions to ensure the future of cocoa supply and improve their livelihoods. Barry Callebaut provides a variety of farm services to farmers and works on topics such as income diversification. The Company is also working towards ensuring traceability of its Cocoa Horizons product and partners with third-party certifications such as UTZ, Rainforest Alliance or Fair Trade.</p> <p>Climate change, greenhouse gas emissions, forest restoration and biodiversity 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 number of trees that can absorb carbon dioxide. Further down, considerable amounts of CO₂ emissions are emitted through chocolate production itself. Therefore, Barry Callebaut has a holistic approach towards managing its CO₂ footprint and understanding the impacts of climate change.</p> <p>Talent, diversity, employee engagement and health & safety Attracting the best talents from across the world is the basis for Barry Callebaut's growth and prosperity. The Company offers a safe, engaging and collaborative workplace for its people, as well as the development and career growth opportunities they require to deploy their full potential. Barry Callebaut is fully committed to a working environment where business is conducted with integrity and in a manner where employees feel fully engaged, supported, and safe from injuries.</p>

Disclosure number	Disclosure title	Answer
103-2	The management approach and its components	<p>In order to deliver on its Forever Chocolate targets, Barry Callebaut set up a program structure to ensure focus and alignment around the activities it needs to perform. The Forever Chocolate program is supported by the full Executive Committee, who sit in the steering committee together with key stakeholders. Barry Callebaut’s Chief Sustainability Officer is an Executive Committee member who sponsors the program, with managerial leadership by the VP, Head of Sustainability.</p> <p>The program has been structured around the four pillars of Forever Chocolate: Zero child labor (Eradicate child labor from the supply chain), Prospering farmers (Lift 500,000 farmers out of poverty), Thriving nature (Be carbon- and forest-positive) and sustainable chocolate (100% sustainable ingredients in all Barry Callebaut products). Each of these pillars is led by a business expert with deep knowledge of the topic, and a project manager to drive and steer the different projects and programs. The program has dedicated resources responsible for strategic planning, implementation and for the review process.</p> <p>Child Labor Barry Callebaut aims to have zero children involved in hazardous labor in its supply chain by 2025. This is measured by the number of child labor cases identified and remediated in its supply chain. Tackling poverty is a long-term solution to child labor, but in the short term the Company puts in place solid monitoring and remediation systems and will implement a community approach to tackling child labor, in order to identify and forever eliminate child labor. In addition, Barry Callebaut needs 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 so cocoa farmer families can send children to school. The Company also supports awareness raising and a change in perceptions in the communities themselves. In addition to that, child labor monitoring and remediation activities are implemented together with the International Cocoa Initiative. Also, Barry Callebaut aims to identify and implement new methodologies and ensure the right enabling environment.</p> <p>Prospering Farmers (farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance) Barry Callebaut is committed to tackling farmer poverty by empowering farmers to earn a better income through access to training, coaching, financing and planting material. The Company works intensively with governments in origin countries and donors to create an enabling environment for sustainable rejuvenation of cocoa farms. Barry Callebaut committed itself to lifting 500,000 farmers out of poverty by 2025. This is measured against the World Bank’s USD 1.90/day threshold for extreme poverty. The Company is on a journey of setting up robust farm services, developing most effective R&D to get farmers out of poverty, assessing macroeconomic impacts and providing best-in-class farmer finance investment products.</p> <p>Thriving Nature (climate change, greenhouse gas emissions, forest restoration and biodiversity) Barry Callebaut aims to be carbon- and forest-positive by 2025. The Company measures this primarily by its full organizational carbon footprint – that is, the carbon footprint from farm to customer and number of hectares of forest and cocoa farming land regenerated. Barry Callebaut engages in initiatives to reduce the carbon footprint in its factories and transportation. Furthermore, the Company is reducing the carbon footprint of its cocoa and non-cocoa ingredients by developing agroforestry and carbon sequestration projects.</p> <p>Sustainable Chocolate (Traceability) The goal is to have 100% sustainable ingredients in all of Barry Callebaut products by 2025. Here, the strategy is to source sustainable cocoa and non-cocoa ingredients which align with existing sustainability standards and ensure an effective supply chain management. Barry Callebaut engages with its suppliers in a continuous dialog to drive positive change in the cocoa and chocolate industry. For this purpose, the Company has further developed ingredient-specific sustainable sourcing policies which integrate its material topics and address the most pressing sustainability issues per ingredient.</p> <p>Talent, diversity, employee engagement and health and safety The Talent Management Process helps employees to focus on – and prepare for – the next step in their career. Barry Callebaut supports employees at every stage of their career with services, programs and benefits. As a company with operations in developing economies, Barry Callebaut understands the importance of assisting their employees locally, based on their specific needs. In cocoa-growing countries, the Company aims to offer programs which provide a broad range of services, including medical care, housing and education.</p>
103-3	Evaluation of the management approach	<p>Barry Callebaut runs a range of projects and activities. Results and progress of these projects are being reviewed on a quarterly basis by the Executive Committee members who provide feedback and guidance. Results feed into improvement of the projects and contribute to continuous learning about how to create the highest possible impact. In addition to the internal Executive Committee guidance and feedback, Barry Callebaut works with external experts (such as the University & Research of Wageningen, Netherlands) to improve its sustainability performance and to strengthen the industry movement towards sustainable chocolate production. Barry Callebaut also has an external sustainability advisory council consisting of a senior team of external experts who annually evaluate and challenge the Company’s progress. In 2018/19, Barry Callebaut significantly enhanced the functionality and size of its Katchilè database system to strengthen its monitoring and evaluation-driven approach to deploying any sustainability activity.</p>

Economic Performance

Disclosure number	Disclosure title	Answer
201-1	Direct economic value generated and distributed	<p>Direct economic value generated and distributed (EVG&D) in thousands of CHF: Economic value generated: CHF 7,309,036</p> <p>Economic value distributed Cost of goods sold: CHF (6,120,612); Marketing and sales expenses: CHF (151,773); General and administration expenses: CHF (439,899); Other expenses/income (net): CHF (4,436); Net finance expense: CHF (148,420); Income tax expenses: CHF (84,037)</p> <p>Net profit attributable to: Shareholders of Barry Callebaut AG: CHF 370,280 Non-controlling interest: CHF (1,549)</p> <p>Economic value retained: CHF 368,731</p>
201-2	Financial implications and other risks and opportunities due to climate change	<p>The business of Barry Callebaut depends primarily on the availability of key raw materials such as cocoa, sugar and dairy. Events such as changes in temperatures, poor weather conditions, etc. can negatively impact the availability and price of these raw materials and affect the business (e.g. crop yields). The risk is physical in nature. 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. Barry Callebaut engages in activities to support their farmers in adopting climate-friendly practices through farmer services, in replanting projects and awareness-raising activities (see Indicator 203-2).</p>

Indirect Economic Impact

203-2	Significant indirect economic impacts	<p>Barry Callebaut can only lift cocoa farmers out of poverty if it pursues nothing less than systemic change in cocoa farming. Systemic change means cocoa farming that is prospering and self-sustaining. The first step in achieving systemic change is to understand the specificities and needs in order to enable each cocoa farm in their global supply chain to be self-sustaining. This is why in 2018/19, the Company continued creating farmer data sets that map, amongst other things, the size of a farm, its soil quality, its productivity, as well as the household it has to support. So far, 295,383 cocoa farms were mapped in Barry Callebaut's Katchilé database, and this number will increase to half a million by 2025. This database gives the unprecedented capability to design tailor-made Farm Business Plans for participating cocoa farmers (16,272 farmers benefiting in 2018/19). In addition, the Company needs to understand what self-sustaining cocoa farming looks like in the major cocoa-growing countries. This is why in 2018/19, Barry Callebaut continued pilot projects in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia. These pilot projects are testing the effectiveness of productivity packages, which include measuring the impact of proper pruning techniques, fertilizer packages, designing the diversification of farm income through introduction of alternate crop packages to farmers, and giving the farmers access to innovative financial instruments. Wageningen University & Research, the world's leading agricultural university, will assess the effectiveness of their interventions in these pilots. Also, the Company distributed over 1.8 million young cocoa seedlings for replanting and around 750,000 shade trees.</p> <p>Cocoa Horizons, as an impact-driven sustainability program, ensures that activities are focused on relevant areas and implemented efficiently. In 2018/19, premiums from the purchase of Horizons products generated CHF 15 million, and the program reached more than 135,000 farmers. Farmers participating in Cocoa Horizons have access to coaching, access to a Farmer Business Plan, are offered access to financial services and farm services, and are supported with income diversification activities and women empowerment programs. All of the above will ensure that cocoa farming again becomes a profitable business.</p> <p>Systemic change to cocoa farming requires support from the governments of cocoa-growing countries. In fiscal year 2018/19, Barry Callebaut signed a Memorandum of Understanding (MoU) with the Ivorian government on the Arrah forest. The MoU builds upon the Letter of Intent Barry Callebaut and the Ivorian Ministry of Water and Forests signed in June 2018. The purpose of the MoU is for the signatories to pilot a forest protection, restoration and agroforestry management model in and around the classified, although highly degraded, Arrah forest located in the southeast of the Moronou Region, Côte d'Ivoire. In addition, Barry Callebaut signed a Letter of Intent with the Cameroon government to support young cocoa farmers.</p> <p>In 2018/19, 49,909 farmers (+303%) in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia participated in the Farm Services business, and received coaching and other inputs such as tools and seedlings or support to access finance. The Company supported cocoa farmers in replanting 420 hectares (+49%) with young cocoa trees, as well as other crops that provide shade, and helped cocoa farmers diversify their income. After the +23% increase in productivity measured in 2016/17, 2018/19 did not see a significant increase in productivity with Ivorian cocoa farmers participating in their Farm Services business compared to the control group. This is partly because young cocoa trees only start to positively impact cocoa farmer productivity after 4–5 years, once they start to grow cocoa pods. In addition, productivity was negatively impacted by their decision to not include relatively costly fertilizer in the Farm Services package in order to avoid creating additional costs for cocoa farmers which, due to the low cocoa bean prices, could not be recuperated.</p> <p>Based on the World Bank threshold for extreme poverty, USD 1.90/day, Barry Callebaut estimates as a baseline that in 2018/19, 184,623 cocoa farmers in their supply chain are out of poverty.</p>
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Anti-Corruption

Disclosure number	Disclosure title	Answer
205-1	Operations assessed for risks related to corruption	Total number and percentage of Barry Callebaut operations assessed for risks related to corruption was 87 (100%). Significant bribery and corruption risks are mainly present in certain geographies. The risks are defined as follows: (1) Public corruption & bribery – bribes: Risk of public bribery schemes (payments to foreign public officials) done within the Barry Callebaut Group to obtain or retain business or an advantage in the conduct of business; public bribery, if discovered and investigated by authorities, may result in severe reputational harm through negative publicity and significant fines and costs (e.g. due to violation of FCPA or UK Bribery Act); risk primarily present in emerging markets in the areas of import/export, customs, entering new markets/countries and licenses/permits. (2) Public corruption & bribery – facilitation payment: Payment of typically low amounts to foreign officials (e.g. speed money), which are assessed as a lower risk. (3) Private corruption & bribery through kickback schemes, offers, promises and gifts: Risk that employees receive bribes through kickback schemes with various suppliers; risk primarily applicable to purchasing managers.
205-2	Communication and training about anti-corruption policies and procedures	<p>Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to and that have received training on anti-corruption: 16 of 19 (85%, all Europe).</p> <p>Total number and percentage of new employees and employees changed their roles that the organization's anti-corruption policies and procedures have been communicated to: 1,625 employees (95%) of the white-collar employees: 398 (93%) in Africa; 328 (95%) in Americas; 212(96%) in Asia-Pacific; 684 (96%) in Europe. E-learning is renewed every 2 years.</p> <p>Total number and percentage of new employees that have received training on anti-corruption: 1,407 (87%) of the white-collar employees: 296 (70%) in Africa; 330 (93%) in Americas; 202 (88%) in Asia Pacific; 579 (80%) in Europe.</p> <p>At the moment, Barry Callebaut does not collect information on the business partners that the organization's anti-corruption policies and procedures have been communicated to.</p>
205-3	Confirmed incidents of corruption and actions taken	Barry Callebaut investigated 24 cases of corruption leading to 20 confirmed incidents in the fiscal year 2018/19. There were 9 cases where employees were disciplined or dismissed and 4 incidents where a contract was terminated or not renewed. There were 0 public legal cases brought against the Company or its employees (insolvency claim).
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are/were 0 cases of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which Barry Callebaut has been identified as a litigant.

GRI 300: ENVIRONMENTAL STANDARDS

Energy

302-1	Energy consumption within the organization	<p>The total fuel consumption from non-renewable sources was 5,230,104 kWh, and the total gas consumption was 598,375,058 kWh within Barry Callebaut's production. Total fuel consumption from renewable sources: 474,267,877 kWh.</p> <p>Total electricity consumption: 363,390,060 kWh; Heating and cooling consumption: 0 kWh; Steam consumption: 13,754,935 kWh; Total electricity, heating, cooling and steam sold: 0 kWh; Total energy consumption: 1,455,018,035 kWh (increase of 3.7%). In 2009, Barry Callebaut rolled out a new corporate energy system which is continuously revised and company's sites are onboarded with an average implementation rate of 4–5 new sites per fiscal year.</p>
302-3	Energy intensity	Energy intensity ratio per ton of activity is 280 kWh (decrease of 2.7%). Energy consumption includes electricity, gas, fuel, steam and renewable energy. The energy ratio is based on energy consumption within the organization.

Water

303-1	Water withdrawal by source	Total volume of water withdrawn was 3.21 mln m ³ from municipal water supplies, artesian wells and other public or private water utilities. Barry Callebaut is working on an integrated strategic water management approach. This will allow it to report on water withdrawal per source in the future.
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Biodiversity

304-3	Habitats protected or restored	In 2018/19, Barry Callebaut mapped 295,323 cocoa farms in its Katchilè database, to understand whether these farmers are located close to protected forest areas and therefore at risk of sourcing cocoa from protected forest areas.
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Emissions

Disclosure number	Disclosure title	Answer
305-5	Reduction of GHG emissions	<p>The carbon footprint of Barry Callebaut's supply chain from farm to customer was 8.49 million tonnes CO₂e. This is a decrease of 6.7%. The Company's CO₂e intensity per tonne of average products slightly decreased from 4.45 tonnes to 3.88.</p> <p>Optimizing carbon footprint constitutes a mix of minimizing the carbon footprint of Barry Callebaut's factories, the carbon footprint of the energy used for the production of products, as well as the carbon footprint of transport activities and non-cocoa ingredients. For example, 17 of the 62 factories (27%) are powered by renewable energy.</p> <p>In order to become forest-positive, Barry Callebaut first of all needs to become deforestation-free. This requires working with sustainability certifications and standards – including Barry Callebaut's own sustainability program Cocoa Horizons – to develop systems that allow for credible proof of the deforestation-free claim. In 2018/19, Barry Callebaut mapped 295,232 cocoa farms in its Katchilè database, to understand whether these farmers are located close to protected forest areas and therefore at risk of sourcing cocoa from protected forest areas. In addition, Barry Callebaut require its suppliers of all ingredients at risk of causing deforestation to implement equivalent approaches to guarantee that these commodities are free from deforestation.</p> <p>Another big step forward in becoming carbon positive is the work we are undertaking with our partner The Gold Standard Foundation. Through this collaboration, we are the first company to develop a methodology to verify how much carbon emissions can be reduced and removed at farm level and in cocoa-growing communities. We are formulating the guidelines for carbon insetting projects, such as tree planting, in scope 3 of cocoa supply chains.</p>
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	<p>Barry Callebaut respects legal requirements for emission levels in each country of operation. In 2018/19, the Company has not received any significant fine for exceeding the legal limits. At the moment, Barry Callebaut does not track NO_x and SO_x emissions in their eco-footprinting tool.</p>

Compliance

307-1	Environmental compliance	Barry Callebaut received no significant fines, and no non-monetary sanctions were imposed on Barry Callebaut in 2018/19.
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Supplier Environmental Assessment

308-2	Negative environmental impacts in the supply chain and actions taken	<p>Barry Callebaut identified hotspots of actual and potential negative environmental impacts in its cocoa supply chain. They include GHG emissions due to land use change, transport, usage of dairy products and sugar, production in cocoa factories and cocoa farming. Other negative environmental impacts can include soil degradation due to deforestation and usage of fertilizers in cocoa farming, water usage during chocolate production and others. A part of the volume of raw materials that the company sources is at risk of causing deforestation. Barry Callebaut has therefore created a heat map to provide an overview of the geographical footprint of these raw materials and their inherent risks.</p> <p>On the basis of this heat map, the company has assessed which measures, such as traceability and farm mapping, have to be put in place, in addition to certification schemes, to be able to guarantee that the commodities are free from deforestation.</p> <p>Currently, the Company uses sustainability certification as its primary approach to managing negative environmental impacts in its supply chain. Of all the raw materials Barry Callebaut sources, 51% are sustainably sourced. In 2018/19, the Company sourced 47% of cocoa through sustainability programs, which is an increase of 3 percentage points compared to the previous year. This percentage includes Barry Callebaut's own Cocoa Horizons program, together with external certification such as UTZ, Rainforest Alliance, Fairtrade or Organic. Barry Callebaut sourced 54% of its non-cocoa agricultural raw materials sustainably. In the fiscal year 2017/18, the Company introduced a new supplier management system which helps to track supplier performance on an individual level. Barry Callebaut also trains farmers on good agricultural practices (GAPs) to support farmers in adoption practices such as pruning, pest management, harvest and post-harvest practices or maintaining soil fertility. In the year 2018/19, Barry Callebaut trained 106,151 farmers on GAP.</p>
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GRI 400: SOCIAL DISCLOSURES

Employment

Disclosure number	Disclosure title	Answer
401-1	New employee hires and employee turnover	<p>In the reporting period, Barry Callebaut hired 2,532 new employees:</p> <ul style="list-style-type: none"> – Split by age: 997 employees below 30 years old, 1,310 employees between 30–50 years old, 225 employees above 50 years old. – Split by gender: 816 female and 1,672 male employees, 44 with no gender indication. – Split by region: 151 employees in Africa, 869 employees in Americas, 333 in Asia-Pacific, 1,179 in Europe. <p>The total turnover of employees was 16%. The turnover of employees by geozone and gender:</p> <ul style="list-style-type: none"> – Africa: 31% female and 20% male – Americas: 20% female and 23% male – Asia Pacific: 15% female and 14% male – Europe: 11% female and 11% male <p>The turnover of employees by age and gender:</p> <ul style="list-style-type: none"> – Below 30 years old: 33% female and 32% male – Between 30–50 years old: 12% female and 14% male – Above 50 years old: 8% female and 10% male

Occupational Health & Safety

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>Barry Callebaut collects information on the following types of injuries: Fatalities (deadly accident), Lost-time accident (an accident whereby the employee is unable to return to work the following day), Restricted Work Case (injury resulting into adjusted work), Medical Treatment Case (injury requiring medical intervention after which normal work conduct is continued) and First-Aid Case (light injury only requiring first-aid care).</p> <p>In addition to the registration of injuries, Barry Callebaut also records prevention measures: Zero harm (detected safety risk that did not result in an injury) and Safety talks (dialogue between employees to improve safety awareness, understanding, and behavior).</p> <p>In November 2017, we updated our Global Health & Safety policy, covering all SMETA international standards. All regions work to have this policy fully deployed at all sites. Regional and Global governance is installed to monitor progress, exchange best practices and align on implementation programs when it makes sense.</p> <p>A standard process is in place to conduct risk assessment and eliminate hazards and minimize risks.</p> <p>Every injury needs to be investigated and proper corrective actions need to be implemented. Description of the accident, the cause analysis and corrective actions need to be formalized via a standard report and are subject to management review. Incidents are also shared across sites to avoid similar accidents at other sites.</p>
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Training and Education

404-2	Programs for upgrading employee skills and transition assistance programs	<p>Barry Callebaut offers a wealth of training programs across the organization to both junior and senior staff. These include technical and on-the-job skills development, as well as quality, health and safety courses. In fiscal year 2018/19, 213 managers and other professional associates took part in one of Barry Callebaut's Marbach talent and management development programs. In the same fiscal year, 8 college graduates graduated from their 2-year Graduate Trainee Program Yourfuture@BC.</p>
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Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	<p>Board of Directors: 8 male members and 2 female members. 0 members under 30 years old, 3 members between 30–50 years old and 7 members above 50 years old.</p> <p>Executive Committee: 9 members (1 female and 8 males). 0 members below 30 years old, 4 members between 30–50 years old and 5 members above 50 years old.</p> <p>The Company had 29% female and 71% male employees.</p> <p>17% employees are below 30 years old, 62% of employees are between 30–50 years old, 21% of employees are above 50 years old.</p>
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Child Labor

Disclosure number	Disclosure title	Answer
408-1	Operations and suppliers at significant risk for incidents of child labor	<p>Barry Callebaut expects that some of the suppliers and cocoa farmers pose a risk of child labor. The child labor risk at the company's own sites is low.</p> <p>With the support of ICI, Barry Callebaut continues to implement monitoring and remediation systems on child labor. This constitutes on-the-ground household and farm visits by Company staff to survey practices concerning child employment and education in cocoa farming communities. These surveys identify children performing hazardous tasks and to estimate of the prevalence of the worst forms of child labor. In 2018/19, Barry Callebaut deployed monitoring and remediation in 42 farmer groups covering 16,710 farmers in Côte d'Ivoire and Ghana. It established that in 2018/19, 26% of the farmer groups Barry Callebaut directly sourced from have systems in place to prevent, monitor and remediate child labor. We found in the fiscal year under review 3,867 cases of child labor (-9%) which we are determined to remediate. Of the reported cases in 2017/18, 2,333 are in the process of being remediated. Furthermore, the Company trains and sensitizes farmers on the issues related to child labor. In the year 2018/19, Barry Callebaut trained 80,847 farmers.</p> <p>Furthermore, in order to ensure that there are no worst forms of child labor present, Barry Callebaut has updated its supplier code to incentivize suppliers of non-cocoa ingredients to have systems in place to prevent, monitor and remediate child labor. In the year 2018/19, 37% of third-party suppliers have equivalent systems in place.</p> <p>The letters of intent Barry Callebaut signed with the Ivorian and Ghanaian governments on sustainable cocoa farming spell out a commitment to increased cooperation on the eradication of the worst forms of child labor. This includes working together on community-led initiatives to eradicate child labor and support women cocoa farmers, as well as young cocoa farmers. In addition, NORC has conducted a survey in 2019, assessing the continued prevalence of the worst forms of child labor in the African cocoa supply chain. The survey has now been completed and analysis is underway. Publication of the report is expected in March 2020. This report will be a follow-up to the 2015 Tulane University report, which is still considered to be one of the most precise assessments of the situation of child labor in the African cocoa supply chain.</p> <p>Additionally, to manage child labor risk at its own operations (factories), Barry Callebaut continues to pursue its strategy of having all its sites SMETA-compliant – 91% of sites are SMETA-compliant.</p>

Forced Labor

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>Barry Callebaut's Code of Conduct expressly prohibits child labor, forced or compulsory labor. Suppliers are asked to sign Barry Callebaut's Supplier Code of Conduct. At the moment, Barry Callebaut is developing detailed geographical heat maps to identify areas with a risk of forced labor and child labor.</p> <p>Barry Callebaut adheres to the ILO Conventions as part of its compliance to SMETA standards (Sedex Members Ethical Trade Audits). Whereas the first sites achieved SMETA compliance back in 2012, we started early 2017 with a global program to operate all our sites in compliance with SMETA standards. By the end of the 2018/19 fiscal year, 56 of 58 factories were audited, with 51 (91%) being SMETA-compliant. All 5 sites that were not compliant are in the process of implementing corrective actions.</p>
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Security Practices

410-1	Security practices	Barry Callebaut does not employ security personnel. In the year 2019/20, the Company will explore the topic with third-party providers of gate-keeping personnel.
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Human Rights Assessment

412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights assessments have been integrated into every new SMETA audit performed at Barry Callebaut's factories since July 2017.
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Local Communities

413-1	Operations with local community engagement, impact assessments, and development programs	Currently, Barry Callebaut concentrates its community development activities on its supply chain in Côte d'Ivoire and Ghana. The development activities cover themes of child labor, education, women empowerment and prospering farmers. At the moment, Barry Callebaut tracks its environmental and social impacts as defined by its Forever Chocolate KPIs. The progress towards that is presented in the Forever Chocolate report and microsite (https://www.barry-callebaut.com/en/group/forever-chocolate/sustainability-reporting/forever-chocolate-progress-report-2018-19). To allow the company to do so, in the fiscal year 2018/19, farmer census data was collected on a massive scale and child labor heat maps were used to assess the risk in the Cocoa Horizons communities (on a country level).
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Supplier Social Assessment

Disclosure number	Disclosure title	Answer
414-2	Negative social impacts in the supply chain and actions taken	<p>Barry Callebaut has identified hotspots of actual and potential negative social impacts in their cocoa supply chain. Most importantly, they include low average income of cocoa farmers, child labor and forced labor.</p> <p>Currently, the Company uses sustainability certification as its primary means of managing negative social impacts in its supply chain. In order to ensure that there are no worst forms of child labor present in any of the other ingredients Barry Callebaut is sourcing for its products, the Group has updated its supplier code to incentivize suppliers of non-cocoa ingredients to have systems in place to prevent, monitor and remediate child labor. Furthermore, Barry Callebaut has assessed most Cocoa Horizons communities for the risk of child labor.</p> <p>Of all the raw materials Barry Callebaut sources, 51% are sustainably sourced. In 2018/19, the Company sourced 47% of its cocoa through sustainability programs, which is an increase of 3 percentage points compared to the previous year. This percentage includes Barry Callebaut's own Cocoa Horizons program, together with external certifications such as UTZ, Rainforest Alliance, Fairtrade or Organic. Barry Callebaut sourced 54% of its non-cocoa agricultural raw materials sustainably.</p>
415-1	Public policy	To the best of its knowledge, Barry Callebaut does not make any financial and in-kind political contributions directly and indirectly.
419-1	Socioeconomic compliance	Barry Callebaut has not identified significant fines or non-monetary sanctions for non-compliance with laws in the social and economic area in the fiscal year 2018/19.