

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Headquartered in Zurich, Switzerland, the Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products, mastering every step in the value chain from the sourcing of raw materials to the production of the finest chocolates. We are the heart and engine of the chocolate industry and our mission is to be number one in all attractive customer segments. We are a business-to-business company, fully vertically integrated with a strong position in cocoa-origin countries and a unique global footprint.

Barry Callebaut:

- We employ more than 12,000 people operating out of more than 40 countries
- We operate more than 60 production facilities and 23 CHOCOLATE ACADEMY Centers across the globe
- We generated annual sales of about CHF 6.9 billion in fiscal year 2019/20
- We have comprehensive competencies in the art of making chocolate and cocoa products - from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations and compounds.
- With more than 175 years of chocolate heritage, the Barry Callebaut Group has an unparalleled blend of expertise in cocoa and chocolate.
- With a comprehensive portfolio of brands & products, we are serving three main customer audiences:
 - Food & Beverages Manufacturers: Global, regional and local food manufacturers use Barry Callebaut's chocolate and cocoa products as ingredients in their consumer products.
 - Artisans & Chefs: Professional users such as chocolatiers, pastry chefs, bakeries, hotels, restaurants and caterers rely on Barry Callebaut's premium chocolate products and on its convenient, ready-to-use and ready-to-sell products offered under a variety of gourmet brands.
 - Vending: Barry Callebaut's various beverage brands offer a rich variety of chocolate, cocoa and cappuccino vending mixes to its global customer base in the vending sector.

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. Through our interactions with farmer cooperatives in origin countries, as well as through our direct sourcing and farm services organization, 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 Sustainable Trade Initiative (IDH) and global development institutions such as the International Finance Corporation (IFC) to further address sustainability issues in our value 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.

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. This is why we launched 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.

- We will eradicate child labor from our supply chain.
- We will lift more than 500,000 cocoa farmers out of poverty
- We will be carbon and forest positive
- We will have 100% sustainable ingredients in all of our products

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: <https://www.barry-callebaut.com/forever-chocolate>.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2020	December 31 2020

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

CHF

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Palm oil	Disclosing	Manufacturing	<Not Applicable>
Cattle products	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Soy	Disclosing	Manufacturing	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	Disclosing	Processing	<Not Applicable>
Other - Coffee	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Palm oil

Activity

Buying manufactured products

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia
Malaysia

% of procurement spend

6-10%

Comment

Soy

Activity

Buying manufactured products

Form of commodity

Soy bean oil
Soy derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Brazil
India
Italy
United States of America

% of procurement spend

<1%

Comment

Other - Cocoa

Activity

Other, please specify (Buying raw commodity)

Form of commodity

Other, please specify (Cocoa beans or cocoa products (butter and powder))

Source

Smallholders
Single contracted producer
Multiple contracted producers
Trader/broker/commodity market

Country/Area of origin

Cameroon
Colombia
Côte d'Ivoire
Dominican Republic
Ecuador
Ghana
Grenada
Guinea
Honduras
Indonesia
Liberia
Madagascar
Mexico
Nicaragua
Nigeria
Philippines
Saint Lucia
Sao Tome and Principe
Sierra Leone
Solomon Islands
Togo
Uganda
United Republic of Tanzania
Venezuela (Bolivarian Republic of)

% of procurement spend

41-50%

Comment

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	11-20%	
Cattle products	<Not Applicable>	<Not Applicable>
Soy	61-70%	
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	81-90%	
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	<Not Applicable>
Palm oil	Consumption data available, disclosing
Cattle products	<Not Applicable>
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	Consumption data available, disclosing
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

76965

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Soy

Data type

Consumption data

Volume

7547

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Other - Cocoa

Data type

Consumption data

Volume

996469

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Aceh)

% of total production/consumption volume

24

Please explain

Method to measure total percentage sourced from each location: We have mapped 100% of our palm oil supply up to the mill level with GPS coordinates which were used in the context of a comprehensive risk assessment of the mills in our supply chain. While the exact amount delivered from each mill is unknown, an even distribution of total volume among mills is assumed. The percentage of total consumption volume per country/area of origin is then derived via the number of mills per country/area in relation to the total number of mills.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Federal Territory of Kuala Lumpur)

% of total production/consumption volume

12

Please explain

Method to measure total percentage sourced from each location: We have mapped 100% of our palm oil supply up to the mill level with GPS coordinates which were used in the context of a comprehensive risk assessment of the mills in our supply chain. While the exact amount delivered from each mill is unknown, an even distribution of total volume among mills is assumed. The percentage of total consumption volume per country/area of origin is then derived via the number of mills per country/area in relation to the total number of mills.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

64

Please explain

Method to measure total percentage sourced from each location: We have mapped 100% of our palm oil supply up to the mill level with GPS coordinates which were used in the context of a comprehensive risk assessment of the mills in our supply chain. While the exact amount delivered from each mill is unknown, an even distribution of total volume among mills is assumed. The percentage of total consumption volume per country/area of origin is then derived via the number of mills per country/area in relation to the total number of mills.

Forest risk commodity

Soy

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Matto Grosso, Minais Gerais, Goais)

% of total production/consumption volume

19

Please explain

Method to measure total percentage sourced from each location: So far, we have mapped our supply chain to the state level in Brazil with some understanding of the municipalities. We are working with one supplier, specifically, that can provide assurances through the suppliers' M&E program to assure zero deforestation supply chains. The supplier uses a combination of satellite monitoring and ground trothing to confirm zero deforestation in the soy supply chain. The supplier does not source from farms wherein the satellites identify deforestation and ground trothing confirms conversion of the Cerrado. We are working with our suppliers to continuously increase transparency and traceability. For other suppliers, we know at least the countries they source from. Based on this information, the percentage of total consumption volume per country/area of origin is derived via total volume per supplier and country/area in relation to the total supply volume.

Forest risk commodity

Soy

Country/Area of origin

India

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

11

Please explain

Method to measure total percentage sourced from each location: So far, we have mapped our supply chain mostly to country level. We are working with our suppliers to continuously increase transparency and traceability. For each supplier, we know at least the countries they source from. Based on this information, the percentage of total consumption volume per country/area of origin is derived via total volume per supplier and country/area in relation to the total supply volume.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

70

Please explain

Method to measure total percentage sourced from each location: So far we have mapped our supply chain mostly to country level. We are working with our suppliers to continuously increase transparency and traceability. For each supplier, we know at least the countries they source from. Based on this information, the percentage of total consumption volume per country/area of origin is derived via total volume per supplier and country/area in relation to the total supply volume.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

100

Please explain

We have direct sourcing activities in Ivory Coast, Ghana, Cameroon, Indonesia and Brazil. For those countries and those activities we have traceability in our supply chain to cooperative/buying station level. Ivory Coast / Cameroon: We work with organised farmer cooperatives or equivalent.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?**Does your organization produce or consume biofuel derived from palm oil?**

No

Data type

<Not Applicable>

Volume produced/consumed

<Not Applicable>

Metric

<Not Applicable>

Country/Area of origin

<Not Applicable>

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

<Not Applicable>

Does the source of your organization's biofuel material come from smallholders?

<Not Applicable>

Comment

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**Palm oil****Value chain stage**

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
 Global Forest Watch Pro
 National specific tools and databases

Please explain

The assessment of forest-related risks which could significantly and/or strategically impact our business is part of our Group Enterprise Risk Management Framework. A subroutine of this is the sourcing organization giving quarterly update presentations to the CEO/Board, where various topics as to procured commodities and associated risks are discussed. In case the buyers and sustainability experts identify material forests-related risks, these would also be addressed. Sustainability experts, buyers and market analysts of the respective commodities are in regular exchange. In case of identified material forests-related risks, these are discussed and addressed in the Group Enterprise Risk Management Framework. This approach has been chosen because it leverages adequate processes and resources to identify and understand forest-related risks, to allocate ownership, to drive specific actions, and take the relevant measures to address them. It is transparent, inclusive, comprehensive, and effective. Another valuable resource for our supply chain monitoring and risk management is the GFW platform. It offers a variety of data and tools related to forests and commodity issues which we use to identify and manage deforestation risk related to palm oil production. It was chosen due to its reliability, comprehensiveness, and timeliness. As an example, we have identified a total of 1641 mills, 89% of which are registered in the Universal Mill List (UML) and 11% for which our suppliers are confirming the existence and geocoordinates, in our supply chain and analysed these through the GFW tool. The result was that 22% of mills were identified as high (medium) priority for engagement. National specific tools and databases (Verisk Maplecroft) are also used for high-risk regions to anticipate and understand shifts in regional risk landscapes related to forests and deforestation issues, covering the entire value chain, and considering risks >6 years. This is embedded in all decision-making processes of our organization and reviewed periodically.

Soy**Value chain stage**

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
 National specific tools and databases

Please explain

The assessment of forest-related risks which could significantly and/or strategically impact our business is part of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives. A subroutine of this is the sourcing organization giving quarterly update presentations to the CEO/Board. In these updates, various topics regarding the procured commodities and associated risks are discussed. In case the buyers and sustainability experts identify material forests-related risks, these would also be addressed in the quarterly update. Sustainability experts, buyers and market analysts of the respective commodities are in regular exchange. In case of identified material forests-related risks, these are discussed and addressed in the Group Enterprise Risk Management Framework. This approach has been chosen because it leverages adequate processes and resources to identify and understand forest-related risks, to allocate ownership, to drive specific actions, and take the relevant measures to address them. It is transparent, inclusive, comprehensive, and effective. Furthermore, national specific tools and databases are used in the context of high-risk regions. Specifically, tools from Verisk Maplecroft are used to anticipate and understand shifts in regional risk landscapes related to forests and deforestation issues, covering the entire value chain, and considering risks in the next 6 years and beyond. It is embedded in all decision-making processes of our organization and reviewed periodically. As an example, the Maplecroft risk analysis showed that soy from the US and Italy, representing close to 40% of our supply, showed a low risk of deforestation. The platform offers a variety of data and tools related to forests and commodity issues which we use to identify and manage deforestation risk related to soy production. It was chosen due to its reliability, comprehensiveness, and timeliness.

Other - Cocoa

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

Global Forest Watch Pro

Please explain

Direct sourcing: farmer level (GPS mapping, overlapping with maps of National Protected Areas / Parks; WWF Map Atlas; or with Global Forest Watch maps. Indirect sourcing: Country-level assessment (Maplecroft database).

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Since the commodities in scope are present in a wide range of our products, changes in availability of these commodities are highly relevant and regularly monitored by our buyers and market analysts in order to enable secure, sustainable and efficient supply. The Group's supply chain network for raw materials could be disrupted by adverse weather conditions, climate change, disease (human or crop), natural disaster, political instability and other factors which could impact the ability to produce and deliver products to customers. Such risks are assessed in the context of the Group Enterprise Risk Management Framework. To limit this risks, Barry Callebaut selects, monitors and supervises key suppliers, prepares and implements procedures to secure its supply as well as business continuity plans identifying alternative suppliers. The monitoring of exposures and the implementation of this policy exists for each raw material category, for which the responsibility lies with Barry Callebaut's Global Sourcing department. Assessment methods: The Group's Global Sourcing department is continuously monitoring weather, harvest, political risk and other indicators to timely anticipate potential supply shortages or interruptions. Short-term mitigation measures include adequate levels of safety stocks and a diversified regional supply network. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with the availability of forest risk commodities.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Since the commodities in scope are present in a wide range of our products, changes in quality of these commodities are highly relevant and regularly monitored by our buyers and market analysts in order to enable secure, sustainable and efficient supply. Products not meeting quality and food safety standards expose the Group to litigation, product liability and recall claims. This may lead to loss of revenue, loss of market share and could negatively impact the Group's reputation. There is also a risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors. Assessment methods: The Group's quality management system consists of robust policies, guidelines, standards, and procedures. The Group's quality assurance function performs regular site and supplier audits to ensure compliance with the Group's quality management system and takes corrective action when gaps are identified. In addition, a quality engagement program is in effect across the full Group to ensure all employees of the Group maintain a zero-defect mindset. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with the quality of forest risk commodities.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: If the chocolate industry does not commit to achieve zero net deforestation in its supply chain, the ecosystems that provide chocolate ingredients will rapidly erode. This is why Barry Callebaut has committed to become forest and carbon positive by 2025 under its Forever Chocolate plan, which includes a commitment to be 100% deforestation-free and even forest positive by 2025. This is why we are investing in climate-smart agriculture to increase productivity on existing suitable land. This is why we were one of the first signatories of the landmark Cocoa and Forest Frameworks for action to prevent further deforestation and forest degradation. Assessment methods: In order to find an industry-wide solution to deforestation across the value chain, Barry Callebaut was one of the first signatories of the Cocoa and Forests Initiative (CFI), which is a multi-stakeholder industry commitment to end deforestation and forest degradation. In addition to cocoa, we source other ingredients from tropical agriculture for our chocolate, such as soy lecithin and palm oil. We are creating a heat map of those agricultural raw materials at risk of causing deforestation. This will provide a clear overview of our geographical footprint and inherent risks. Based on this, we will assess which certification schemes are robust enough to guarantee that the commodities are free from deforestation. Additionally, we are updating our supplier code of conduct to ensure that our 3rd ingredients suppliers commit to a deforestation-free supply chain, and have the appropriate systems in place to achieve this target. We will work jointly with suppliers to develop roadmaps toward this goal against which we will hold them accountable and be able to monitor progress. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with impact of activity on the status of ecosystems and habitats. In addition, it drives the processes and decision-making within the CFI and the other programs.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: We are subject to both international and national laws, regulations and standards in such diverse areas as environment, health and safety, anti-bribery, employment, trade sanctions, etc. in all the countries in which it operates in as well as stock exchange listing and disclosure regulations in an ever-changing regulatory environment. Failure to comply with applicable laws and regulations could expose us to investigations, litigation, administrative or criminal proceedings, potentially leading to significant costs, fines or criminal sanctions, with possible reputational damage. Assessment methods: Dedicated regional and local functional managers, supported by specialized corporate functions and external advisors, ensure compliance with applicable laws and regulations. The Group has robust policies and procedures in place in the relevant areas. Our Legal Department oversees the Group's compliance program, which ensures awareness of the compliance risks and the Group's compliance standards. The Code of Conduct and other Group policies set out the legal and ethical standards of behavior expected from all employees working within the Group. Our Supplier Code and Sustainable Sourcing Policies lay out the framework for our sustainable sourcing activities, and thus extend the scope of this subject to our value chain. The recently updated Supplier Code details our expectations towards suppliers with regards to compliance with laws and regulations, human rights as well as environmental impact. It contains mandatory requirements that we expect all our suppliers to comply with as well as guidance for continuous improvement that helps suppliers to further improve beyond the minimum requirements. It is shared with and needs to be acknowledged by all our suppliers. In order to meet our commitment of 100% sustainable ingredients by 2025, we require all suppliers to work with their supply chains towards these principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Climate change adaptation and mitigation is one of Barry Callebaut's key sustainability topics identified during a materiality assessment conducted with our stakeholders, with deforestation being one of the biggest causes of global warming and also leading to soil degradation. Considerable amounts of CO2 emissions are also emitted through chocolate production itself. Droughts caused by climate change mean that farmers can no longer rely on the rainfall that's crucial to farming. Therefore, Barry Callebaut has a holistic approach towards managing its CO2 footprint, assessing related risks, and understanding the impacts of climate change. The impacts fall with Barry Callebaut and its subsidiaries at an operational level and within the whole supply chain. Assessment methods: As part of the Group's Enterprise Risk Management (ERM) process, climate-related risks are assessed at a level of regional division and/or regional specialized central function and consolidated on a regional level and elevated to regional and global senior management (ExCo) depending on their significance and likelihood of impact. Climate-related risks are treated and prioritized like any other business risk based on their significance to impact the company financially and reputationally, and likelihood of occurrence. Each risk is rated on a 6-by-6 Matrix assessing the probability of occurrence, financial impact, and reputational impact. Probability of occurrence ranges from risks potentially occurring once every 32 years up to every year. The financial impact is measured as a 1 year impact on EBIT in case the risk occurs. On group level the scale ranges from a financial impact of less than CHF 19m up to CHF 600m. The reputational impact is defined on a six-level scale from "negligible" to "catastrophic". The risks are assessed and rated in interactive workshops using expert judgements from various functions within the company. The risk assessment is applied to risks related to both direct operations and Barry Callebaut's supply chain. How the information is used internally for decision-making: The information is used in the context of our Group ERM Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of climate-related risks.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Barry Callebaut aims to make cocoa farming sustainable and improve livelihoods by addressing community development needs in education, child protection, women's empowerment and health, alongside actions to improve farm productivity. Working with communities to provide clean water and basic health services is one of the core focus areas of Barry Callebaut's community development activities. Assessment methods: As part of the Group's Enterprise Risk Management (ERM) process, risks related to water security are assessed at a level of regional division and/or regional specialized central function and consolidated on a regional level and elevated to regional and global senior management (Executive committee) depending on their significance and likelihood of impact. Climate-related risks are treated and prioritized like any other business risk based on their significance to impact the company financially and reputationally, and likelihood of occurrence. Each risk is rated on a 6-by-6 Matrix assessing the probability of occurrence, financial impact, and reputational impact. Probability of occurrence ranges from risks potentially occurring once every 32 years up to every year. The financial impact is measured as a 1 year impact on EBIT in case the risk occurs. On group level the (logarithmic) scale ranges from a financial impact of less than CHF 19m up to CHF 600m. The reputational impact is defined on a six-level scale from "negligible" to "catastrophic". The risks are assessed and rated based in interactive workshops using expert judgements from various functions within the company. The risk assessment approach is applied to risks related to both direct operations and Barry Callebaut's supply chain. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with water security.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Market prices for raw materials and the structure of the terminal markets could have an influence on the Group's operational results. To manage exposure to raw materials, foreign currency and interest rate fluctuations, the Group extensively uses derivative financial instruments and forward physical commitments. If hedging strategies are not fully effective, the operational result may be affected. Furthermore, the Group's profitability can be affected by its exposure to the volatility of the Combined Cocoa Ratio, which expresses the combined sales prices for cocoa butter and cocoa powder in relation to the cocoa bean price and our cost structure. Assessment methods: The Group's commodity risk management and treasury policies require that all risk exposures are hedged back-to-back in accordance with the related limit framework from the moment such exposures are entered into. For its contract business, namely the Food Manufacturers Product Group, which accounts for the majority of the business, the Group attempts to mitigate the impact of volatility in raw material costs through a "cost-plus" pricing model, where exposures arising at contract signing are immediately hedged. In the Gourmet & Specialties Product Group, the Group applies a price list model whereby forecasted sales are hedged and price lists are adapted on a regular basis. In the Cocoa Product Group, market prices are applied with the result that profitability is affected by the development and volatility of the Combined Cocoa Ratio. The Group attempts to mitigate these effects by means of a central global management system which monitors the positions and exposures related to cocoa products globally, taking into account both internal and external demand. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with tariffs or price increase.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Rapidly shifting consumer trends may disrupt market and industry dynamics that could impact the future growth of the Group's business, or lead to market loss. Assessment methods: Trend analysis by the Group's marketing and customer insight teams, together with cross-functional commercial teams working closely with customers, aim to identify trends early in the marketplace, both positive and negative. The Group constantly invests in R&D as part of a well-structured process, enabling the Group to develop products which proactively address new trends and changing demand patterns. In general, market risks are addressed in the context of our Group Enterprise Risk Management Framework. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with loss of markets.

Leakage markets

Relevance & inclusion

Relevant, always included

Please explain

//Description of the assessment: Assessment methods: How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with leakage markets.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Brand reputation is critical to growing our business. A positive brand reputation builds loyalty and increases customer confidence in our brand and products, ultimately driving sales and bottom-line growth. Assessment methods: While we do not assess the risk of brand damage in a structured way, specifically associated with forests-related risks, we are aware of its existence and monitor relevant media and publications in order to assess its magnitude. In general, reputational risks are addressed in the context of our Group Enterprise Risk Management Framework. Barry Callebaut is also regularly featured in the WWF Palm Oil Scorecard and aims to improve its position therein. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of risks associated with brand reputation.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Consistent with growing a global business, our organization faces numerous compliance, regulatory and risk management challenges. Antibribery and corruption are among the most prominent areas. 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 public exposure 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) Barry Callebaut is assessed as a lower risk. (3) Private corruption and 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. Assessment methods: Our operations are periodically assessed for risks related to corruption. Our Code of Conduct strictly forbids engaging in corrupt practices with any party to advance our business interests. Incidents of corruption are investigated, and appropriate actions taken. The Integrity Line platform is part of our Compliance program. It was launched to facilitate reporting of non-compliance and suspicious transactions in cases where employees do not feel comfortable addressing such issues directly. The platform also allows anonymous reporting. It can be used to report incidents related to the violation of applicable laws or our Code of Conduct, in particular, corruption and bribery, among other topics. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making as to the mitigation of corruption-related risks.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Description of the assessment: Forever Chocolate is our program to make sustainable chocolate the norm. It requires a new approach, e.g. to cocoa farming, which generates social and environmental benefits to farming communities, who are the foundation of our business. Lifting farmers out of poverty by increasing their productivity is its starting point. Farmer poverty directly impacts child labor and deforestation. The development activities cover themes of child labor, education and women empowerment. Aligned with the industry's CocoaAction strategy, we commit to tackling farmer poverty by empowering them to earn a better income through access to training, coaching, financing and planting material. We, together with the International Finance Corporation, the Sustainable Trade Initiative 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 - 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 annually. Assessment methods: We currently do not systematically track social impacts. We are planning to use heat maps of our material topics and geographies where we source ingredients from. For our own work force and suppliers, we monitor a variety of topics and indicators related to social impacts: employment, OHS, training and education, diversity and equal opportunity, child and forced labor. The key metric for our goal to lift more than 500,000 cocoa farmers out of poverty by 2025 is the number of cocoa farmers lifted out of poverty, measured against the World Bank's USD 1.90/day threshold for extreme poverty. Further enabling KPI are number of 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. How the information is used internally for decision-making: The information is used in the context of our Group Enterprise Risk Management Framework, which is designed to identify, assess and mitigate key risks to ensure the achievement of the Group's objectives, as well as drive decision-making. In addition, it drives the processes and decision-making within the CFI and Cocoa Horizons program.

Other, please specify

Relevance & inclusion

Not considered

Please explain

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**Customers****Relevance & inclusion**

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment: Our customers are particularly exposed in the context of forests-related risks and potential impacts. As an example, the Group's supply chain network for raw materials could be disrupted by adverse weather conditions, climate change, disease, natural disaster in this regard - factors which could impact the ability to produce and deliver products to customers. Customers thus play an important role when assessing forests-related risks. Method of engagement: We engage with customers in a variety of ways, e.g. through our key account managers, who maintain close relationships (periodic meetings/calls, and ad-hoc as the need arises). Through regular dialogue with customers, Barry Callebaut is able to take into consideration their concerns and expectations and continuously improve its sustainability strategy and implementation work. In addition, we have launched a carbon footprint tool to engage with customers in understanding the impacts of the chocolate they purchase from us.

Employees**Relevance & inclusion**

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment: Taking into consideration our size and reach (operations in more than 30 countries and about 11,000 employees, directly working with more than 150,000 cocoa farmers and a number of third-party suppliers), our employees, too, are vulnerable in the context of forests-related risks and potential impacts. As an example, the physical risk of 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 is crucial to farming. And moreover, 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, posing a threat to our farmers. Method of engagement: Barry Callebaut engages in activities to support its farmers in adopting climate friendly practices through farmer services, in replanting projects and awareness raising activities. We engage with farmers by providing targeted advice on how to improve the productivity of cocoa farms via Farm Business Plans. These plans cover multiple years during which we offer advice on the best mix of planting cocoa seedlings, the use of fertilizers and diversifying income-generating activities and help farmers to access inputs and training on credit. In addition, we are engaging all our employees on sustainability related issues through our Seeds4Change program, which allows employees to gain points by engaging in sustainable activities. Each point represents one cocoa seedling which is then distributed by the company to farmers in the origin countries.

Investors**Relevance & inclusion**

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment: Investors also play an important role in the context of forests-related risks and potential impacts. We are dependent on the sustainable supply of quality cocoa beans, palm oil, soy, and other ingredients, so that the Group is able to produce high-quality cocoa and chocolate products. Risk factors such as declining productivity attributable to ageing trees, the conversion of cocoa bean fields to other, more attractive crops, and also the long-term impacts of climate change could lead to a shortfall in high-quality cocoa beans and other essential commodities in the mid- to long-term. This could drive existing and potential investors away. Method of engagement: Through regular dialogue with investors, Barry Callebaut is able to take into consideration their concerns and expectations and continuously improve its sustainability strategy and implementation work. We aim towards full transparency with our stakeholders, including investors. For this reason, we periodically disclose financial as well as non-financial reports, either directly or through rating agencies and indexes such as CDP, Sustainalytics, etc.

Local communities**Relevance & inclusion**

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment: Taking into consideration our size and reach (operations in more than 30 countries, directly working with more than 150,000 cocoa farmers and a number of third-party suppliers), local communities are also vulnerable in the context of forests-related risks and potential impacts. As an example, the physical risk of 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 is crucial to farming. And moreover, 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, posing a threat to local communities. Moreover, our Forever Chocolate program requires a new approach to cocoa farming which generates social and environmental benefits to cocoa farming communities. Lifting cocoa farmers out of poverty by increasing their productivity is its starting point. Cocoa farmer poverty directly impacts child labor and deforestation. Method of engagement: Barry Callebaut engages in activities to support its farmers in adopting climate friendly practices through farmer services, in replanting projects and awareness raising activities. 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.

NGOs**Relevance & inclusion**

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment: In the context of the Cocoa and Forest Initiative, Barry Callebaut has for the first time, industry, governments and NGOs at the table and the chance to define a structural solution to deforestation in the cocoa supply chain in West Africa. Another example is the WWF Palm Oil Buyers Scorecard, which assesses the progress of companies on the commitments and actions necessary to be a responsible user of palm oil. Barry Callebaut is regularly featured in the WWF Palm Oil Scorecard and continuously improving its position therein. Method of engagement: Through regular dialogue with NGOs, Barry Callebaut is able to take into consideration their concerns and expectations and continuously improve its sustainability strategy and implementation work. We rely on the expertise from academia and NGOs, the resources from our customers and partners, and an enabling policy environment from governments in order to succeed in making sustainable chocolate the norm.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Not relevant, explanation provided

Please explain

There are many players along the cocoa and other commodities value chains. Barry Callebaut engages with these important business partners and other stakeholders to identify the key sustainability issues facing its business. Building on our long-standing commitment to sustainability, we launched Forever Chocolate in November 2016. Its ambition is to create a movement to make sustainable chocolate the norm by 2025, addressing – together with a broad range of stakeholders – the key environmental and social challenges linked to making chocolate. Our main stakeholder groups include customers, suppliers, farmers, investors, media, governments, industry associations, NGOs, and employees. They were carefully selected, and all play an important role in the context of forests-related risks and potential impacts, among other things. For this reason, other forest risk commodity users/producers at a local level are currently and in the foreseeable future not considered to be relevant in this context.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment Regulators also play an important role in the context of forests-related risks and potential impacts. We are subject to both international and national laws, regulations and standards in such diverse areas as product safety, product labeling, environment, health and safety, intellectual property rights, antitrust, anti-bribery, employment, trade sanctions, data privacy, corporate transactions and taxes in all the countries in which we operate. Failure to comply with applicable laws and regulations could expose us to investigations, litigation, administrative and/or criminal proceedings potentially leading to significant costs, fines and/or criminal sanctions, with possible reputational damage. Method of engagement Dedicated regional and local functional managers, supported by specialized corporate functions and external advisors, engage with regulators where necessary, and ensure compliance with applicable laws and regulations. Through regular dialogue with governments on regulatory topics among other things, Barry Callebaut is able to take into consideration their concerns and expectations and continuously improve its sustainability strategy and implementation work.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Why this stakeholder is included in the risk assessment Given our size and reach (operations in more than 30 countries, directly working with more than 150,000 cocoa farmers and a number of third-party suppliers), our suppliers, too, are vulnerable in the context of forests-related risks and potential impacts. As an example, the physical risk of climate change has a severe impact on the world in general and agricultural regions in particular. Droughts mean that suppliers 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, posing a threat to our suppliers. Method of engagement Barry Callebaut engages in activities to support its farmers in adopting climate friendly practices through farmer services, in replanting projects and awareness raising activities. Through regular dialogue with suppliers, Barry Callebaut is able to take into consideration their concerns and expectations and continuously improve its sustainability strategy and implementation work.

Other stakeholders, please specify

Relevance & inclusion

Not considered

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	<Not Applicable>
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	Yes
Other - Coffee	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

Definition of substantive financial or strategic impact:

Risks determined to have substantive financial impact are those that exceed a combined score based on the financial impact and probability of occurrence. For example, this could be a risk having a financial impact of over CHF 600m despite a low probability of occurrence. Likewise, a risk with the probability of occurring once a year would be defined as substantive even if the financial impact is low. Consequently, any combination of financial impact and probability of occurrence that exceeds the equivalency line on the company's risk map would be defined as substantive. In addition, the reputational impact is also assessed. If the reputational impact is determined to be high important then this could define a risk as having substantive strategic impact even if the financial impact and/or probability of occurrence would not. Each risk is reviewed annually to reflect changes in any of the three risk dimensions.

Measures, metrics, indicators used to identify substantive change:

Each risk is rated on a 6-by-6 Matrix assessing the probability of occurrence, financial impact, and reputational impact. Probability of occurrence ranges from risks potentially occurring once every 32 years up to every year. The financial impact is measured as a 1 year impact on EBIT in case the risk occurs. On group level the scale ranges from a financial impact of less than CHF 19m up to CHF 600m. The reputational impact is defined on a six-level scale from "negligible" to "catastrophic". The risks are assessed and rated based in interactive workshops using expert judgements from various functions within the company. The outcome of a cross functional risk evaluation workshop is a risk matrix.

Threshold or amount of change in the metric/measure/indicator which indicates substantive change:

The threshold is determined via the combination of financial impact, reputational impact, and probability of occurrence. The scale ranges from a financial impact of less than CHF 19m up to CHF 600m. The reputational impact is defined on a six-level scale from "negligible" to "catastrophic". Probability of occurrence ranges from 0 to 100%. Depending on the combined result of the three factors, a risk is associated with substantive change or not.

Scope of definition:

The risk assessment approach is applied to risks related to both direct operations and Barry Callebaut's supply chain.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Reduced demand for products and services

Company-specific description

As part of our Forever Chocolate program it is our goal to have 100% sustainable ingredients in all of our products by 2025. This includes palm oil. Between 11 and 20 percent of Barry Callebaut's revenue was dependent on palm oil in the financial year 2019/20, which highlights the importance of a single commodity such as palm oil to Barry Callebaut's business. In addition, compound (i.e. chocolate that contains significant amounts of palm oil) is especially important in Asia, which is a growing market for us. For these reasons disruptions in the supply of certified sustainable material has the potential to impact Barry Callebaut's palm oil sourcing and subsequently the ability to provide sufficient sustainable products to our customers. As has been the case with IOI Lodgers in 2016 (RSPO temporarily suspended IOI Group's RSPO certification), Barry Callebaut's supply of certified material can be significantly reduced if large suppliers lose their RSPO certification. This can pose a challenge to Barry Callebaut in order to buy the required quantity of palm (kernel) oil and derivatives from certified sources and at competitive prices, which in turn has the potential to affect our own direct operations, as our customers may switch to other suppliers should we be unable to provide sufficient certified material.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

69000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

The potential financial impact figure was estimated in relation to annual revenue. In case of disruptions to the supply of certified sustainable material, the potential financial impact is estimated to be around 1% loss of revenue (associated with reduced supply), equivalent to approx. CHF 69 million (calculation: CHF 6,900,000,000 x 0.01 = CHF 69,000,000).

Primary response to risk

Supplier diversification

Description of response

In order to mitigate this risk, BC is taking several actions: - We have implemented a response strategy to avoid single source situations and have several suppliers qualified, so that in case of short-term reduced certified supply alternative sources can be used. - To ensure long-term availability of cert. material and to improve existing certification, we are a member of RSPO. Through active participation in the consultation, improved principles and criteria for RSPO have been achieved which strengthen the certification's credibility as to stopping deforestation. - We are engaging and scoring our suppliers on requirements going beyond RSPO certification, such as no development on peat land, HCS/HCV approaches, traceability and smallholder support. Also, our Sustainable Sourcing Policy for Palm Oil contains principles which are the foundation to creating a more sustainable palm oil sector. To meet our commitment of 100% sustainable ingredients by 2025, we require all suppliers to work with their supply chains towards these principles and to regularly show significant progress. This is evaluated using accepted industry standards and certification schemes, namely RSPO and POIG verification. Due to the diversified approach outlined above, our efforts have been effective in maintaining the availability of sustainable palm oil, as well as at improving the resilience at the asset and corporate level, which is likely to prevent future financial, operational or strategic impacts.

Cost of response

200000

Explanation of cost of response

The cost of our approach to securing the availability of certified sustainable material is primarily associated with our efforts to maintain relationships to different suppliers, the efforts in the context of our RSPO membership (incl. supplier engagement), and the maintenance and monitoring of progress regarding our Sustainable Sourcing Policy for Palm Oil. While the specific actual cost of this response is not quantified at corporate level, general and administration expenses decreased to CHF 416.5 million (-4.1%) in fiscal year 2019/20. A part of this cost is directly related to our Forever Chocolate sustainability program. The estimated response cost for palm oil include our memberships in relevant organisations, such as RSPO and POIG, dedicated projects on palm oil and deforestation monitoring in our supply chain, as well as time spent by our team.

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Reduced demand for products and services

Company-specific description

As part of our Forever Chocolate program it is our goal to have 100% sustainable ingredients in all of our products by 2025. This includes soy. Between 61-70% of BC's revenue was dependent on soy in the financial year 19/20, which highlights the importance of a single commodity to our business. Disruptions in the supply of certified sustainable material has the potential to impact BC's soy sourcing and subsequently the ability to provide sufficient sustainable products to our customers. Soy production is linked in the media to key agricultural issues, such as environmental impact, labor conditions, forced labor, traceability, land use change and biodiversity loss. Issues specific to Brazil are under scrutiny, such as the displacement of indigenous populations due to the expansion of soy plantations. BC perceives that the supply of certified soy is plentiful, but there is a lack of consumer awareness. This may lead to increased due diligence requirements for BC as well as reduced consumer demand, affecting our direct operations, should we be associated in the press with adverse effects or issues surrounding our soy supply chain. BC is an active participant in the Statement of Support (SOS, Cerrado Manifesto) in developing solutions to deforestation. We are working with our suppliers to achieve assured zero deforestation and explore restoration as well as expansion of protected areas.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

345000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

The potential financial impact figure was estimated in relation to annual revenue. In case of significantly reduced demand for our products, associated with issue issues

surrounding our soy supply chain and corresponding negative media coverage, the potential financial impact could be significant, an estimated 5% loss of revenue associated with reduced supply, equivalent to approx. CHF 345 million (calculation: CHF 6,900,000,000 x 0.05 = CHF 345,000,000).

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Conventional soy production has rapidly grown across Brazil, a strong effort is being made to tackle the impacts of this expansion. The conversion of forests and savannas to soy plantations is a big threat to ecosystems. We have implemented a response strategy by ramping up our sourcing of ProTerra Certified Soy to be able to offer this in our chocolate products containing soy. ProTerra ensures that key issues are tackled in soy production and provides a traceable, non-GMO certified product. Additionally, Barry Callebaut has recently become a signatory of the Cerrado Manifesto. It declares to protect Brazil's Cerrado, a 2 million square km tropical savanna ecoregion under threat from deforestation and native vegetation loss. In addition, our Sustainable Sourcing Policy for Soy contains principles which are the foundation to creating a more sustainable soy sector. To meet our commitment of 100% sustainable ingredients by 2025, we require all suppliers to work with their supply chains towards these principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes, namely ProTerra, RTRS, etc. Due to the diversified approach outlined above, our efforts have been effective in maintaining the availability of sustainable soy, as well as at improving the resilience at the asset and corporate level, which is likely to prevent future financial, operational or strategic impacts.

Cost of response

170000

Explanation of cost of response

The cost of our response is primarily associated with our efforts to increase and secure soy from certified sources, e.g. the additional cost associated with sourcing ProTerra certified soy and our engagements in this context, as well as in the context of the Cerrado Manifesto and other engagements, and the maintenance and monitoring of progress regarding our Sustainable Sourcing Policy for Soy. While the specific actual cost of this response is not quantified at corporate level, general and administration expenses decreased to CHF 416.5 million (-4.1%) in fiscal year 2019/20. A part of this cost, estimated at CHF 170,000, is directly related to our Forever Chocolate sustainability program.

Forest risk commodity

Other - Cocoa

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

The majority of Barry Callebaut's primary commodity (cocoa) comes from countries with a high risk and pace of deforestation. In Ivory Coast and Ghana, cocoa is one of the drivers for deforestation or forest degradation.

Timeframe

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

345000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

The potential financial impact figure was estimated in relation to annual revenue. The primary impact would be on the sales of sustainable products. At the moment, the figure represents 25-30% of our chocolate sales. In case of significantly reduced demand for our products, associated with issue issues surrounding our cocoa supply chain and corresponding negative media coverage, the potential financial impact could be significant, an estimated 5% loss of revenue associated with reduced supply, equivalent to CHF 345 million.

Primary response to risk

Greater due diligence

Description of response

Barry Callebaut fully embraces the risk and has set off on the following response: (1) join the industry and national governments in efforts to curb deforestation; (2) Create and analyse GPS maps of our farmers and their farms: work with farmers who are not deforesting and suspend sourcing from farmers who might be exposed to high risk of deforestation or already growing cocoa on deforested land; (3) develop approach to gain a similar level of insight into forest risk in our indirect sourcing; (4) work with certification schemes to make the more deforestation bullet proof. At the moment Barry Callebaut does not consider sustainability certifications as a sufficient risk mitigation measure (apart from the certifications mentioned in the section on Palm oil and Soy above); (5) work on reforestation and forest conservation projects which would deliver agroforestry beans.

Cost of response

Explanation of cost of response

Barry Callebaut and our partners invested more than CHF 2 million into GPS mapping of our farmers alone.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	<Not Applicable>
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	Yes
Other - Coffee	<Not Applicable>

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**Forest risk commodity**

Palm oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Explanation: As part of our Forever Chocolate program it is our goal to have 100% sustainable ingredients in all of our products by 2025. This includes palm oil. Between 11 and 20 percent of Barry Callebaut's revenue was dependent on palm oil in the financial year 2019/20, which highlights the importance of a single commodity such as palm oil to Barry Callebaut's business. In addition, compound (i.e. chocolate that contains significant amounts of palm oil) is especially important in Asia, which is a growing market for us. As palm oil is receiving a lot of media coverage and high consumer awareness, we believe that positioning ourselves as leaders with regards to addressing the issues related to palm oil production can significantly increase our brand value and generate increased customer demand for certified products. Strategy: A strategy has been implemented to take advantage of this opportunity as part of our Forever Chocolate Program. In this context, Barry Callebaut has committed to sourcing 100% sustainable ingredients by 2025. Barry Callebaut has been a member of the RSPO since 2011. In 2020, 100% of our palm oil was sustainably certified and by 2025 we will be using only 100% physical certified sustainable palm oil. As part of our strategy implementation to realize the opportunity we formulated criteria that go beyond RSPO in our sourcing policy and Supplier Code, and are evaluating our suppliers based on these additional criteria. As an example, one of our value-adding principles in action in this context is stopping native vegetation clearance for palm oil production and the degradation of ecologically sensitive areas (e.g. peatland), as defined through the application of the High Conservation Value (HCV) and High Carbon Stock (HCS) approach. By means of this strategic approach we expect to realize the opportunity.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

While measuring or calculating brand value itself is a challenging undertaking, we are currently not able to attribute or anticipate increased brand value specifically related to forests-based risk commodities.

Forest risk commodity

Soy

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Explanation: As part of our Forever Chocolate program it is our goal to have 100% sustainable ingredients in all of our products by 2025. This includes soy. Between 61 and 70 percent of Barry Callebaut's revenue was dependent on soy in the financial year 2019/20, which highlights the importance of a single commodity such as soy to Barry Callebaut's business. Several customers have expressed their interest to buy products from Barry Callebaut whose ingredients are ProTerra certified or otherwise certified sustainable. We believe that positioning ourselves as leaders with regards to addressing the issues related to soy production can significantly increase our brand value and generate increased customer demand for certified products. Strategy: A strategy has been implemented to take advantage of this opportunity as part of our Forever Chocolate Program. In this context, Barry Callebaut has committed to sourcing 100% sustainable ingredients by 2025. Our sustainable soy is sourced via ProTerra which ensures a sustainable and GMO free source of soy for use in our final products. ProTerra is the industry leader in certified sustainable soy cultivation, mainly sourced from Brazil. Barry Callebaut has recently become a signatory of the Cerrado Manifesto. The Manifesto declares to protect Brazil's Cerrado, a 2 million square kilometer tropical savanna ecoregion under threat from deforestation and native vegetation loss. Barry Callebaut also engages with the Round Table on Responsible Soy (RTRS), which promotes responsible production, processing and trading of soy on a global level. As part of our strategy implementation to realize the opportunity we formulated criteria that go beyond ProTerra and RTRS in our sourcing policy and our Supplier Code, and are evaluating our suppliers based on these additional criteria.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

While measuring or calculating brand value itself is a challenging undertaking, we are currently not able to attribute or anticipate increased brand value specifically related to forests-based risk commodities.

Forest risk commodity

Other - Cocoa

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Ensuring supply chain resilience

Company-specific description & strategy to realize opportunity

Setting up and driving landscape projects in direct sourcing countries.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We are currently not able to attribute or anticipate increased supply chain resilience specifically related to forests-based risk commodities, in terms of monetary value.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	Highest level of responsibility lies with the Board, as forests-related issues impact main areas of our business and therefore need oversight and steering at the highest level. The sustainability strategy, which addresses forests-related challenges, has been set by the Board, and progress is regularly reported to the Board. Responsibilities include the determination of the business strategy based on applications filed by the ExCo (incl. sustainability strategy and forests-related topics), approval of major Group policies, incl. topics related to Corporate Governance, Compliance and Risk Management (incl. forests-related regulatory/compliance topics and risks), among other things. The Board is closely involved in all decisions concerning the Cocoa and Forest Initiative (CFI), which includes not sourcing from farmers located in protected forest areas in CDI and Ghana. The Board also decided to support a larger scale forest landscape restoration project based on aerial seeding.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	The Board determines the business strategy and is regularly briefed on the basis of applications filed by the Executive Committee (incl. sustainability strategy and forests-related topics), and is responsible for the approval of major Group policies and organizational structures, including topics related to Corporate Governance, Compliance and Risk Management (incl. forests-related regulatory/compliance topics and risks), the approval of the annual operational and investment budgets, the approval of any extraordinary additional investment applications as well as financial planning. All of the selected governance mechanisms are associated with the Board's responsibilities and therefore directly contribute to the Board's oversight of forests-related issues. As an example, progress against Barry Callebaut's target to become forest-positive is reported regularly to the board. This mechanism ensures the board's oversight of forest-related issues.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	Quarterly	Position: The Corporate Sustainability Review is headed by Barry Callebaut's CEO and the Chief Sustainability, Quality and Innovation Officer. Nature of report to the board: The team provides quarterly updates to the board in detailed review meetings which include updates on the company's progress against its Forever Chocolate (FC) targets as well as key initiatives, including our efforts to become forest positive. Committee's forest-related responsibilities : The content of the FC progress reports is approved by the CEO. In these reports, Barry Callebaut communicates about the progress made towards achieving the forest positive goal. The FC Program has one pillar which focuses on preventing deforestation and following the forest strategy. The daily implementation of the FC strategy, including the part of deforestation, is in the hands of the Chief Innovation, Sustainability and Quality Officer, who also sits on the Board. Responsibility rationale: The highest level of responsibility below board level for forests-related issues lies with the Corporate Sustainability Review, headed by Barry Callebaut's CEO, since forests-related issues impact main areas of Barry Callebaut's business and therefore need oversight and steering at the highest level within the organization. Reporting frequency rationale: Forests-related issues are dynamic and diverse, and impact main areas of Barry Callebaut's business, and therefore need adequate reporting frequency and responses.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Procurement Officer (CPO) Chief Risk Officer (CRO) Chief Sustainability Officer (CSO) Chief Purchasing Officer (CPO) Other C-suite Officer	Achievement of commitments and targets	Detail on the chosen performance indicator: Forest-related commodities and associated sustainability issues are material for Barry Callebaut, as 90% of revenue is dependent on forest-based commodities. There is a Group-wide target for all employees on the percentage of sustainable raw materials sourced and used, which directly relates to forests-related issues. Our goal is to become forest positive by 2025 in the context of our Forever Chocolate sustainability framework. In addition we want to source 100% certified sustainable ingredients by 2025, which has a positive effect with regard to forests-related issues. Threshold of success: The threshold is thus the percentage of sustainably sourced (certified) ingredients (100% by 2025). Method for measurement: Progress toward this goal is measured via the percentage of sustainably sourced ingredients (i.e. as per procured sustainable vs. conventional volume). If this percentage increases, management is entitled to monetary benefits. Details about the linkage between the selected forest-related performance and the monetary incentive: Barry Callebaut's bonus system is based on a Collective Performance Factor (CPF) and an Individual Performance Factor (IPF). For all sales functions and raw material traders of Global Cocoa and Global Sourcing, the CPF is weighted at 20% of the short-term incentive (STI) and the IPF at 80%. For all other participants, the CPF is weighted at 60% of the STI and the IPF at 40%. Sustainability (incl. forests-related issues) is 10% of the FY19/20 CPF - both for the Group and the regions.
Non-monetary reward	Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Procurement Officer (CPO) Chief Risk Officer (CRO) Chief Sustainability Officer (CSO) Chief Purchasing Officer (CPO) Other C-suite Officer	Achievement of commitments and targets	Detail on the chosen performance indicator: Forest-related commodities and associated sustainability issues are material for Barry Callebaut, as 90% of revenue is dependent on forest-based commodities. There is a Group-wide target for all employees on the percentage of sustainable raw materials sourced and used, which directly relates to forests-related issues. Our goal is to become forest positive by 2025 in the context of our Forever Chocolate sustainability framework. In addition we want to source 100% certified sustainable ingredients by 2025, which has a positive effect with regard to forests-related issues. Threshold of success: The threshold is thus the percentage of sustainably sourced (certified) ingredients (100% by 2025). Method for measurement: Progress toward this goal is measured via the percentage of sustainably sourced ingredients (i.e. as per procured sustainable vs. conventional volume). If this percentage increases, management is entitled to monetary benefits, which are associated with non-monetary rewards such as job performance and appraisal.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)
Barry_Callebaut_Annual_Report_2019-20_3.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Recognition of potential business impact on forests and other natural habitats Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound milestones and targets	Periodicity of policy review Sustainable sourcing policies including forests-related issues are reviewed annually Why this content is included in the policy Barry Callebaut relies on commodities associated with forests-related issues as ingredients for its products. We recognize the impact it can have on forests-related issues, and the importance of preserving forests. Therefore, adherence to widely recognized international standards play a crucial role and our commitment goes beyond regulatory compliance to ensure our policies are robust and have a lasting impact. All principles relevant for sustainability are included in the respective sectors – additionally, we have our deforestation commitments and put additional scrutiny on forest topics in our policy. Our policies cover our entire supply chain– we call out the Brazilian forest code and Cerrado biome specifically in the soy policy, but we aim to conserve all HCS / HCV forests in the end. Our sustainability program Forever Chocolate, which aligns with the UN Sustainable Development Goals (SDGs), covers a variety of forest-related issues. An important element of Forever Chocolate is Sustainable Sourcing: our Supplier Code and Sustainable Sourcing Policies lay out the framework for our sustainable sourcing activities and contain commitments, expectations, and requirements pertinent to forests-related issues and risks. All suppliers are required to sign our Supplier Code and/or the Sustainable Sourcing Policies respectively. While we always engage with our direct suppliers, our policies describe principles relating to the field level. We hence expect our suppliers to pass down these requirements and ensure sustainable practices in their supply base. All parts of our business are covered by these policies. How this policy informs internal decision making It impacts internal decision making as actions are taken to meet goals by obtaining forest-related certifications (RSPO, ProTerra, etc.) and increase traceability. Our policies also encourage stakeholder dialogue in the context of forest-related sustainability issues. In turn and over time, this dialogue informs internal decision making and provides an important framework for identifying both risks and opportunities. Furthermore, this can drive performance, enhance Barry Callebaut’s reputation and strengthen the relationships with its stakeholders.

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>
Palm oil	Yes	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets	Periodicity of policy review : Commodity-specific sustainable sourcing policies are reviewed annually Why this content is included in the policy : Barry Callebaut relies on palm oil associated with forests-related issues as ingredients for its products. We recognize the impact it can have on forests-related issues, and the importance of preserving forests. Therefore, adherence to widely recognized international standards play a crucial role and our commitment goes beyond regulatory compliance to ensure our policies are robust and have a lasting impact. All principles relevant for sustainability are included in the respective sectors – additionally, we have our deforestation commitments and put additional scrutiny on forest topics in our policy. Our policies cover our entire supply chain and we aim to conserve all HCS / HCV forests. Our sustainability program Forever Chocolate, which aligns with the UN Sustainable Development Goals (SDGs), covers a variety of commodity-specific issues (incl. palm oil). An important element of Forever Chocolate is Sustainable Sourcing: our Supplier Code and Sustainable Sourcing Policies lay out the framework for our sustainable sourcing activities and contain commitments, expectations, and requirements pertinent to palm oil related issues and risks. While our general commitment towards sourcing sustainable ingredients is for 2025, we have included a timebound target to source sustainable palm oil by 2020 in our sustainable sourcing policy, due to the high deforestation and sustainability risks we see in palm oil. How this policy informs internal decision making : It impacts internal decision making as actions are taken to meet goals by obtaining forest-related certifications (e.g. RSPO) and increase traceability. Our policies also encourage stakeholder dialogue in the context of palm oil (forest-) related sustainability issues. In turn and over time, this dialogue informs internal decision making and provides an important framework for identifying both risks and opportunities. This can drive performance, enhance Barry Callebaut’s reputation and strengthen the relationships with its stakeholders. Furthermore, these policies drive our decision making in sourcing - as we have excluded suppliers and palm mills who were in breach of our commitments to eliminate deforestation and protect local communities from our supply.
Cattle products	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Soy	Yes	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets	Periodicity of policy review: Commodity-specific sustainable sourcing policies are reviewed annually. Why this content is included in the policy: Barry Callebaut relies on soy as ingredient for its products. As soy is a commodity associated with forests-related issues, we recognize the impact we can have in this context, and the importance of preserving forests. We include all principles that we think are relevant for sustainability in the respective sector – additionally, we have our deforestation commitments and therefore put additional scrutiny on forest topics in our policy. Our policies cover our entire supply – we call out the Brazilian forest code and Cerrado biome specifically in the soy policy, but we aim to conserve all HCS / HCV forests in the end. Our policy that covers a variety of commodity-specific issues (incl. soy) is integral part of our sustainability program, Forever Chocolate (its description, principles, standards, targets, and progress report). An important element of Forever Chocolate is Sustainable Sourcing: our Supplier Code and Sustainable Sourcing Policies lay out the framework for our sustainable sourcing activities and contain commitments, expectations, and requirements (beyond minimum requirements!) pertinent to soy related issues and risks. The adherence to widely recognized international standards play a crucial role in this regard. Our commitment goes beyond regulatory compliance to ensure the policy is robust and has a lasting impact. Barry Callebaut's Forever Chocolate targets align with the UN Sustainable Development Goals (SDGs). How this policy informs internal decision making: It impacts internal decision making as actions are taken to meet goals by obtaining forest-related certifications (e.g. ProTerra) and increase traceability. Our policies also encourage stakeholder dialogue in the context of soy (forest-) related sustainability issues. In turn and over time, this dialogue informs internal decision making and provides an important framework for identifying both risks and opportunities. Furthermore, this can drive performance, enhance Barry Callebaut's reputation and strengthen the relationships with its stakeholders.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems	Periodicity of policy review: Commodity-specific sustainable sourcing policies are reviewed annually. Our policy that covers a variety of forest-related issues is integral part of our sustainability program, Forever Chocolate (its description, principles, standards, targets, and progress report). An important element of Forever Chocolate is Sustainable Sourcing: our Supplier Code and Sustainable Sourcing Policies lay out the framework for our sustainable sourcing activities and contain commitments, expectations, and requirements (beyond minimum requirements!) pertinent to forests-related issues and risks. The adherence to widely recognized international standards play a crucial role in this regard. All suppliers sign a supplier code which specifically requires compliance with the "Cocoa and Forest Initiative (CFI)", signed by Barry Callebaut and members of the Cocoa industry in November 2017.
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Cerrado Manifesto

Other, please specify (Rainforest Alliance)

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**Forest risk commodity**

Palm oil

Criteria

No conversion of natural ecosystems
 Zero gross deforestation/ no deforestation
 Zero net deforestation
 No new development on peat regardless of depth
 Best management practices for existing cultivation on peat
 No land clearance by burning or clearcutting
 No conversion of High Conservation Value areas
 No conversion of High Carbon Stock forests
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
 Adoption of the UN International Labour Organization principles
 No sourcing of illegally produced and/or traded forest risk commodities
 No sourcing of forest risk commodities from unknown/controversial sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2005

Commitment target date

2021-25

Please explain

No conversion of natural ecosystems - example (incl. locations) of actions taken in the last year to meet commitment: Identifying and measuring deforestation and the cultivation of specific commodities at a large scale and in sufficient detail can be difficult. In line with this, Barry Callebaut has launched a first-of-its-kind, large-scale indicative High Carbon Stock (HCS) map covering Malaysia, Indonesia and the Philippines (Maphilindo), in collaboration with the EcoVision Lab of ETH Zurich (Swiss Federal Institute of Technology), to jointly develop a satellite based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, automatically. Once finalized, we will make the methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level. The collaboration has led to developing the publicly available HCS map that identifies forests with high conservation value and areas where deforestation would cause the highest carbon emissions. The development of the HCS map supports the current approach of data taken from the field, which is the widely used approach to measure the link between commodity cultivation and deforestation, called High Carbon Stock Approach (HCSA). HCSA is a widely recognized methodology that is increasingly being used by certification standards, such as the Roundtable on Sustainable Palm Oil (RSPO) and by companies committed to breaking the link between deforestation and land development in either their operations or supply chain. Zero gross deforestation / no deforestation - example (incl. locations) of actions taken in the last year to meet commitment: Identifying and measuring deforestation and the cultivation of specific commodities at a large scale and in sufficient detail can be difficult. In line with this, Barry Callebaut has launched a first-of-its-kind, large-scale indicative High Carbon Stock (HCS) map covering Malaysia, Indonesia and the Philippines (Maphilindo), in collaboration with the EcoVision Lab of ETH Zurich (Swiss Federal Institute of Technology), to jointly develop a satellite based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, automatically. Once finalized, we will make the methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level. The collaboration has led to developing the publicly available HCS map that identifies forests with high conservation value and areas where deforestation would cause the highest carbon emissions. The development of the HCS map supports the current approach of data taken from the field, which is the widely used approach to measure the link between commodity cultivation and deforestation, called High Carbon Stock Approach (HCSA). HCSA is a widely recognized methodology that is increasingly being used by certification standards, such as the Roundtable on Sustainable Palm Oil (RSPO) and by companies committed to breaking the link between deforestation and land development in either their operations or supply chain. Secure Free, Prior & Informed Consent (FPIC) of indigenous people and local communities - example (incl. locations) of actions taken in the last year to meet commitment: Barry Callebaut engaged in a smallholder palm oil project with Wild Asia Group Scheme (WAGS) in Indonesia since October 2020. The WAGS aims to support small independent palm oil producers (i.e. farmers with less than 40 hectares that are not formally linked to a particular extension scheme or mill) to improve their farming practices and achieve compliance with RSPO standards. WAGS provides a centralized management system, local coordination, technical assistance and training, to support the producer groups on the path towards greater sustainability and certification.

Forest risk commodity

Soy

Criteria

No conversion of natural ecosystems
 Zero gross deforestation/ no deforestation
 Zero net deforestation
 No land clearance by burning or clearcutting
 No conversion of High Conservation Value areas
 No conversion of High Carbon Stock forests
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
 Adoption of the UN International Labour Organization principles
 No sourcing of illegally produced and/or traded forest risk commodities
 No sourcing of forest risk commodities from unknown/controversial sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2008

Commitment target date

Please explain

Barry Callebaut has committed to become forest and carbon positive by 2025, which includes a commitment to be 100% deforestation-free and even forest positive by 2025. Our commitment to the selected criteria is valid across our entire soy supply chain. We work with our suppliers and other stakeholders to ensure this commitment is fully implemented by 2025. As an example, we have published a sustainable sourcing guideline and developed an ingredient-specific guideline with detailed provisions for soy, addressing the selected criteria. We also require all suppliers to work with their supply chains towards these principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes, namely ProTerra (preferred), RTRS, Donausoja, ISCC Plus. Our Supplier Code and the Sustainable Sourcing Policy for Soy both require all suppliers to strictly comply with all applicable laws and regulations. The Supplier Code was recently updated to include and reflect the FPIC principles. Part of the volume of raw materials that we source is at risk of causing deforestation. We have therefore created a heat map to provide an overview of the geographical footprint of these raw materials and their inherent risks. On the basis of this heat map, we are assessing which measures, such as traceability and farm mapping, have to be put in place, in addition to certification schemes, to prove that the commodities we source are free from deforestation. Our first focus is to become deforestation-free. In addition, we continue to search for partners who can support us in landscaping approaches to regenerate forests. To become forest positive, we first need to become deforestation-free. This will require us to work with sustainability certifications and standards – including our own sustainability programs – to develop systems that allow for credible proof of the deforestation-free claim. We teamed up in 2017/18 with the Swiss Federal Institute of Technology (ETH) in Zurich to jointly develop a satellite-based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, and once finalized, we will make its methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level.

/(PARTIALLY) DISCARD ABOVE AND FOCUS ON BELOW (L) //No conversion of natural ecosystems - example (including locations) of actions taken in the last year to meet the commitment: TEXT //Zero gross deforestation / no deforestation - example (including locations) of actions taken in the last year to meet the commitment: TEXT //Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities - example (including locations) of actions taken in the last year to meet the commitment: TEXT //Restoration and compensation to address past deforestation and/or conversion ((NOT YET SELECTED)) - example (including locations) of actions taken in the last year to meet the commitment: TEXT

Forest risk commodity

Other - Cocoa

Criteria

Zero gross deforestation/ no deforestation

Zero net deforestation

No new development on peat regardless of depth

No land clearance by burning or clearcutting

No conversion of High Conservation Value areas

No conversion of High Carbon Stock forests

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities

Adoption of the UN International Labour Organization principles

No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2005

Commitment target date

2021-25

Please explain

Barry Callebaut has committed to become forest and carbon positive by 2025 under its Forever Chocolate plan, which includes a commitment to be 100% deforestation-free and even forest positive by 2025. Forever Chocolate is our plan to make sustainable chocolate the norm by 2025 – to ensure that chocolate will be around forever. As the world's leading manufacturer of high-quality chocolate and cocoa products, we have a moral obligation as well as a business interest to tackle the structural issues in the chocolate supply chain. Therefore, we have to lift cocoa farmers out of poverty, ensure children are not engaged in child labor, become carbon positive, eliminate deforestation from our supply chain as a step to becoming forest positive, and have 100% sustainable ingredients in all our products. In fiscal year 2019/20, we made great progress to achieving the targets we set ourselves in 2016. Our quantified, time-bound objectives enable us to engrain our sustainability agenda across all our business functions. The progress data show how, through our sourcing, processing and sales, we are driving change, supporting cocoa farming communities, reducing resource consumption in our factories and driving the uptake of sustainably sourced chocolate.

F5. Business strategy**F5.1**

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	Integration of forests-related issues into long-term business objectives: If the chocolate industry does not commit to reducing its carbon footprint and achieve zero net deforestation in its supply chain, the ecosystems that provide chocolate ingredients will rapidly erode. This is why Barry Callebaut has committed to become forest and carbon positive by 2025 under its Forever Chocolate plan, which includes a commitment to be 100% deforestation-free and even forest positive by 2025. However, forests-related issues are not limited to this time horizon. They are in fact integral part of our long-term financial planning, which is congruent with the long-term time horizon, going beyond the current version of our Forever Chocolate plan. Example of how forests-related issues are integrated into the strategic business plan aspect: We see a clear business opportunity related to addressing forest-issues. For this reason, we have initiated a project to explore opportunities to utilize a forest-label in selected markets to enable consumers to buy deforestation-free chocolate.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	Integration of forests-related issues into strategy for long-term objectives: Barry Callebaut's 4-pillar long-term growth strategy is based on sustainability, among other elements. We have a long-standing commitment to sustainability, as we believe that the future of our industry depends on it. Through Forever Chocolate, our sustainability strategy, our plan is to make sustainable chocolate the norm by 2025. However, forests-related issues are not limited to this time horizon. They are in fact integral part of our long-term financial planning, which is congruent with the long-term time horizon, going beyond the current version of our Forever Chocolate plan. Example of how forests-related issues are integrated into the strategic business plan aspect: Our Forever Chocolate objectives are cascaded and translated to all relevant functions, for example, the sourcing department has clear objectives to source sustainable (and deforestation-free) ingredients. Together with the buyers in each region we have developed strategies to engage our suppliers and reach these targets. For example, in Western Europe we are already buying 100% of palm sustainably. Furthermore, sourcing managers' bonuses are linked to achievement of sustainability (incl. deforestation) objectives. We are also actively engaged in the Proterra stakeholders council to further improve the standard and drive impact on the ground.
Financial planning	Yes, forests-related issues are integrated	11-15	Integration of forest-related issues into financial planning: The initiatives surrounding our Forever Chocolate sustainability program (including the ambition of becoming 100% deforestation-free and even forest positive by 2025) require funding and thus adequate financial planning. Forests-related issues are thus integral part of our financial planning. However, forests-related issues are not limited to the time horizon of our current Forever Chocolate plan. They are in fact integral part of our long-term financial planning, which is congruent with the long-term time horizon, going beyond the current version of our Forever Chocolate plan. Example of how forests-related issues are integrated into the strategic business plan aspect: We allocate significant funding to forest-related projects and initiatives, e.g. we invested in a multi-year project together with ETH to develop a remote sensing tool that helps us to monitor forest-related issues in our supply chains at scale.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025. It is the next step in our long history of investing in a sustainable supply chain. As part of our commitment to become carbon and forest positive, we set the goal that by 2025, our palm oil supply volume will be 100% traceable to mill level.

Linked commitment

Zero net/gross deforestation

Traceability point

Mill

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

We have identified the mills in our supply chain for 100% of the volume we buy and are regularly updating this supply chain mapping exercise. Together with our suppliers we are working towards increasing transparency and traceability towards plantation level. The following method is used to meet this target: A template is sent to our suppliers for them to disclose the traceability information – we collect the templates from our suppliers and consolidate the information, cross-check correctness and update our supplier dashboard. This data is also used for further risk assessments, e.g. in the context of Global Forest Watch (GFW). We are already sourcing close to 100% of palm products in Europe RSPO certified. We are working on continuously increasing the percentage of palm (kernel) oil sourced as RSPO mass balance and segregated. We have asked all of our suppliers to provide us with traceability information, i.e. a list of mills delivering into our supply, and where possible, plantations. With this information, we have conducted a risk assessment of the mills in our supply chain and mapped our palm oil supply. With this map, we can react more quickly to sustainability issues in our supply chain and are planning to monitor deforestation more closely with the remote sensing tool which we are currently developing. With these combined efforts we are planning to meet this target.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025, and source 100% sustainable palm products by 2020. It is the next step in our long history of investing in a sustainable supply chain. It is therefore our goal that by 2025 we will be using 100% certified physical sustainable palm oil.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO Segregated
RSPO Mass Balance

Start year

2016

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

54

Please explain

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025. It is the next step in our long history of investing in a sustainable supply chain. In order to meet our commitment of 100% sustainable palm products by 2022 and this target, we require all suppliers to work with their supply chains towards the stated principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes, namely • RSPO • POIG verification While recognizing that standards are evolving and that we cannot expect all of our suppliers to comply today, we are strongly committed to only work with suppliers who can demonstrate compliance to the above stated standards and principles by 2022. For this reason, our Sustainable Sourcing Policy for Palm Oil applies to all suppliers of palm oil, palm kernel oil and their derivatives and blends in our supply chain. Our Supplier Code lays out our minimum requirements and expectations towards all our suppliers. Adding on to or specifying the requirements from the Supplier Code, below we highlight some of the main principles which are the foundation to creating a more sustainable palm oil sector. • Only buying from legal sources. • Stopping native vegetation clearance for palm oil production and the degradation of ecologically sensitive areas (e.g. peatland), as defined through the application of the High Conservation Value (HCV) and High Carbon Stock (HCS) approach and implementing a no deforestation, no peat, no exploitation (NDPE) policy. • Protecting rare, threatened and endangered species. • Driving positive economic and social impact and overall livelihood improvement for people and communities, including smallholder farmers, and protecting land tenure rights of local communities. • Resolving complaints and conflicts through an open, transparent and consultative process. • Enhancing transparency and traceability in the supply chain to mill level and working towards achieving transparency to plantation level. With these combined efforts we are planning to meet this target.

Target reference number

Target 3

Forest risk commodity

Palm oil

Type of target

Engagement with direct suppliers

Description of target

As part of our Forever Chocolate Strategy, Barry Callebaut has committed to sourcing 100% sustainable ingredients by 2025, and 100% sustainable palm products by 2020. In this context, engagement with direct suppliers plays an important role. In sum, we engage with 100% of our palm oil suppliers in order to understand their activities, hold them accountable for potential issues or risks in their supply chains and support them in the process.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2022

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

How we have met this target: The first step of our engagement strategy with our direct suppliers is through the communication of our Supplier Code and sustainable sourcing policies as part of the onboarding process, in order to clearly communicate our requirements. We then furthermore assess our suppliers' current status and objectives through questionnaires, which help us to kickstart the conversation on environmental and social topics with our suppliers. Furthermore, we encourage our suppliers to become certified and engage in a wide range of multi-stakeholder initiatives, such as RSPO, POIG or SAI, and encourage suppliers to do the same. All of our suppliers need to sign the Supplier Code and respective Sustainable Sourcing Policies when onboarding. Through our newly introduced supplier tool we have reached out to all suppliers onboarded within the last year to fill in a questionnaire on their sustainability activities, and are planning to distribute this questionnaire to all suppliers over the next year. Additionally, we are engaging in one-on-one discussion with all of our major palm oil suppliers.

Target reference number

Target 4

Forest risk commodity

Soy

Type of target

Third-party certification

Description of target

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025. It is the next step in our long history of investing in a sustainable supply chain. We buy a significant volume of soy lecithin certified against the Proterra and Donausoja standards. We have been working with ProTerra and have committed ourselves to increase certified sustainable soy supply to 100% by 2025.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

ProTerra certification

Start year

2016

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

60

Please explain

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025. It is the next step in our long history of investing in a sustainable supply chain. We buy a significant volume of soy lecithin certified as non-GMO. We have been working with ProTerra and RTRS and have committed ourselves to increase certified sustainable soy supply to 100% by 2025. In order to meet our commitment of 100% sustainable ingredients and this target by 2025, we require all suppliers to work with their supply chains towards the stated principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes, namely • Proterra (preferred) • RTRS • Donausoja • ISCC Plus with add-ons "environmental management and biodiversity" and "classified chemicals" • Sustainable Agriculture Initiative (SAI), minimum silver level While recognizing that standards are evolving and that we cannot expect all of our suppliers to comply today, we are strongly committed to only work with suppliers who can demonstrate compliance to the above stated standards and principles by 2025. Due to sharp increase in demand, global soy production area has been greatly expanded. This expansion exacerbated related sustainability challenges. We are concerned about the environmental and social impacts of soy production and expect all actors in our supply chain to share this concern. Our Sustainable Sourcing Policy for Soy applies to all suppliers of soy products in our supply chain. This includes soy oil and soy lecithin used for chocolate production, as well as soy used for feed in our dairy supply chain. Adding on to or specifying the requirements from the Supplier Code, below we highlight some of the main principles which in our view are the foundation to creating a more sustainable soy sector: • Stopping native vegetation clearance for soy production and the degradation of ecologically sensitive areas, as defined through the application of the HCV and HCS approach. With these combined efforts we are planning to meet this target.

Target reference number

Target 5

Forest risk commodity

Soy

Type of target

Traceability

Description of target

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025. It is the next step in our long history of investing in a sustainable supply chain. As part of our commitment to become carbon and forest positive, our goal is that by 2025, our soy supply volume will be 100% traceable to the first collection point.

Linked commitment

Zero net/gross deforestation

Traceability point

First importer

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved**Please explain**

So far we have mapped our supply chain to country level and have achieved mapping to municipality level with selected suppliers. We already buy a significant volume of soy lecithin certified as non-GMO. We have been working with ProTerra and have committed ourselves to increase certified sustainable soy supply to 100% by 2025. We are also committed to increase the level of transparency and traceability in the supply chain to the first collection point.

Target reference number

Target 6

Forest risk commodity

Soy

Type of target

Engagement with direct suppliers

Description of target

As part of our Forever Chocolate Strategy, Barry Callebaut has committed to sourcing 100% sustainable ingredients by 2025. In this context, engagement with direct suppliers plays an important role. In sum, we engage with 100% of our soy suppliers in order to understand their activities, challenge them to do more and support them in the process.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

How we have met this target: The first step of our engagement strategy with our direct suppliers is through the communication of our Supplier Code and sustainable sourcing policies as part of the onboarding process, in order to clearly communicate our requirements. We then furthermore assess our suppliers' current status and objectives through questionnaires, which help us to kickstart the conversation on environmental and social topics with our suppliers. Furthermore, we encourage our suppliers to become certified and engage in a wide range of multi-stakeholder initiatives, such as Proterra, RTRS or SAI. All new soy suppliers signed the Supplier Code and Sustainable Sourcing Policy for Soy. Existing and new suppliers also filled out the newly introduced questionnaire on sustainability activities and progress. In addition, we engaged in one-on-one discussions with selected suppliers on specific sustainability-related issues. All of our suppliers need to sign the Supplier Code and respective

Sustainable Sourcing Policies when onboarding. Furthermore, through our newly introduced supplier tool we have reached out to all suppliers onboarded within the last year to fill in a questionnaire on their sustainability activities, and are planning to distribute this questionnaire to all suppliers over the next year. Additionally, we are engaging in one-on-one discussion with all of our major soy suppliers.

Target reference number

Target 7

Forest risk commodity

Other - Cocoa

Type of target

Third-party certification

Description of target

Through our Forever Chocolate movement, our plan is to make sustainable chocolate the norm by 2025. It is the next step in our long history of investing in a sustainable supply chain. It is therefore our goal that by 2025, our cocoa supply volume will be 100% sustainably sourced.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

Other, please specify (Rainforest Alliance (incl. UTZ), Fairtrade, Organic, Cocoa Horizons program, Client programs (eg. Cocoa Life of Mondelez))

Start year

2016

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

47

Please explain

By 2025, the company has a target to source 100% sustainable ingredients which fall under the sustainability certifications as mentioned above. Additionally, the company has a strong commitment to become carbon and forest positive and thus not to contribute to deforestation and forest degradation. The commitment spans both the supply chain and production.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes	Methods used to trace forest risk commodities back to the point to which the commodity is traceable: We have identified the mills in our supply chain for 100% of the volume we buy and are regularly updating this supply chain mapping exercise. Together with our suppliers we are working towards increasing transparency and traceability towards plantation level. The following method is used: A template is sent to our suppliers for them to disclose the traceability information – we collect the templates from our suppliers and consolidate the information, cross-check correctness and update our supplier dashboard. This data is also used for further risk assessments, e.g. in the context of Global Forest Watch (GFW). We are already sourcing 100% of straight palm oil in Europe RSPO certified. We are working on continuously increasing the percentage of palm (kernel) oil sourced as RSPO mass balance and segregated. We have asked all of our suppliers to provide us with traceability information, i.e. a list of mills delivering into our supply, and where possible, plantations. With this information, we have conducted a risk assessment of the mills in our supply chain and mapped our palm oil supply. With this map, we can react more quickly to sustainability issues in our supply chain and are planning to monitor deforestation more closely with the remote sensing tool which we are currently developing.	Please select	We have identified the mills in our supply chain for 100% of the volume we buy and are regularly updating this supply chain mapping exercise in order to increase the percentage of consumption volume traceable.
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes	Methods used to trace forest risk commodities back to the point to which the commodity is traceable: So far we have mapped our supply chain to country level. The following method is used: A similar template as in the case of palm oil (different structure) is sent to our suppliers for them to disclose the traceability information – we collect the templates from our suppliers and consolidate the information, cross-check correctness and update our supplier dashboard. This data is also used for further risk assessments, e.g. in the context of Global Forest Watch (GFW). We buy a significant volume of soy lecithin certified as non-GMO. We have been working with ProTerra and RTRS and have committed ourselves to increase certified sustainable soy supply to 100% by 2025. Currently, we are already sourcing 60% of soy lecithin that is ProTerra certified. In order to meet our commitment of 100% sustainable ingredients by 2025, we require all suppliers to work with their supply chains towards the stated principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes, namely • Proterra (preferred) • RTRS • Donausoja • ISCC Plus with add-ons "environmental management and biodiversity" and "classified chemicals" • Sustainable Agriculture Initiative (SAI), minimum silver level	Not applicable	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	Barry Callebaut uses a paper-based traceability system; since 2018 we are piloting a digital traceability system. The system will be scaled to whole direct supply operations in the future. At the moment cocoa deliveries are traceable from a cooperative (or equivalent) to Barry Callebaut's gate. Each farmer who delivers cocoa receives a receipt (incl. statement of premium amount) for every single delivery. Each truck delivery from a cooperative has a unique code and is tracked in Barry Callebaut's sourcing system. Additionally, we aim to have a full farm traceability by 2025 – that is to have all farmers and their farms mapped with a GPS to trace our volume back to the farm level.	Country/geographical area Specific supplier(s)	
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Mill	100
Soy	Country	100
Other - Cocoa	Farm	8.7

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes	100
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Yes	60
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes	47
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Segregated

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

18

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

13944

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Around 54% of our procured palm oil products is RSPO certified. Of this, 34% is certified through RSPO Segregated supply. Actions taken in the last year to improve and/or maintain the third-party certification system in place: We have committed to source 100% sustainable palm oil by 2022 and track this target regularly (quarterly board updates). In the 2019/20 financial year, we have not only maintained, but continued to increase the share of certified palm oil that we source. We have actively engaged in the RSPO revision of principles and criteria to improve credibility of the standard. Furthermore, we have engaged our suppliers and customers to drive uptake of RSPO in our supply chains and increase our certified sourcing efforts. In addition, the recently updated Supplier Code details our expectations towards suppliers with regards to compliance with laws and regulations, human rights as well as environmental impact. It contains mandatory requirements that we expect all our suppliers to comply with as well as guidance for continuous improvement that helps suppliers to further improve beyond the minimum requirements, in addition to the certification schemes. It is shared with and needs to be acknowledged by all our suppliers. In addition, we have published a sustainable sourcing guideline and developed a set of ingredient-specific guidelines with detailed provisions for palm oil products. The Sustainable Sourcing Policy for Palm Oil contains Sustainable Palm Oil Principles which are the foundation to creating a more sustainable palm oil sector. Example: Palm Oil company Felda was sanctioned by RSPO for their breaches of the certification's principles. After the report on Felda came out, we have initiated an internal review and are seeking to phase out our supplier relationship with the company based on these allegations. We also teamed up with the EcoVision Lab of ETH Zurich (Swiss Federal Institute of Technology) to jointly develop a satellite-based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, automatically. Once finalized, we will make the methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

36

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

27629

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Around 54% of our procured palm oil products is RSPO certified. Of this, 66% is RSPO Mass Balance certified. Actions taken in the last year to improve and/or maintain the third-party certification system in place: We have committed to source 100% sustainable palm oil by 2022 and track this target regularly (quarterly board updates). In the 2019/20 financial year, we have not only maintained, but continued to increase the share of certified palm oil that we source. We have actively engaged in the RSPO revision of principles and criteria to improve credibility of the standard. Furthermore, we have engaged our suppliers and customers to drive uptake of RSPO in our supply chains and increase our certified sourcing efforts. In addition, the recently updated Supplier Code details our expectations towards suppliers with regards to compliance with laws and regulations, human rights as well as environmental impact. It contains mandatory requirements that we expect all our suppliers to comply with as well as guidance for continuous improvement that helps suppliers to further improve beyond the minimum requirements, in addition to the certification schemes. It is shared with and needs to be acknowledged by all our suppliers. In addition, we have published a sustainable sourcing guideline and developed a set of ingredient-specific guidelines with detailed provisions for palm oil products. The Sustainable Sourcing Policy for Palm Oil contains Sustainable Palm Oil Principles which are the foundation to creating a more sustainable palm oil sector. Example: Palm Oil company Felda was sanctioned by RSPO for their breaches of the certification's principles. After the report on Felda came out, we have initiated an internal review and are seeking to phase out our supplier relationship with the company based on these allegations. We also teamed up with the EcoVision Lab of ETH Zurich (Swiss Federal Institute of Technology) to jointly develop a satellite-based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, automatically. Once finalized, we will make the methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level.

Forest risk commodity

Soy

Third-party certification scheme

ProTerra certification

Chain-of-custody model used

Identity preservation

% of total production/consumption volume certified

60

Form of commodity

Soy bean oil
Soy derivatives

Volume of production/ consumption certified

2990

Metric for volume

Metric tons

Is this certified by more than one scheme?

Please select

Please explain

//Actions taken in the last year to improve and/or maintain the third-party certification system in place (M --> L): We have committed to source 100% sustainable soy lecithin by 2025 and track this target regularly (quarterly board updates). The recently updated Supplier Code details our expectations towards suppliers with regards to compliance with laws and regulations, human rights as well as environmental impact. It contains mandatory requirements that we expect all our suppliers to comply with as well as guidance for continuous improvement that helps suppliers to further improve beyond the minimum requirements, in addition to the certification schemes. It is shared with and needs to be acknowledged by all our suppliers. In addition, we have published a sustainable sourcing guideline and developed a set of ingredient-specific guidelines with detailed provisions for soy products. The Sustainable Sourcing Policy for Soy contains Sustainable Soy Principles which are the foundation to creating a more sustainable soy sector. Example: We teamed up with the EcoVision Lab of ETH Zurich (Swiss Federal Institute of Technology) to jointly develop a satellite-based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, automatically. Once finalized, we will make the methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level.

Forest risk commodity

Other - Cocoa

Third-party certification scheme

Other, please specify (Fairtrade, Organic, UTZ, Rainforest Alliance and any combination of those)

Chain-of-custody model used

Please select

% of total production/consumption volume certified

47

Form of commodity

Other, please specify (Cocoa beans, cocoa butter, cocoa powder)

Volume of production/ consumption certified

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

As part of our Forever Chocolate Strategy, Barry Callebaut has committed to sourcing 100% sustainable ingredients by 2025.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Credits/Book & Claim

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

46

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Volume of production/ consumption certified

35392

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Around 46% of our procured palm oil products (the proportion which is not covered by RSPO Mass Balance and Segregated) is RSPO Credits/Book & Claim certified.

Actions taken in the last year to improve and/or maintain the third-party certification system in place: We have committed to source 100% sustainable palm oil by 2022 and track this target regularly (quarterly board updates). In the 2019/20 financial year, we have not only maintained, but continued to increase the share of certified palm oil that we source. We have actively engaged in the RSPO revision of principles and criteria to improve credibility of the standard. Furthermore, we have engaged our suppliers and customers to drive uptake of RSPO in our supply chains and increase our certified sourcing efforts. In addition, the recently updated Supplier Code details our expectations towards suppliers with regards to compliance with laws and regulations, human rights as well as environmental impact. It contains mandatory requirements that we expect all our suppliers to comply with as well as guidance for continuous improvement that helps suppliers to further improve beyond the minimum requirements, in addition to the certification schemes. It is shared with and needs to be acknowledged by all our suppliers. In addition, we have published a sustainable sourcing guideline and developed a set of ingredient-specific guidelines with detailed provisions for palm oil products. The Sustainable Sourcing Policy for Palm Oil contains Sustainable Palm Oil Principles which are the foundation to creating a more sustainable palm oil sector. Example: Palm Oil company Felde was sanctioned by RSPO for their breaches of the certification's principles. After the report on Felde came out, we have initiated an internal review and are seeking to phase out our supplier relationship with the company based on these allegations. We also teamed up with the EcoVision Lab of ETH Zurich (Swiss Federal Institute of Technology) to jointly develop a satellite-based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale, automatically. Once finalized, we will make the methodology publicly available. Most importantly, it will allow us to hold our suppliers accountable at a different level.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

Our Supplier Code of Conduct and Sustainable Sourcing Policies are communicated to all suppliers during onboarding and need to be signed by them. This includes a commitment towards no deforestation and protection of valuable ecosystems. We actively monitor our suppliers' progress and compliance with these policies which includes mapping and traceability to mill level, monitoring of forest loss and other deforestation risk data obtained through Global Forest Watch and Conservation International, as well as (in the future) satellite monitoring. We engaged directly with suppliers who are deemed with potential non-compliance, and excluded non-compliant supplier(s) from our supply chain. We require the SMETA supplier-level audit system and source certified products that have been audited by third party auditors to be compliant with the RSPO standard. We have an open grievance mechanism that allows complaints to be sent to us with regards to alleged non-compliance with our policy.

Monitoring and verification approach

Geospatial monitoring tool

First-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Please explain

Details on the monitoring frequency: We continuously monitor the compliance of our suppliers with our policies through a variety of tools as described above. Variation of Barry Callebaut's response to supplier non-compliance depending on the severity of the non-compliance: We have an open grievance mechanism communicated through our Supplier Code that allows complaints to be sent to us with regards to alleged non-compliance with our policy. In case a non-compliance is detected, we request our suppliers to share with us their remediation plan including timely milestones. Only in cases where non-compliances persist over time or suppliers do not show a commitment towards improvement, we suspend sourcing with the respective supplier.

Forest risk commodity

Soy

Operational coverage

Supply chain

Description of control systems

Our Supplier Code of Conduct and Sustainable Sourcing Policies are communicated to all suppliers during onboarding and need to be signed by suppliers to acknowledge and commit to the principles in these documents. This includes a commitment towards no deforestation and protection of valuable ecosystems. We actively monitor our suppliers' progress and compliance with these policies which includes an aspiration to mapping and traceability to the first collection point (not yet fully implemented), monitoring of forest loss and other deforestation risk data obtained through Global Forest Watch, as well as (in the future) satellite monitoring. Furthermore, we require source certified products that have been audited by third party auditors to be compliant with the Proterra standard. We also have an open grievance mechanism communicated through our Supplier Code that allows complaints to be sent to us with regards to alleged non-compliance with our policy.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

51-60%

% of total suppliers in compliance

21-30%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Please explain

Details on the monitoring frequency: We continuously and actively monitor our suppliers' progress and compliance with these policies through a combination of approaches as described above. Variation of Barry Callebaut's response to supplier non-compliance depending on the severity of the non-compliance: We have an open grievance mechanism communicated through our Supplier Code that allows complaints to be sent to us with regards to alleged non-compliance with our policy. In case a non-compliance is detected, we request our suppliers to share with us their remediation plan including timely milestones. Only in cases where non-compliances persist over time or suppliers do not show a commitment towards improvement, we suspend sourcing with the respective supplier.

Forest risk commodity

Other - Cocoa

Operational coverage

Supply chain

Description of control systems

Monitoring and verification approach

Please select

% of total volume in compliance

Please select

% of total suppliers in compliance

Please select

Response to supplier non-compliance

Please select

Procedures to address and resolve non-compliance with suppliers

Please select

Please explain

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Yes, from suppliers	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, from suppliers	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Palm oil

Procedure to ensure legal compliance

Description of the procedure followed to ensure legal compliance: Legal compliance is a key element in our Supplier Code as well as our specific sustainable sourcing policies, which need to be signed and acknowledged by all suppliers. For example, the Code requires only buying from legal sources, stopping native vegetation clearance for palm oil production and the degradation of ecologically sensitive areas (e.g. peatland), protecting rare, threatened and endangered species, driving positive economic and social impact and overall livelihood improvement for people and communities, including smallholder farmers, and protecting land tenure rights of local communities, resolving complaints and conflicts through an open, transparent and consultative process, and enhancing transparency and traceability in the supply chain to mill level and working towards achieving transparency to plantation level. Methods and/or tools used to assure legal compliance: To monitor whether suppliers adhere to these standards we work with the SMETA audit system on supplier level, as well as sustainability certification to legal ensure compliance beyond our tier 1 suppliers. Through our traceability and monitoring work we are furthermore seeking to ensure that legally protected forest areas are not encroached on or converted. Why the procedures in place are sufficient to ensure legal compliance within our operations and supply chain: The combined effect of our Supplier Code, Sustainable Sourcing policies, the SMETA supplier-level audit system, internal compliance monitoring, and sustainability certification have proven to be sufficient in ensuring legal compliance within our operations and supply chain. As a result, we already have a few suppliers on the non-compliance list that we no longer source from as they violated laws related to labor rights.

Country/Area of origin

Indonesia
Malaysia

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Soy

Procedure to ensure legal compliance

Description of the procedure followed to ensure legal compliance: Legal compliance is a key element in our Supplier Code as well as our specific sustainable sourcing policies, which need to be signed and acknowledged by all suppliers. Methods and/or tools used to assure legal compliance: To monitor whether suppliers adhere to these standards we work with the SMETA audit system on supplier level, as well as sustainability certification to ensure compliance beyond our tier 1 suppliers. Through our traceability and monitoring work we are furthermore seeking to ensure that legally protected forest areas are not encroached on or converted. Why the procedures in place are sufficient to ensure legal compliance within our operations and supply chain: The combined effect of our Supplier Code, Sustainable Sourcing policies, the SMETA supplier-level audit system, and sustainability certification have proven to be sufficient in ensuring legal compliance within our operations and supply chain.

Country/Area of origin

Brazil
India

Law and/or mandatory standard(s)

General assessment of legal compliance
Brazilian Forest Code

Comment

Other - Cocoa

Procedure to ensure legal compliance

Procedure followed to ensure legal compliance and methods/tools used: Legal compliance is a key element in our Supplier Code as well as our specific sustainable sourcing policies, which need to be signed and acknowledged by all suppliers. To monitor whether suppliers adhere to these standards we work with the SMETA audit system on supplier level, as well as sustainability certification to ensure compliance beyond our tier 1 suppliers. Through our traceability and monitoring work we are furthermore seeking to ensure that legally protected forest areas are not encroached on or converted. Why the procedures in place are sufficient to ensure legal compliance within our operations and supply chain: The combined effect of our Supplier Code, Sustainable Sourcing policies, the SMETA supplier-level audit system, and sustainability certification have proven to be sufficient in ensuring legal compliance within our operations and supply chain.

Country/Area of origin

Cameroon
Colombia
Côte d'Ivoire
Ecuador
Guinea
Honduras
Indonesia
Liberia
Madagascar
Mexico
Nicaragua
Nigeria
Philippines
United Republic of Tanzania
Venezuela (Bolivarian Republic of)

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, working with smallholders	Capacity building	Offering on-site technical assistance and extension services Organizing capacity building events Supporting smallholders to clarify and secure land tenure Prioritizing support for smallholders in high-risk deforestation regions	564	Main strategy of engagement: Climate change, deforestation and poverty are global issues that go beyond the reach of single companies or governments; it takes public-private cooperation to solve them. Barry Callebaut participates in such partnerships that also address the issues and needs of smallholders. A central strategy element in the context of these engagements is delinking commodity productions from deforestation and bringing the land under sustainable production, while at the same time increasing the demand for sustainable products globally. Through this, innovative, business driven approaches are applied to create new jobs, sustainable industries, and new business models to have large scale positive impact on climate change, deforestation, gender, wages, etc. Smallholder engagement example: Barry Callebaut engaged with Wild Asia Group Scheme (WAGS). The Wild Asia Group Scheme (WAGS) aims to support small independent palm oil producers (i.e. farmers with less than 40 hectares that are not formally linked to a particular extension scheme or mill) to improve their farming practices and achieve compliance with RSPO. WAGS identified local partners that are willing to nurture small producer groups, helping to build bridges between the industry and smallholders. WAGS provides a centralized management system, local coordination, technical assistance and training, to support the producer groups on the path towards greater sustainability and certification.
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	Our direct suppliers look after the smallholders, Barry Callebaut is not directly involved.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working with smallholders	Capacity building Financial and commercial incentives	Providing agricultural inputs Investing in pilot projects Financial incentives for certified products		Description of engagement strategy: The main goal is to lift farmers out of poverty by providing training and farm services which as an end result increase farmer's productivity and preserve natural resources. Additionally, as a result this approach will reduce the occurrence of child labour due to the increase of income and increased awareness of farmer households about sustainability-related issues. The total number of smallholder farmers engaged: We aim to have 500,000 farmers out of poverty by 2025. In our direct sourcing, we work with 208,000 farmers who are either certified under one of the eligible sustainability standards or are members of Cocoa Horizons / client program farmer groups. In 2018, we provided farm services to 12,000 farmers; GAP training to 142 farmers; child labor training to 105,000 farmers. Example of activities: • GAP, child labour, environmental protection training • Cocoa and shade trees seedling distribution • Farm Development Plan services • Productivity Packages services • Child Labour Monitoring and Remediation System
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Organizing capacity building events Financial incentives for certified products	100%	Description of main strategy of engagement: The first step of our engagement strategy with our direct suppliers is through the communication of our Supplier Code and sustainable sourcing policies as part of the onboarding process, in order to clearly communicate our requirements. We then furthermore assess our suppliers' current status and objectives through questionnaires, which help us to kickstart the conversation on environmental and social topics with our suppliers. Furthermore, we encourage our suppliers to become certified and engage in a wide range of multi-stakeholder initiatives, such as RSPO, POIG or SAI, and encourage suppliers to do the same. Example of direct supplier engagement activities: All new palm oil suppliers signed the Supplier Code and Sustainable Sourcing Policy for Palm Oil. Existing and new suppliers also filled out the newly introduced questionnaire on sustainability activities and progress. In addition, we engaged in one-on-one discussions with selected suppliers on specific sustainability-related issues. All of our suppliers need to sign the Supplier Code and respective Sustainable Sourcing Policies when onboarding. Furthermore, through our newly introduced supplier tool we have reached out to all suppliers onboarded within the last year to fill in a questionnaire on their sustainability activities, and are planning to distribute this questionnaire to all suppliers over the next year. Additionally, we are engaging in one-on-one discussion with all of our major palm oil suppliers. In sum, we engage with 100% of our palm oil suppliers in order to understand their activities, challenge them to do more and support them in the process. Number of direct suppliers engaged: 17
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Organizing capacity building events Financial incentives for certified products	100%	Description of main strategy of engagement: The first step of our engagement strategy with our direct suppliers is through the communication of our Supplier Code and sustainable sourcing policies as part of the onboarding process, in order to clearly communicate our requirements. We then furthermore assess our suppliers' current status and objectives through questionnaires, which help us to kickstart the conversation on environmental and social topics with our suppliers. Furthermore, we encourage our suppliers to become certified and engage in a wide range of multi-stakeholder initiatives, such as RSPO, POIG or SAI, and encourage suppliers to do the same. Example of direct supplier engagement activities: All new soy suppliers signed the Supplier Code and Sustainable Sourcing Policy for Soy. Existing and new suppliers also filled out the newly introduced questionnaire on sustainability activities and progress. In addition, we engaged in one-on-one discussions with selected suppliers on specific sustainability-related issues. All of our suppliers need to sign the Supplier Code and respective Sustainable Sourcing Policies when onboarding. Furthermore, through our newly introduced supplier tool we have reached out to all suppliers onboarded within the last year to fill in a questionnaire on their sustainability activities, and are planning to distribute this questionnaire to all suppliers over the next year. Additionally, we are engaging in one-on-one discussion with all of our major soy suppliers. In sum, we engage with 100% of our soy suppliers in order to understand their activities, challenge them to do more and support them in the process. Number of direct suppliers engaged: 7
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	Yes, working with direct suppliers	Supply chain mapping Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Financial incentives for certified products	100%	The first step of engagement with our direct suppliers is through the communication of our Supplier Code and sustainable sourcing policies as part of the onboarding process, in order to clearly communicate our requirements. We then furthermore assess our suppliers' current status and objectives through questionnaires, which help us to kickstart the conversation on environmental and social topics with our suppliers.
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators Offering on-site training and technical assistance Disseminating technical materials Participating in workshops Investing in pilot projects	Description of the main strategy of engagement: We engage with suppliers to map their supply chain for their first and second tier suppliers, when there is a change/addition to the non-compliance list, to mitigate risk exposure to non-compliant suppliers. Furthermore, we require suppliers to conduct SMETA audit, and we engage all suppliers on an annual basis on questionnaires related to traceability, as well as environmental and social aspects. Example of indirect supplier engagement activities completed in the last year: Through our support for Wild Asia Group Scheme (WAGS) program, we provide free technical advice, training and capacity building to help small producer groups meet certification standards and access international markets.
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	While our sustainable sourcing policies address the biggest impact in the respective supply chains (which are often beyond tier 1), we directly work with our tier 1 suppliers to address these topics. We expect our tier 1 suppliers to take ownership and responsibility for sustainability topics and support them in the implementation where necessary.
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

WBCSD Forests Solutions Group

Jurisdictional approaches

<Not Applicable>

Please explain

Description of our role within the activity: There is a natural fit between our purpose to make sustainable chocolate the norm and WBCSD's purpose to define business solutions to sustainable challenges. Our WBCSD membership and its thematic working groups will allow us to scale up its impact beyond. Consumers are becoming increasingly conscious of how sustainably their food is produced. As a leading manufacturer of chocolate and cocoa, we are committed to ensuring that many of our products are produced responsibly. We joined the WBCSD to further developing this approach. Concrete example: our participation in WBCSD's Climate Smart Agriculture (CSA) program: Agricultural production systems must be transformed to achieve greater productivity, be more resource efficient, and more resilient to risks, shocks and climate variability. WBCSD has convened companies from the food and agriculture sector to address the dual challenges of climate change, and the need to satisfy the nutritional requirements of a growing global population. CSA focuses on achieving this while preserving natural resources and improving livelihoods of farmers around the world. How the activity fits within our environmental strategy: Our strategy is to make sustainable chocolate the norm by 2025. There is a natural fit between our ambitions and WBCSD's purpose to define business solutions to sustainability challenges. The WBCSD membership and its thematic working groups will allow us to scale up its impact. Our RSPO/POIG engagements specifically complement our environmental strategy and WBCSD membership by focussing on the provision of sustainably certified palm oil, which is one of the pillars of our corporate level Forever Chocolate strategy: Have 100% sustainable ingredients in all of our products by 2025. This also aligns with our sustainable palm oil policy, including stopping native vegetation clearance, protecting rare, threatened and endangered species, driving positive economic and social impact and overall livelihood improvement for people and communities, enhancing transparency and traceability in the supply chain to mill level and working towards achieving transparency to plantation level.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Sustainable Agricultural Initiative (SAI)

Jurisdictional approaches

<Not Applicable>

Please explain

Description of our role within the activity: There is a natural fit between our purpose to make sustainable chocolate the norm and the Sustainable Agriculture Initiative (SAI) where we are a member. Its aim is to support the development of sustainable agriculture worldwide, via capacity building, based on R&D activities undertaken by SAI, its members and other stakeholder groups, and communicating about sustainable agriculture towards food industries as well as all food chain stakeholders. SAI Platform is a non-profit network with over 130 members worldwide and one of the primary global food & drink value chain initiatives for sustainable agriculture. They are dedicated to a sustainable, thriving and resilient agricultural sector that protects the earth's resources, human rights and animal welfare. SAI believes in harnessing the collaborative power of the members to accelerate the widespread adoption of sustainable agriculture practices and the transformation to sustainable food systems. Examples of SAI's work include annual conferences on sustainable agriculture, executives training on rolling out sustainability in the food chain. We are an active member in the crops working group as well as the North America committee and engaged in the review of the FSA tool which is also applicable to soy. How the activity fits within our environmental strategy: Our strategy is to make sustainable chocolate the norm by 2025. There is a natural fit between our ambitions and the SAI's focus on sustainable agriculture capacity building. Being a food producer dependent on agricultural commodities, our SAI engagement perfectly complements our environmental strategy and helps us to drive achievement towards one of the pillars of our strategy: Have 100% sustainable ingredients in all our products.

Forest risk commodity

Other - Cocoa

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Other, please specify (Cocoa and Forests Initiative (CFI))

Jurisdictional approaches

<Not Applicable>

Please explain

In order to find an industry-wide solution to deforestation across the value chain, Barry Callebaut was one of the first signatories of the Cocoa and Forests Initiative (CFI). The CFI is an industry commitment, organized by the World Cocoa Foundation, the Prince of Wales' International Sustainability Unit (ISU) and the Sustainable Trade Initiative (IDH) to end deforestation and forest degradation in the West-African cocoa supply chain.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

Primary motivation: Barry Callebaut has committed to become forest and carbon positive by 2025 under its Forever Chocolate plan, which includes a commitment to be 100% deforestation-free and even forest positive by 2025. Forever Chocolate is our plan to make sustainable chocolate the norm by 2025. As the world's leading manufacturer of high-quality chocolate and cocoa products, we have a moral obligation as well as a business interest to tackle forest-related issues in the chocolate supply chain. We therefore voluntarily support and implement projects like the one described here, which focus on ecosystem restoration and protection. In this context, we are collaborating with the Swiss Federal Institute of Technology (ETH) Zurich on a remote sensing tool that will allow us to monitor land use change in our supply chains, applying the High Carbon Stock Approach (HCSA). This will also help us to identify the landscapes which are worth protecting but do not have the according legal status. In cases where we judge, on the basis of this knowledge, the local legislation to be insufficient, we will work with governments to take action and adapt the existing laws accordingly. Barry Callebaut will help protect HCS levels 1 and 2 and will support and facilitate the restoration of HCS levels 3 and 4. Additionally, a range of certification schemes which we support, including Rainforest Alliance and the Roundtable on Sustainable Palm Oil (RSPO), have applied the High Carbon Stock Approach (HCS). Hence, it is becoming increasingly important to find an efficient way to implement the approach across large landscapes. The innovation of this tool lies in the fact that we are developing an automated identification system of HCS categories based on remote sensing and deep machine learning. Also, once operational, we will make the tool available to the public, with the objective of maximizing its use to protect high carbon stock landscapes.

Start year

2017

Target year

2021

Project area to date (Hectares)

253500000

Project area in the target year (Hectares)

20400000000

Country/Area

Indonesia

Latitude

-0.0025

Longitude

110.779

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Biodiversity

Carbon sequestration

Soil

Water

Climate regulation

Please explain

Outcomes of the project to date: We have published a first of its kind large scale HCS map for Indonesia, Philippines and Malaysia. These maps classify landscapes according to HCS categories: High Density Forest, Medium Density Forest, Low Density Forest, Young Regenerating Forest, Scrub, and Cleared/Open Land. Each of these categories has a biodiversity, soil quality, water retention and carbon sequestration property. Tropical natural forests hold large stores of carbon and biodiversity and are critical for millions of indigenous and local peoples who depend on forests for their livelihoods. However, this carbon is released and biodiversity is lost when these forests are cleared – otherwise known as deforestation. The High Carbon Stock (HCS) Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected. The amount of carbon and biodiversity stored within an area of land varies according to the type of vegetative cover. The HCS Approach stratifies the vegetation in an area of land into six different classes using analyses of satellite data and ground survey measurements. These six classes are: High Density Forest, Medium Density Forest, Low Density Forest, Young Regenerating Forest, Scrub, and Cleared/Open Land. The first four classes are considered potential High Carbon Stock forests. Each vegetation class is validated through calibration with carbon stock estimates in the above-ground tree biomass and field checks. Community land rights and uses are mapped, and the HCS forest patches are further analysed via a Decision Tree to identify viable and optimal forest areas for potential protection and areas for development. Please also see: <https://www.barry-callebaut.com/en/group/media/news-stories/artificial-intelligence-against-deforestation>

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

Other, please specify (Management approach to material issues / sustainable/certified sourcing percentages)

Data points verified

F2.1b – goal to become carbon and forest positive, commitment to lift over 500,000 farmers out of poverty by 2025 (see Barry Callebaut's Forever Chocolate Progress Report 2019/20) F6.1a – % of target achieved (sustainable/certified material)

Verification standard

AA1000

Please explain

The aim of the process is to provide assurance to Barry Callebaut's stakeholders over the accuracy, reliability and objectivity of the reported information and that it covers the issues material to the business and its stakeholders.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

Forest risk commodity

Other - Cocoa

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Greater transparency

Comment

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Greater transparency

Comment

Forest risk commodity

Other - Cocoa

Coverage

Supply chain

Main measure

Greater transparency

Comment

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Chief Innovation, Sustainability & Quality Officer	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms