

News Release

Barry Callebaut publishes Forever Chocolate Progress Report 2018/19 Barry Callebaut sources more than 50% of its ingredients sustainably

- **51% sustainably sourced ingredients**
- **Over 176,000 cocoa farms mapped on location and socio-economic data**
- **26% of the farmer groups have systems in place to prevent, monitor and remediate child labor**
- **Carbon footprint reduced -6.7% despite increased production**
- **Over 2.5 million shade trees and cocoa seedlings distributed**

Zurich, Switzerland, December 4, 2019 - Barry Callebaut, the world's leading manufacturer of high-quality chocolate and cocoa products, announced today that in fiscal year 2018/19 it sourced 47% of the cocoa and 54% of the other ingredients it uses sustainably. This sourcing achievement is highlighted in Barry Callebaut's Forever Chocolate Progress Report 2018/19, its third progress report since the launch of its Forever Chocolate plan in 2016, tracking the Group's progress towards making sustainable chocolate the norm.

Antoine de Saint-Affrique, CEO of the Barry Callebaut Group, said: "With over half of our ingredients coming from sustainable sources, we are well on track to have 100% sustainable chocolate by 2025. This is a great achievement and it demonstrates that sustainability is at the heart of our business strategy."

Pablo Perversi, Chief Innovation, Sustainability and Quality Officer, Global Head of Gourmet, of Barry Callebaut: "In the past fiscal year we focused on big innovative projects that we know will create the tipping point for a sustainable chocolate supply chain. Our progress report shows that this focus is working, creating tangible impact on the ground for cocoa farmers, cocoa farming communities and all the other players in our supply chain."

Forever Chocolate is based on four ambitious targets, to be achieved by 2025, that address the largest sustainability challenges in the chocolate supply chain:

- 1. More than 500,000 cocoa farmers will have been lifted out of poverty¹**
- 2. Eradicate child labor² from the supply chain**
- 3. Become carbon and forest positive**
- 4. Have 100% sustainable ingredients in all products**

¹ Number of cocoa farmers lifted out of poverty measured against the World Bank's USD 1.90/day threshold for extreme poverty.

² According to the International Labour Organization, 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.

Milestones achieved in 2018/19

100% sustainable chocolate by 2025

Of all the agricultural raw materials Barry Callebaut sourced, 51% were sustainably sourced in 2018/19. The Group sourced 47% (2017/18: 44%) of its cocoa beans through sustainability programs. This percentage includes the Group's Cocoa Horizons program as well as its customers' own programs and external certification organizations such as UTZ Certified, Rainforest Alliance, Fairtrade and Organic. Furthermore, Barry Callebaut sourced 54% (2017/18: 44%) of its non-cocoa agricultural raw materials sustainably. This includes the use of sustainability certification schemes for the respective ingredients.

More than 500,000 cocoa farmers have been lifted out of poverty by 2025

In order to have more than 500,000 cocoa farmers lifted out of poverty by 2025, the Group is mapping the cocoa farms in its supply chain. As of end 2018/19 the Group had full data on 176,984 farms and their farmers entered into its Katchilè database. This database provides key insights into the location, farm size, socio-economic and household data of cocoa farms and their farmers. This data allows Barry Callebaut to offer tailor-made advice at individual farm level on how to improve productivity via Farm Business Plans and Farm Services.

Over 16,000 farmers have adopted Farm Business Plans and 49,909 (+303%) farmers in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia have access to farm services, including coaching as well as other inputs such as tools, seedlings and finance. The premiums from the purchase of HORIZONS products generated CHF 15 million in funds (+40%). These premiums allowed more than 135,000 farmers to take part in programs focusing on improving their productivity and income. These premiums also financed child labor sensitization programs, training 27,448 farmers. Measured against the World Bank's threshold of USD 1.90/day, Barry Callebaut estimates that 184,623 cocoa farmers in its supply chain have been lifted out of poverty.

Eradicate child labor³ in the Barry Callebaut supply chain by 2025

Barry Callebaut rolled out child labor monitoring and remediation systems in its direct cocoa supply chain that now cover 42 farmer groups, including 16,710 farmers, in Côte d'Ivoire and Ghana. Including the farmer groups that have monitoring and remediation systems in place administered by third parties (i.e. UTZ Certified), in total 26% of the farmer groups the Group directly sourced from in 2018/19 had systems in place to prevent, monitor and remediate child labor, an increase of +116%. 37% of the cocoa and non-cocoa volume Barry Callebaut sourced from third-party suppliers had equivalent child labor monitoring systems in place.

Barry Callebaut identified in the fiscal year under review 3,867 cases of child labor (-9%) in its cocoa supply chain. All cases involved children helping on the family farm that fell under the International Labour Organization's (ILO) definition of the worst forms of child labor. For all identified cases remediation is being prepared and for 2,333 of the reported cases remediation⁴ has been activated.

Become carbon and forest positive by 2025

In pursuit of its target to store more carbon emissions than it produces by 2025, Barry Callebaut reduced in 2018/19 its corporate CO₂ equivalent (CO₂e) footprint from 9.10 million tonnes to 8.49 million tonnes in fiscal year 2018/19 (-6.7%), whilst achieving +5.1% volume growth.

³ According to the International Labour Organization, 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.

⁴ https://cocoainitiative.org/wp-content/uploads/2017/05/ICI-CLMS-Effectiveness_15_May.pdf.

Please refer to page 33 for an overview of remediation activities including i) individual remediation targeting the child ii) household remediation targeting the family of the identified child and iii) community level remediation.

The main drivers of this achievement were reduced CO2e emissions from land use change, reduced CO2e intensity in factories and reduced CO2e intensity in dairy products. The CO2e intensity per tonne of product also decreased from 4.45 to 3.92, and additional contributions from scope 3 insetting projects lowered this even further to 3.88 (-13%). Of the Group's factories, 17 out of 62 are now running on 100% renewable energy.

In Côte d'Ivoire and Ghana, the Group has mapped cocoa farms within 25 km from protected forest areas in its direct supply chain, in total 47,182. In addition, Barry Callebaut distributed over 1.8 million young cocoa seedlings in Côte d'Ivoire and Ghana. Furthermore, the Company distributed almost 750,000 shade trees for replanting in Côte d'Ivoire and Ghana. Through its support for the "Initiative For Sustainable Landscapes" (ISLA) project in Côte d'Ivoire, Barry Callebaut helped to protect 6,280 hectares of primary forest and restored 3,800 hectares of forest by removing illegal cocoa operations and allowing natural forest regeneration. The percentage of raw materials sourced by the Group demonstrated not to be contributing to deforestation is 37.6%

Third party assurance

Barry Callebaut's Forever Chocolate progress report 2018/19 and the GRI REPORT 2018/19, prepared in accordance with the GRI standards, Core option, were subject to independent assurance by PwC.

For a full overview of the 2018/19 Forever Chocolate progress results, please visit:

bit.ly/Forever-Chocolate-18-19

About Barry Callebaut Group (www.barry-callebaut.com):

With annual sales of about CHF 7.3 billion (EUR 6.5 billion / USD 7.4 billion) in fiscal year 2018/19, the Zurich-based Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products – from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations and compounds. The Group runs about 62 production facilities worldwide and employs a diverse and dedicated global workforce of more than 12,000 people.

The Barry Callebaut Group serves the entire food industry, from industrial food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers. The two global brands catering to the specific needs of these Gourmet customers are Callebaut® and Cacao Barry®.

The Barry Callebaut Group is committed to make sustainable chocolate the norm by 2025 to help ensure future supplies of cocoa and improve farmer livelihoods. It supports the Cocoa Horizons Foundation in its goal to shape a sustainable cocoa and chocolate future.



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