ANNUAL REPORT 2022/23

Creating chocolate happiness, one joyous moment at a time.

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This is Barry Callebaut

Growing the world of chocolate and cocoa

Sales volume

2.3 million

In tonnes

Volume growth

-1.1%

EBIT

659.4

In CHF million

Sales revenue

8.5 billion

In CHF

50.1 million

premiums generated from Cocoa Horizons products (in CHF)

1 out of 2

products sold containing 100% sustainable cocoa or chocolate

26

CHOCOLATE ACADEMY™ Centers

Around

190,000

chocolate professionals trained online and offline in 2022/23

66

factories worldwide

More than

13,000

employees

More than

175 years

of chocolate heritage

Doing business in

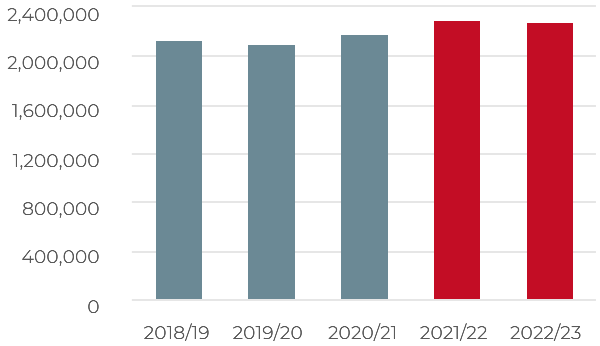
138

countries

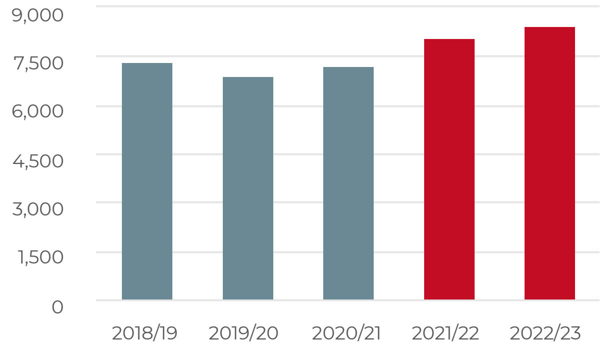
Key figures 2022/23

Sales volume	EBIT	Net profit	Free cash flow	Proposed dividend
2.3	**659.4**	**443.1**	**113.0**	**29.00**
million tonnes	**CHF million**	**CHF million**	**CHF million**	**CHF per share**
-1.1%	+12.2%[1] in local currencies	+9.6%[1] in local currencies		36% payout ratio

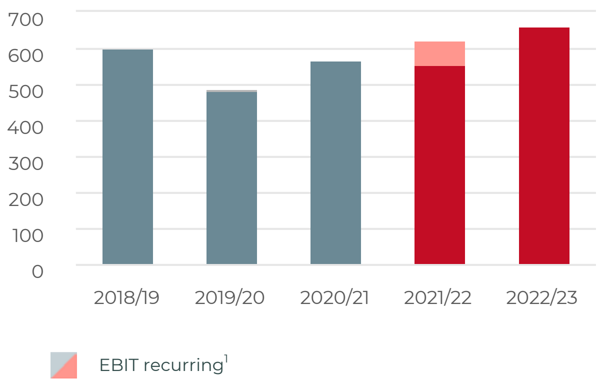
Sales volume
In tonnes



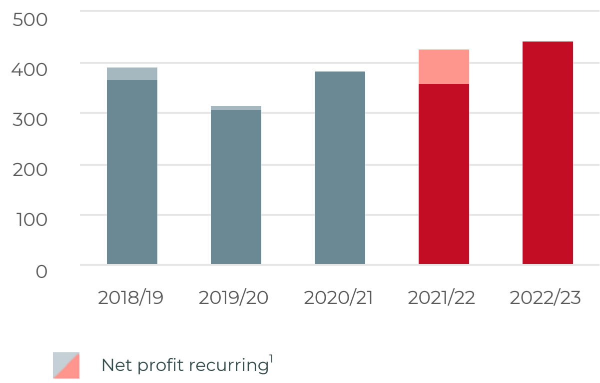
Sales revenue
In CHF million



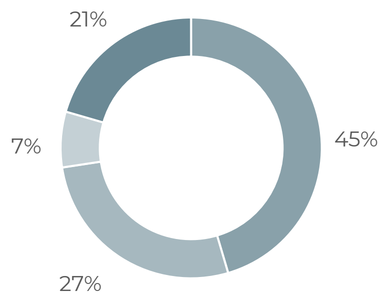
EBIT reported
In CHF million



Net profit reported
In CHF million

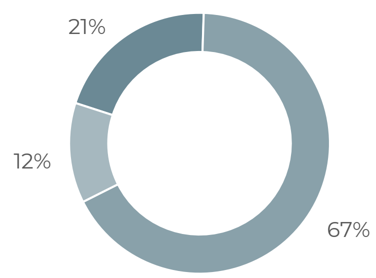


Sales volume by Region
In tonnes



EMEA	1,036,227
Americas	619,747
Asia Pacific	157,074
Global Cocoa	467,877

Sales volume by Product Group
In tonnes



Food Manufacturers	1,530,076
Gourmet & Specialties	282,972
Cocoa Products	467,877

[1] Compared to prior-year Operating profit (EBIT) recurring and Net profit recurring. Please refer to page 189 for the detailed recurring results reconciliation.

Fiscal year 2022/23 in brief

- **Growth in Q4 of +3.9%, bringing full year sales volume to 2.3 million tonnes (-1.1%)**
- **Sales revenue of CHF 8.5 billion, up +9.7% in local currencies (+4.7% in CHF)**
- **Operating profit (EBIT) of CHF 659.4 million, up +12.2%[2] in local currencies (+5.6%[2] in CHF)**
- **Net profit of CHF 443.1 million, up +9.6%[2] in local currencies (+3.4%[2] in CHF)**
- **Adjusted free cash flow[3] of CHF 251.8 million impacted by raw material prices**
- **Proposed dividend of CHF 29.00 per share, a payout ratio of 36%**

	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year	-0.4%	-4.6%	-2.0%	+2.4%
EBIT growth[2] vs. prior year in local currencies	+24.6%	+0.1%	-16.9%	+22.0%

[2] Compared to prior-year Operating profit (EBIT) recurring and Net profit recurring. Please refer to page 189 for the detailed recurring results reconciliation.
[3] Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

Letter to Shareholders

Setting the course for sustainable profitable growth

Dear Shareholders,

We are looking back on a year when we embarked on a journey to prepare ourselves for the next decade of sustainable profitable growth and long-term shareholder value creation. First of all, allow us to thank our over 13,000 colleagues worldwide for their ongoing strong dedication and commitment throughout the past year.

In fiscal year 2022/23, our total sales volumes of 2,280,925 tonnes were slightly below the previous year's level (-1.1%), as the global chocolate confectionery market declined by -1.0%[4]. Sales revenue amounted to CHF 8,470.5 million, up +9.7% in local currencies. Our Operating profit (EBIT) increased by +12.2% in local currencies (compared to prior-year EBIT recurring[5]). Net profit amounted to CHF 443.1 million, an increase of +9.6% in local currencies compared to the prior-year recurring[5] figure. Our adjusted Free cash flow[6] of CHF 251.8 million, compared to CHF 358.5 million in the prior fiscal year, was heavily impacted by high raw material prices, in particular for cocoa.

At the Annual General Meeting of Shareholders on December 6, 2023, the Board of Directors will propose an increased dividend of CHF 29.00 per share, corresponding to a payout ratio of 36% of the reported Net profit.

We achieved our results for the fiscal year 2022/23 against the backdrop of several internal and external factors, such as the inflationary pressures that have dampened consumer appetite in some of our key markets. Furthermore, we saw a significant increase in raw material prices, including the price of cocoa beans, which was on average +23.5% higher than in 2021/22. The price of raw sugar also rose by an average of +16.1% worldwide and +46.3% in Europe in fiscal year 2022/23.

Taking Barry Callebaut to the Next Level

Our mission is to be the heart and the engine *for* the global cocoa and chocolate industry. We have delivered robust growth for nearly 25 years. Given the current market situation and evolving customer demands for more sustainable and innovative products, it is now time to bring the Barry Callebaut Group to the next level by strategically investing in our future. Under the leadership of Peter Feld, who took over as CEO from Peter Boone in April, we announced in September 2023 *BC Next Level*, a CHF 500 million strategic investment program through 2025. With this, we will move decision-making closer to our markets and customers while fostering simplicity and digitalization to advance our well-recognized innovation and sustainability approach to deliver additional value for all our stakeholders.

At the heart of *BC Next Level* is a new operating model that increases the number of Regions from three to five and creates a true end-to-end Customer Supply & Development organization. In addition, the Executive Committee has been streamlined from nine to six members, including the appointment of some new key leaders. The rapid implementation of our *BC Next Level* program will lead to unlocking the full potential of Barry Callebaut for the decade to come and position us for sustainable profitable growth.

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[4] Source: Nielsen volume growth excluding e-commerce – 26 countries, September 2022 to August 2023, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.
[5] Refer to page 189 for the detailed recurring results reconciliation.
[6] Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

Chairman of the Board Patrick De Maeseneire and CEO Peter Feld.

Patrick De Maeseneire

Chairman of the Board

"We have embarked on a journey to secure the long-term success of the company that will benefit all stakeholders. With BC Next Level, Barry Callebaut is set to become even more customer-focused, agile, and efficient."

Peter Feld

CEO

"Our purpose is to create the world's best chocolate solutions for our customers – now and in the future. As the leader in the attractive, growing chocolate ingredients market and our strength in sustainability and innovation, we are ideally positioned to outgrow the market."

BC Next Level: Unlocking growth and creating a step-change in profitability and cash generation

In total, the investment program *BC Next Level* will position Barry Callebaut for sustainable profitable growth: the measures will move the company closer to customers and markets and digitalize the front and back ends. By optimizing its portfolio, go-to-market strategy, supply chain, and manufacturing, Barry Callebaut aspires to deliver the most sustainable and high-value solutions to customers. The program will bring Barry Callebaut to a higher profit margin and cash generation level and subsequently allow for a more attractive financial profile in the medium-term. The *BC Next Level* program will unlock CHF 250 million of cost savings, of which 75% are expected to flow-through to bottom line and will deliver a one-time step-function improvement in profit margin supporting the Group in building towards a 10% EBIT margin ambition.

Long-term profitability and growth plan to deliver value for all stakeholders

Barry Callebaut expects a 24-month transition period as it undertakes the actions necessary to create the profitable growth platform that delivers long-term value.

For the fiscal year 2023/24, Barry Callebaut sees flat volume, reflecting positive underlying growth, partially offset by *BC Next Level* actions, such as product rationalization and distributor optimization.

In addition, Barry Callebaut guides towards flat EBIT on a recurring basis (in local currencies and without *BC Next Level* one-time costs), reflecting first modest impact of permanent *BC Next Level* benefits, offset by product rationalization, distributor optimization and pricing actions taken to increase the value delivered to Gourmet customers.

In the fiscal year 2024/25, the Group expects to grow volume and EBIT modestly on an underlying basis (without *BC Next Level* one-time costs and permanent benefits), delivering a stronger EBIT growth including permanent benefits.

The company will deliver its long-term growth objective from the fiscal year 2025/26 onwards with Low Single-digit Plus to Mid Single-digit volume growth, and Mid Single-digit Plus to High Single-digit EBIT growth[7].

During the transition period, our dividend per share will not be lower than prior year.

We look to the future with great confidence and would like to thank all our employees again for their passion and commitment. We would also like to thank our customers for their partnership over the past year. Finally, we thank you, our valued shareholders, for your continued trust in us.

Patrick De Maeseneire
Chairman of the Board

Peter Feld
Chief Executive Officer

[7] FY 2025/26 still includes *BC Next Level* one-time costs and permanent benefits

Overview

Business at a Glance

Our vision

We are the heart and engine for the chocolate and cocoa industry.

Our values

Everything we do is rooted in our five core values: customer focus, passion, entrepreneurship, team spirit and integrity.

We believe in doing well to do good. This is also reflected by the fact that about 30% of our dividends support the Jacobs Foundation, which is dedicated to education and the future of young people.

Business model

We are the world's leading manufacturer of 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 able to provide our customers with value-adding products and services adapted to specific market needs, ahead of trends and at a competitive price. We serve the entire food industry – from global and local food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers.

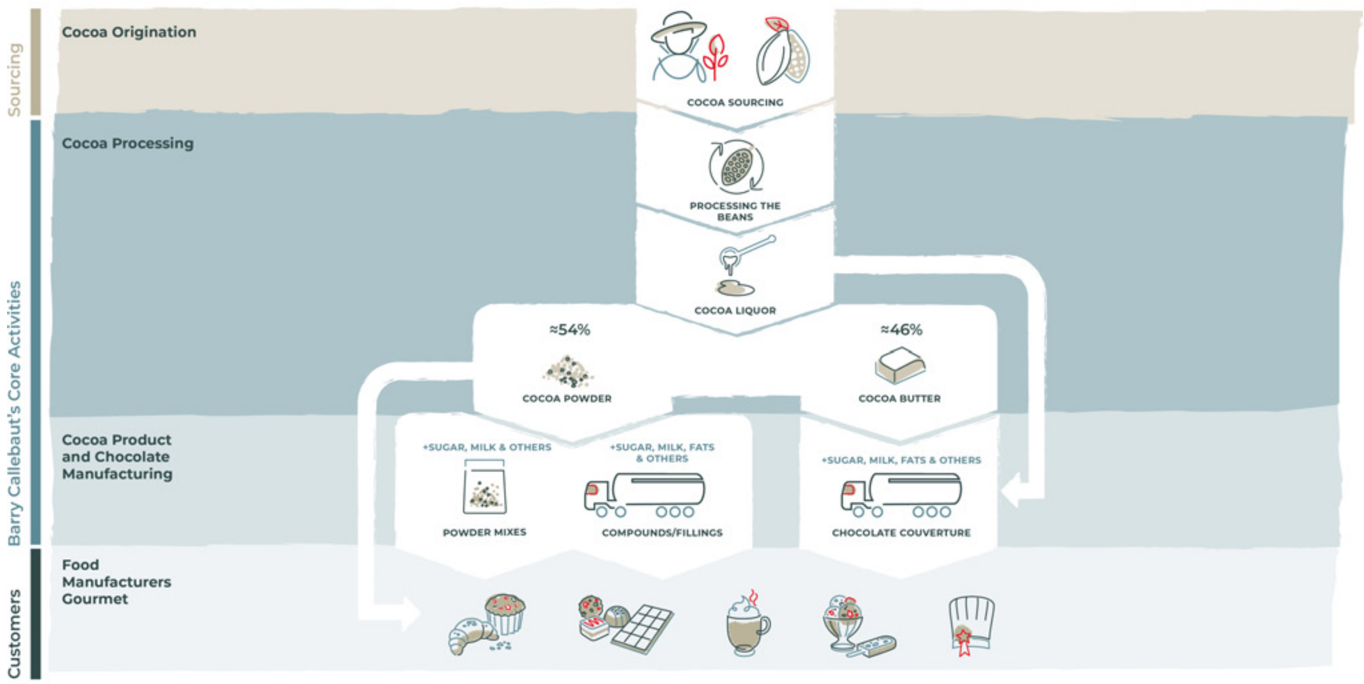
We are a business-to-business company. In order to accommodate price fluctuations in raw materials, we use a cost-plus pricing model that passes on raw material prices directly to our customers for a large part of our business.

Our input factors are talented people, profound chocolate and cocoa know-how, as well as unparalleled raw materials sourcing capabilities. Our output factors are high-quality chocolate and cocoa products complemented by value-adding services.

Competitive advantages

We are a fully vertically integrated business and have a unique global footprint with 66 factories and 26 CHOCOLATE ACADEMY™ Centers around the globe. With more than 175 years of chocolate heritage, our Group has an unparalleled blend of expertise in cocoa and chocolate, from the sourcing of the beans to insights into future consumer trends which we gather through our chefs network. Through our leadership in innovation, we help our customers grow. Combined with our cost leadership, this makes us the preferred outsourcing partner of the food industry. We have long-term partnership agreements with leading global and local food companies. We are present on the ground in all key origin countries and have a long-standing commitment to sustainability.

An overview of Barry Callebaut's value chain



5-Year Overview

Key figures Barry Callebaut Group[1]

		CAGR (%)	2022/23	2021/22	2020/21	2019/20	2018/19
Consolidated Income Statement							
Sales volume	Tonnes	1.6 %	2,280,925	2,306,681	2,191,572	2,095,982	2,139,758
Sales revenue	CHF m	3.8 %	8,470.5	8,091.9	7,207.6	6,893.1	7,309.0
Gross profit	CHF m	3.0 %	1,348.5	1,217.2	1,147.2	1,063.7	1,197.2
EBITDA (recurring)[2]	CHF m	3.7 %	897.3	860.6	795.2	711.9	775.0
Operating profit (EBIT)	CHF m	2.3 %	659.4	553.5	566.7	483.2	601.2
Operating profit (EBIT, recurring)[2]	CHF m	2.3 %	659.4	624.7	566.7	491.0	601.2
EBIT (recurring)[2] / sales revenue	%		7.8 %	7.7 %	7.9 %	7.1 %	8.2 %
EBIT (recurring)[2] per tonne	CHF	0.7 %	289.1	270.8	258.6	234.2	281.0
Net profit for the year	CHF m	4.7 %	443.1	360.9	384.5	311.5	368.7
Net profit for the year (recurring)[2]	CHF m	2.9 %	443.1	428.5	384.5	319.3	394.7
Free cash flow	CHF m		113.0	266.2	355.0	317.0	289.7
Adjusted Free cash flow[3]	CHF m		251.8	358.5	314.9	403.8	256.8
Consolidated Balance Sheet							
Net working capital	CHF m	1.8 %	1,466.2	1,293.1	1,241.8	1,192.0	1,363.2
Non-current assets	CHF m	2.4 %	2,911.0	3,001.6	2,977.9	2,800.1	2,650.0
Capital expenditure	CHF m	(3.6)%	241.2	275.9	275.2	280.9	279.6
Total assets	CHF m	6.7 %	8,432.7	7,760.9	7,244.0	7,141.1	6,508.1
Net debt	CHF m	0.1 %	1,308.7	1,199.0	1,281.3	1,365.9	1,304.7
Shareholders' equity	CHF m	4.8 %	2,896.1	2,902.0	2,682.9	2,353.5	2,399.3
Ratios							
Return on invested capital (ROIC)[4]	%		13.1 %	11.5 %	12.2 %	10.3 %	12.5 %
Return on invested capital (ROIC) recurring[2]	%		13.1 %	13.2 %	12.2 %	10.6 %	12.5 %
Return on equity (ROE)[4]	%		15.3 %	12.4 %	14.3 %	13.2 %	15.2 %
Return on equity (ROE) recurring[2]	%		15.3 %	14.8 %	14.3 %	13.6 %	16.3 %
Debt to equity ratio	%		45.2 %	41.3 %	47.8 %	58.0 %	54.4 %
Interest coverage ratio			7.2	6.5	7.8	6.9	5.2
Net debt / EBITDA (recurring)[2]			1.4	1.4	1.7	1.9	1.5
Capital expenditure / sales revenue	%		2.8 %	3.4 %	3.8 %	4.1 %	3.8 %
Shares							
Share price at fiscal year-end	CHF	(6.6)%	1,542	2,004	2,334	2,000	2,024
Number of shares issued			5,488,858	5,488,858	5,488,858	5,488,858	5,488,858
Market capitalization at year-end	CHF m	(6.6)%	8,463.8	10,999.7	12,811.0	10,977.7	11,109.4
EBIT (recurring)[2] per share	CHF	2.3 %	120.3	114.0	103.4	89.6	109.7
Basic earnings per share	CHF	4.6 %	81.0	65.8	70.0	57.7	67.6
Cash earnings per share	CHF		20.6	48.6	64.8	57.8	52.9
Payout per share	CHF	2.8 %	29.0	28.0	28.0	22.0	26.0
Payout ratio	%		36 %	43 %	40 %	39 %	39 %
Price-earnings ratio at year-end			19.0	30.4	33.3	34.7	30.0
Other							
Employees		2.9 %	13,754	13,418	12,783	12,355	12,257
Beans processed	Tonnes	(0.3)%	991,007	1,000,080	987,991	982,725	1,002,025

1 Non-IFRS measures are defined under the Alternative Performance Measures on page 188.
2 Refer to page 189 for the detailed recurring results reconciliation.
3 Adjusted Free cash flow is adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).
4 In fiscal year 2018/19 calculated based on Pro-forma (IFRS 16).

Risk Overview

Enterprise Risk Management

The Group operates in the food industry and is exposed to a variety of risks and uncertainties. The Group's Enterprise Risk Management framework is designed to identify, assess and mitigate key risks by taking appropriate measures to ensure the achievement of the Group's strategic objectives.

Overall responsibility for establishing, reviewing and adapting the company-wide governance, risk management, compliance and control processes lies with the Board of Directors (the Board). The Board has delegated responsibility for evaluating the Group's governance, risk and control environment to the Audit, Finance, Risk, Quality & Compliance Committee (the AFRQCC).

Implementation and execution of the risk management processes are delegated by the Board to the Executive Committee (the ExCo) and further cascaded to regional and functional management.

The Group Risk Management function facilitates the enterprise risk assessment process for identifying and understanding the Group's key risks, allocating ownership to drive specific actions and taking the relevant measures to address them. Group Risk Management presents the key risks to the ExCo and the AFRQCC on an annual basis. Regional and functional management ensures that risks are managed appropriately, that measures and controls are operating effectively and that the additional mitigation actions are implemented as deemed appropriate. Ongoing monitoring of the Group's key risks and its respective risk management activities are embedded in regular management review meetings or in dedicated committees. The AFRQCC meets as often as the business requires, at least three times per fiscal year, in order to deal with any significant issues reported by Management, Assurance functions (including Group Risk Management, Compliance and Internal Audit) or external authorities and regulators.

While it is acknowledged that the Group faces many risks, the Board has identified the key risks that could potentially impact the achievement of the Group's strategic objectives. These are outlined in the table below.

Key Risks	Risk Description	Mitigation/Measures
Environmental, Social and Governance (ESG)	The Group's strategic and operational business objectives and associated performance frameworks are linked to a complex, highly interconnected and continuously evolving global ESG landscape. Factors such as the effects of climate change, carbon emissions, deforestation, human rights abuse, business ethics, diversity and inclusion, equality and stakeholder impact represent a wide source of drivers that can lead to opportunity and risk in the pursuit of business objectives and the creation of stakeholder value. Further ESG-related transition risk factors include uncertainties in relation to stakeholder expectations (civil society, customers, investors, NGOs, regulators and suppliers) associated with social and environmental accountability towards governance, strategy, opportunity & risk management, metrics and reporting. Furthermore this encompasses continued uncertainty over the adequate operational implementation of various recent and emerging ESG regulations such as end to end supply chain traceability and due diligence. Uncertainty on enforcement practices by relevant competent authorities could expose the Group to supply chain disruptions and litigation and negatively impact the Group's commercial position and reputation.	The Group has a long-standing commitment to sustainability. The Group identifies material ESG topics according to the double materiality assessment principles and outlines in detail its plan to make sustainable chocolate the norm in its Forever Chocolate Progress Report, which is published on an annual basis. Key elements of the Group's sustainability strategy and performance are described in more detail in the Sustainability section of the Annual Report and the annual Forever Chocolate Progress Report. The Group is committed to continuously improve and implement ESG specific oversight structures, agile resilience and adaptation measures, robust supply chain traceability and due diligence processes and effective reporting frameworks. A dedicated ESG task force is employed to oversee, coordinate and align all relevant ESG activities in order to achieve those objectives. The aforementioned principles are also actively promoted in the Group's dealings with suppliers and customers and are as far as possible, imposed through the Group's contractual relationships with these stakeholders. Further stakeholder assurance is obtained through external ratings and audits. The Group publicly discloses sustainability performance, policies, programs, actions, and metrics to the needs of its stakeholders. The Group's progress is reflected in several renowned ESG performance benchmarks and assessments. Dedicated teams are proactively monitoring the evolving regulatory landscape to ensure the Group complies with emerging regulatory requirements as they develop.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Long-term sustainable supply of cocoa and other agricultural raw materials	The Group is dependent on a sustainable supply of quality cocoa beans and other agricultural raw materials so that it can produce high-quality cocoa and chocolate products. ESG risk factors such as declining productivity attributable to poor agricultural practices, nutrient-depleted soils and aging cocoa trees, waning interest from the next generation in becoming cocoa farmers, child labor in supply chains, a shift in the cultivation preferences of farmers from cocoa and other raw material cultivations to alternative, more attractive crops, and the long-term impacts of deforestation and climate change could lead to a shortfall in high-quality cocoa beans and other essential agricultural raw materials in the mid- to long-term.	Under the umbrella of its overall sustainability strategy Forever Chocolate, the Group focuses and reports on four pillars to make sustainable chocolate the norm: Prospering farmers, human rights, thriving nature and sustainable ingredients. Long-term measures also include the continuous evaluation and diversification of supply sources in origin countries, developing improved agricultural practices for cocoa farms and maintaining an industry dialogue with key stakeholders in origin and consumer countries. The Group's sustainability strategy and framework is described in more detail in the Sustainability section of the Annual Report and the annual Forever Chocolate Progress Report.
Rapidly shifting consumer trends	Rapidly shifting consumer trends may disrupt market and industry dynamics, which could impact the future growth of the Group's business.	Trend analysis by the Group's marketing and customer insight teams, together with cross-functional commercial and operational teams working closely with customers, aim to identify trends in the marketplace, both positive and negative, at an early stage. The Group constantly invests in data analytics, R&D and operational capabilities as part of a well-structured process, enabling the Group to develop new products, capabilities and distribution channels which proactively address evolving trends and changing demand patterns.
Business transformation	Timely initiation and successful execution of business transformation initiatives are critical to pursue strategic objectives, avoid disruption, improve agility and adapt to changing market conditions. Ineffective project portfolio management and implementation, insufficient due diligence, inaccurate business plan assumptions or inadequate post-merger integration processes can all have negative consequences. Investing in technology that is no longer competitive or becomes obsolete soon may further impact the successful execution of business transformation. These factors can result in an underperforming business, reduced synergies, or higher costs than expected.	All major business transformation projects are prioritized and monitored by the Business Transformation and Strategy Team which is handpicked by the Group's ExCo.. The Group deploys dedicated teams with significant experience and capability for their respective business transformation projects. These teams proactively follow market, technology and other trends and work in close collaboration with functional and regional experts, external advisors, and the Group's ExCo. A clearly defined process for the evaluation, execution and integration of major business transformations is employed. The performance of major transformational projects and acquisitions are periodically reviewed against their goals. A similar process is employed for the execution of major acquisitions and divestitures.
External political and economic environment	Uncertain political and economic conditions (including spillover effects induced by epidemics or pandemics, geopolitical or geoeconomic conflicts or climate change related events or conditions) could result in reduced demand for chocolate and cocoa products or affect the Group's operations, supply chain and cost structure. This may affect the Group's expansion plans, profitability and financial position.	The Group has a presence in both developed and emerging markets with a well-diversified business and operations portfolio in different market, product and customer segments. Through its global operation and innovation networks, the Group is able to rapidly respond to customer requests and provide flexible, optimized recipes to adapt to changing market conditions. The Group regularly monitors the political and economic situation and developments globally and specifically in regions with higher uncertainty in order to prepare for various scenarios which may arise. The Group's capability to respond to temporary supply and demand shocks as well as structural shifts associated with a changing political or economic environment is assured by an agile organization and a well-governed issue management and strategy execution process.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Long-term outsourcing agreements	The Group has entered into a number of important long-term outsourcing agreements with customers. Failure to renew, early termination of existing long-term outsourcing agreements, failure to enter into new agreements or failure to negotiate terms that are attractive could have a material impact on the result of operations.	The Group has a highly diversified global customer base representing a healthy mix of small, medium and large customers. For global strategic customers, the Group has established long-term outsourcing agreements governing mutual cooperation, addressing standards for quality, quantity commitments, pricing, service levels, innovation and ethics. For these customers, the Group has appointed dedicated teams that develop and maintain a close relationship in order to respond to customer needs professionally and promptly and to provide high-quality services that are mutually beneficial for all stakeholders concerned. These teams have expertise in customer relationships, service and innovation, as well as in commercial and pricing matters.
Talent and workforce management	Failure to attract, retain and develop a talented workforce with the right capabilities and skills could impact the Group's ability to achieve its strategic objectives. Tight and competitive labor markets (accelerated by shifting skill requirements, new ways of working and demographic shifts or other factors) could lead to a shortage of skilled labor or talent in selected regions and functions. Sustained shortages and increased turnover rates could further impact the Group's costs and operational reliability.	Every effort is made to nurture a diverse and inclusive work environment that is supported with optimal processes and policies to attract, select, develop, reward and retain talent with the right capabilities and skills needed to achieve the Group's strategic objectives. The Group employs succession planning, talent reviews, remuneration benchmarking, long- and short-term incentive plans, training and leadership development programs, as well as the tools to support and measure the success of all these processes. The Group's strategy for Diversity & Inclusion is described in more detail in the "Our People" section of this Annual Report. Further, the Group continuously invests in business process technology and automation to make work more productive, collaborative and rewarding for its employees.
Quality & food safety	Products not meeting quality and food safety standards expose the Group to business interruption, litigation, product liability and recall claims. This could also negatively impact the Group's reputation and may lead to a loss of revenue and market share. There is also a risk that raw materials are accidentally or maliciously contaminated throughout the supply chain. Furthermore, other product defects may occur due to human error, equipment failure or other factors.	The Group's quality management programs and systems consist of clear cross functional accountabilities, robust standards, guidelines and procedures. The Group's comprehensive quality program is being improved continuously and comprises areas such as supplier strategy & requirements, factory design, testing processes. In addition, a quality and food safety culture program, embraced by the Group's Executive Committee, is in effect across the entire Group to ensure all employees of the Group maintain a zero-defect mindset. A well-governed issue management process is regularly reviewed, updated and simulated to ensure adequate and timely reaction in the event of a food safety incident.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Operations and supply chain	The Group's operations and supply chain network could be disrupted by incidents at manufacturing sites, adverse weather conditions, climate change, disease (human or crop), natural disasters, political instability, sabotage and other factors which could impact the ability to produce and deliver products to customers.	The Group's operations and supply chain department operates a well-diversified and flexible manufacturing network that is governed by a well structured and coordinated global, regional and local sales and operations planning process. Furthermore, a well-structured issue management process is in place to manage recovery and business continuity of operations should the situation require it in times of distress. The global sourcing departments are continuously monitoring weather, harvest, political risk and other indicators to proactively anticipate potential supply shortages or interruptions of raw materials, machinery, equipment, indirect materials, logistics or other services. Short-term mitigation measures include adequate levels of safety stocks and a diversified regional supply network. Long-term adaptation and resilience measures include strategic reviews of the Group's operation and supply chain footprint.
Information and operations technology	The Group's business processes and its interaction with customers, suppliers and employees working remotely are highly dependent on reliable and secure information and operations systems. Cyberattacks on our business-critical information and operations technology assets, environmental or physical damage to global data centers, a global wide area network breakdown or any other significant security incident could lead to a loss of availability or integrity of business critical technology assets resulting in a business interruption, loss of confidential data, direct losses of financial resources and non-compliance with data protection laws or other regulatory frameworks. Major cyber incidents may also negatively impact the Group's reputation and lead to loss of revenue and market share.	The Group's information management and technology department and the Group's operations and supply chain department have implemented robust end to end cyber security risk management frameworks. To ensure a holistic approach to cybersecurity, those frameworks establish a clear cyber risk management governance and strategy including the involvement of senior management and business stakeholders. Various preventive structures for the Group's business-critical applications and locations including various technical solutions and regular internal awareness campaigns as well as training on cybersecurity for all employees and selected contractors are in place and being improved continuously. In the event of a major event, incident response and disaster recovery solutions, plans and procedures are in place and continuously enhanced. A mid-term plan to enhance information and operations technology security is regularly defined, and improvements are being implemented continuously.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Price volatility of raw materials and other input factors	Market prices for raw materials, energy and other input factors, as well as the structure of the terminal markets could have an influence on the Group's liquidity and operational results. To manage its exposure to these factors, the Group uses derivative financial instruments and forward physical commitments. Liquidity and operating results may be affected by ineffective hedging strategies or by positions taken. 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.	The Group's commodity risk management 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 mitigates the impact of volatility in prices of raw material and other input factors through a cost-plus pricing model. Raw material price exposures arising at contract signing are hedged in accordance with the commodity risk management limit framework, price exposures to other input cost factors are managed through index based pricing mechanisms. 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. Adherence to the limit framework is regularly monitored by experts on local, regional as well as on group level. In the Cocoa Product Group, the Group attempts to mitigate the effects of the volatility of the combined ratio by means of a central management system which monitors the positions and exposures related to cocoa products globally, taking into account both internal and external demand. The Group's financial risk management framework related to commodities, foreign currencies, interest rates and liquidity is described in more detail in note 3.7 to the Consolidated Financial Statements.
Treasury	The Group's operations are exposed to foreign currency, interest rate, liquidity and credit risks. Volatility in raw material prices and supply chain requirements affect the Group's working capital requirements and cash flows and could result in liquidity issues. Failure to deliver on key parameters including cash flow could result in a downgrade of the Group's credit rating and restrict its access to financial markets.	The Group has established a robust financial risk management framework and governance structure. The Group's treasury policy requires that all foreign currency exposures in a floating currency regime as well as interest rate risk exposures are hedged in accordance with the related limit framework from the moment such exposures are entered into. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the Group's centralized treasury department. Financing needs are covered through a combination of adequate credit lines with reputable financial institutions and short- and long-term debt capital market products. The Group's financial risk management framework related to financing and liquidity is described in more detail in note 3.7 to the Consolidated Financial Statements.
Legal, regulatory and compliance	The Group is subject to both international and national laws, regulations and standards in such diverse areas as product safety, product labeling, environment, health and safety, employment and human rights, supply chain traceability & supplier due diligence, intellectual property rights, antitrust, anti-bribery and corruption, employment and human rights, trade sanctions, data privacy, supply chain traceability & supplier due diligence, corporate transactions and taxes in the countries in which it operates, as well as stock-exchange-listing and disclosure regulations in a constantly changing regulatory environment. Failure to comply with applicable laws and regulations could expose the Group to investigations, litigation, administrative and/or criminal proceedings potentially leading to significant costs, fines and/or criminal sanctions against the Group and/or its directors, officers and employees with possible reputational damage.	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, processes and controls in place in the relevant areas. The Group's legal & compliance department oversees the Group's compliance program, which ensures awareness of the compliance risks and the Group's compliance standards. The Code of Conduct, the Supplier Code and other Group policies set out the legal and ethical standards of behavior expected from all employees and selected stakeholders.

Business Highlights

Financial Review

Business Performance Review Fiscal Year 2022/23

In fiscal year 2022/23, Barry Callebaut saw a slight sales volume decline of -1.1% to 2,280,925 tonnes. Volumes were negatively affected by the prior year's salmonella incident in Wieze which continued to impact results in Q1 2022/23, as well as by the weaker customer demand and increasing raw material prices.

The chocolate business reported a decline of -2.0%, with the global chocolate confectionery market declining -1.0%[1].

While EMEA volume declined in the first half of the year, recovery of +3.2% growth in the second half resulted in flat performance of -0.4% in the year. Asia Pacific and Americas both continued to see softer customer demand amid challenging markets, declining -2.0% and -4.6% in the year respectively.

In terms of the key growth drivers: Outsourcing (strategic partnership) volumes grew +1.7% (+4.8% in Q4). Gourmet & Specialties declined -4.8% due to lower demand and temporary stock unavailability earlier in the year due to the Wieze incident, but gradually recovered and ended the final quarter positive at +0.2%. Emerging Markets were broadly flat at -0.2%. Sales volume in Global Cocoa increased to 467,877 tonnes, a year-on-year increase of +2.4%.

Operating profit (EBIT) amounted to CHF 659.4 million, up +12.2% in local currencies (+5.6% in CHF) compared to prior-year EBIT recurring[2],well ahead of volume. Performance improved in comparison to the softer prior year, which was heavily impacted by the Wieze incident in the final fiscal quarter, leading to lower volumes and related Operating profit (EBIT) recurring[2]. In addition, the strong result in the Global Cocoa business contributed to the year-on-year increase. EBIT per tonne improved to CHF 289 compared to EBIT per tonne recurring[2] in the prior year of CHF 271. EBIT reported amounted to CHF 659.4 million vs. CHF 553.5 million in the prior year.

Net profit amounted to CHF 443.1 million, up +9.6% in local currencies (+3.4% in CHF) compared to prior-year Net profit recurring[2]. The net finance costs slightly increased to CHF -124.1 million, up from CHF -121.8 million in prior year, as a result of higher interest benchmark rates. The income tax expense amounted to CHF -92.1 million in 2022/23, corresponding to an effective tax rate of 17.2% (16.4% in prior year). Net profit reported for the year amounted to CHF 443.1 million, up +30.1% in local currencies (+22.8% in CHF).

The **adjusted Free cash flow[3]** decreased to CHF 251.8 million, compared to CHF 358.5 million in the prior year. Before the adjustment for cocoa bean inventories regarded by the Group as readily marketable inventories (RMI), cash flow generation declined to CHF 113.0 million, compared to a strong prior year (CHF 266.2 million). Free cash flow was heavily impacted by increases in raw material prices, particularly cocoa, which strongly affected net working capital.

[1] Source: Nielsen volume growth excluding e-commerce – 26 countries, September 2022 to August 2023, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.
[2] Refer to page 189 for the detailed recurring results reconciliation.
[3] Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

Raw material price developments

The vast majority of Barry Callebaut's business is running on a cost-plus model, passing on price fluctuations of raw materials as well as other production cost components like energy cost or freight and transportation cost.

During fiscal year 2022/23, the cocoa bean price fluctuated between GBP 1,809 and GBP 2,977 per tonne and closed at GBP 2,950 per tonne on August 31, 2023 (London prices). The average daily closing price of cocoa beans for this year is +23.5% higher compared to 2021/22. Emerging expectations in the market of a large supply deficit for 2023/24 during the 2022/23 crop year, where a deficit was also expected, triggered a price rally for both London and New York terminal markets.

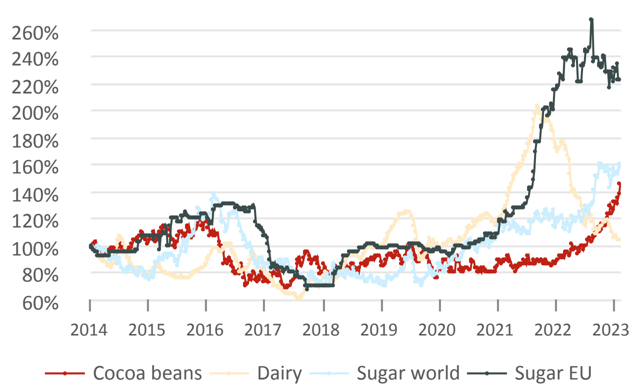
The combined ratio (calculated with Western Europe cocoa products prices) was at 3.5x on average but deteriorated down to 3.1x at the end of the fiscal year due to the weaker cocoa powder ratios compensating for the higher terminal market base. The cocoa butter ratio maintained its level despite the terminal market rally due to stable demand and the need to maintain processing margins at sustainable levels for the industry.

The world raw sugar price increased on average by +16.1% during the fiscal year 2022/23, as a result of an emerging world balance deficit due to downward revisions of crop output in key exporting regions such as India and Thailand. Sugar prices in Europe increased on average by +46.3% during the fiscal year 2022/23, essentially due to low stocks and increasing sugar beet prices paid to farmers.

Dairy prices in Europe decreased on average by -24.9% during the period under review, as global milk supply saw healthy growth in primary producing and exporting markets, due to high payments to dairy farmers and declining production costs. Demand for dairy products was also stifled by inflation, and export activity was particularly weak due to depressed activity from the world's leading importer, China.

Raw material prices

September 2014 to August 2023



Source: Company compiled data, based on key market price indicators

Foreign currencies

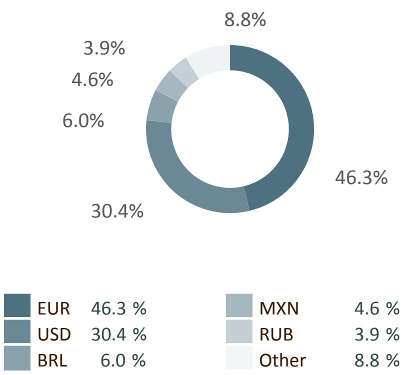
In fiscal year 2022/23, foreign exchange markets remained volatile and the Swiss franc continued to strengthen against most major currencies. The Group is naturally hedged to the extent that it produces and sells products locally and hedges any remaining currency exposure that arises from commercial transactions. The impact arising from the translation of results into the Group's reporting currency (Swiss franc), however, is not hedged.

For the fiscal year under review, the average exchange rate for the euro, which accounts for nearly half of the Group's sales revenue, significantly depreciated by -5.3% against the Swiss franc. The average exchange rate for the US dollar, accounting for around a third of the Group's sales revenue, depreciated by -1.8% against the Swiss franc. Several major emerging market currencies remained volatile during fiscal year 2022/23; with the Russian ruble (-4.4%) depreciating against the Swiss franc, partially offset by the appreciation of the Mexican peso (+8.6%) and Brazilian real (+1.1%) against the Swiss franc.

The currency translation effects mentioned above had a cumulative negative impact of -5.1% on sales revenue and -6.6% on operating profit compared to prior-year EBIT recurring[4].

Sales revenue

In functional currencies



Global chocolate demand

The underlying global chocolate confectionery market was, according to Nielsen, down (-1.0%)[5] in the year under review. While Nielsen data serves as a good proxy for the underlying market growth overall, it does not reflect e-commerce or every country in a given region. Furthermore, it only partially reflects the out-of-home and impulse channels.

[4] Refer to page 189 for the detailed recurring results reconciliation.
[5] Nielsen volume growth – 26 countries, September 2022 to August 2023, data subject to adjustment to match Barry Callebaut's reporting period.

Consolidated Income Statement

Sales volume in fiscal year 2022/23 slightly declined by -1.1% to 2,280,925 tonnes. Volumes were negatively affected by the prior year's salmonella incident in Wieze which continued to impact results in Q1 2022/23, as well as by the weaker customer demand and increasing raw material prices.

Sales revenue amounted to CHF 8,470.5 million, up +9.7% in local currencies (+4.7% in CHF). The increase was driven by high raw material price increases and the overall inflationary environment.

Gross profit exceeded volume performance and amounted to CHF 1,348.5 million, up +16.0% in local currencies (+10.8% in CHF), as the inflationary environment was well managed through the company's cost-plus pricing model.

Marketing and sales expenses increased by +10.1% to CHF 163.4 million. The growth was driven by an increase in promotional brand activity as well as the impact of an overall inflationary environment.

General and administration expenses increased by +15.6% to CHF 502.6 million. The increase was attributed to a continuing inflationary environment and preparatory activities for the BC Next Level strategic investment program.

Other income decreased to CHF 4.8 million from CHF 21.4 million in the prior year. The decrease in income is mainly due to the prior fiscal period recovery of Brazilian indirect tax credits for prior fiscal periods related to a decision by the Brazilian Supreme Court applicable to all taxpayers (CHF 13.5 million) reported as non-recurring.

Other expense decreased to CHF 27.9 million, compared to CHF 101.9 million in the prior year. The prior fiscal period includes non-recurring items related to the negative impact of CHF -76.9 million related to the salmonella incident at the Wieze factory in Belgium, and costs of CHF -7.8 million related to the closure of the chocolate factory in Moreton, UK.

Operating profit (EBIT) increased by +12.2% in local currencies (+5.6% in CHF) to CHF 659.4 million, compared to prior year EBIT recurring[6]. Currency translation had a negative effect of CHF 41 million. Performance improved in comparison to the softer prior year, which was heavily impacted by the Wieze incident in the final fiscal quarter, leading to lower volumes and related Operating profit (EBIT) recurring[6]. In addition, the strong result in the Global Cocoa business contributed to the year-on-year increase. EBIT per tonne improved to CHF 289 up +13.4% in local currencies (+6.7% in CHF), compared to EBIT recurring[6] per tonne in the prior year of CHF 271. EBIT reported amounted to CHF 659.4 million vs. CHF 553.5 million in the prior year.

Finance income increased to CHF 13.4 million from CHF 8.1 million in prior year on the back of rising interest benchmark rates.

Finance expense amounted to CHF 137.5 million, compared to CHF 129.8 million in prior year, as interest benchmark rates were subject to material increases, partly offset by lower FX losses.

Income tax expense increased to CHF 92.1 million, from CHF 70.8 million in the prior year, resulting from a much higher Net profit before income taxes and a somewhat less favorable country mix of Net profit before taxes. The Group's effective tax rate amounted to 17.2%, compared to 16.4% in the prior year.

Net profit for the year increased by +9.6% in local currencies (+3.4% in CHF) to CHF 443.1 million, compared to prior-year Net profit recurring[6]. The increase was driven mainly by higher Operating profit (EBIT) compared to prior-year Operating profit (EBIT) recurring[6], partly offset by higher finance and tax expense. Compared to prior year, reported Net profit increased at an even higher rate of 30.1% in local currencies (+22.8% in CHF) to CHF 443.1 million as the prior year had been affected by the aforementioned non-recurring items.

Consolidated Balance Sheet

Total assets increased to CHF 8,432.7 million at the end of August 2023, compared to CHF 7,760.9 million in the prior year. The increase was attributable to higher levels of derivative financial assets, inventories and receivables, which were all significantly impacted by increases in raw material prices, particularly cocoa. This increase was partly offset by a lower cash position.

Net working capital increased to CHF 1,466.2 million, compared to CHF 1,293.1 million in prior year.

The increase was driven by the net effect of higher raw material prices on receivables, inventories and derivatives.

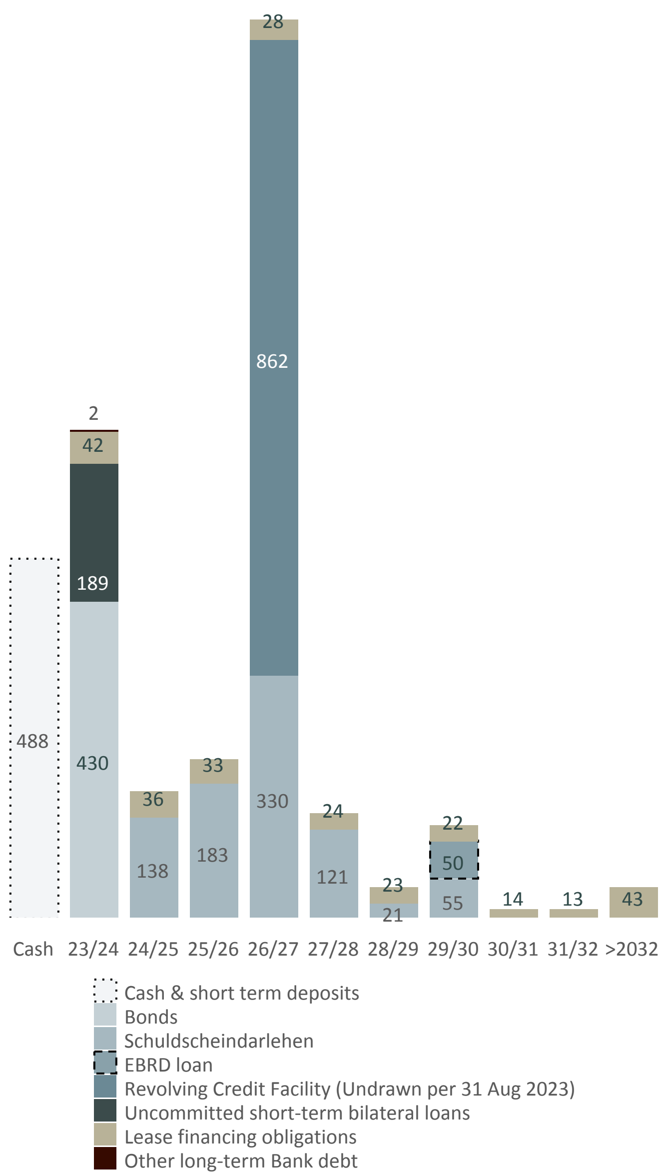
Net debt increased to CHF 1,308.7 million from CHF 1,199.0 million in the prior-year period as working capital requirements expanded following raw material price increases. Taking into consideration the cocoa bean inventories regarded as readily marketable inventories (RMI), adjusted net debt decreased to CHF 41.1 million compared to CHF 349.8 million in the prior-year period.

Equity including equity attributable to the shareholders of the parent company and non-controlling interests amounted to CHF 2,897.1 million, compared to CHF 2,904.3 million in the prior year. Equity slightly decreased, as the increase from the Net profit generated for the year was more than offset by the dividend paid and significant currency translation adjustment stemming from the strengthening of the Swiss franc against most other major currencies. The debt-to-equity ratio amounted to 45.2%, compared to 41.3% in the prior year. The return on invested capital (ROIC) was stable at 13.1%, compared to 13.2% in the prior year ROIC recurring[6]; prior-year reported ROIC amounted to 11.5% including the aforementioned prior-year non-recurring items.

[6] Refer to page 189 for the detailed recurring results reconciliation.

Financial Review

Liquidity - debt maturity profile



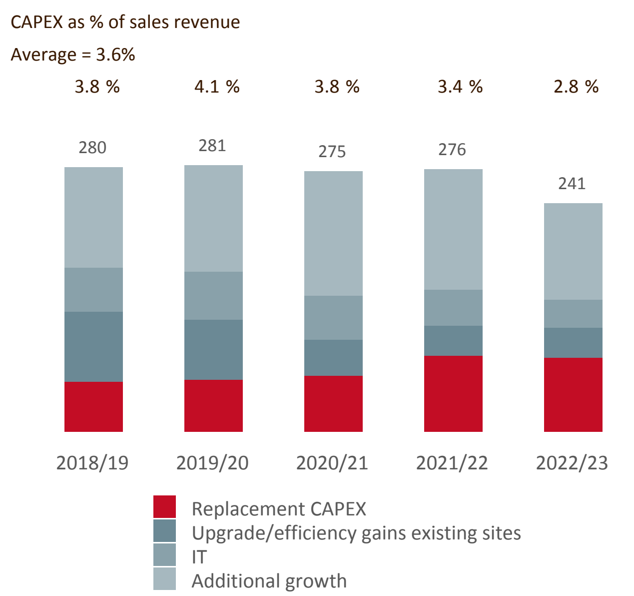
Net cash flow from financing activities amounted to CHF -555.0 million, compared to CHF -381.5 million in prior year. Net cash outflow in the current year mainly relates to the redemption of the USD bond amounting to CHF -365.2 million and the dividend payment of CHF -153.6 million.

Free cash flow amounted to CHF 113.0 million, compared to a very strong prior year (CHF 266.2 million). Adjusted for the cocoa beans considered as readily marketable inventories (RMI), the adjusted Free cash flow was CHF 251.8 million, compared to CHF 358.5 million in the prior year.

Capital expenditure

Capital expenditure (CAPEX) reflected in the cash flow statement amounted to CHF 241.2 million, a decline compared to the prior fiscal period (CHF 275.9 million). The Group's investments were focused on ensuring efficient asset usage.

Capital expenditure
in CHF million



Consolidated Cash Flow Statement

Cash generated from operating activities decreased to CHF 554.3 million, compared to CHF 705.7 million in the prior year, mainly attributable to higher net working capital requirements as a result of increases in raw material prices, partly offset by higher reported Net profit. **Net cash from operating activities** amounted to CHF 330.6 million, compared to CHF 521.7 million the year before.

Net cash flow from investing activities amounted to CHF -217.6 million (prior year CHF -293.6 million). The amount was largely related to the Group's investments of CHF -211.8 million in property, plant and equipment (prior year CHF -239.5 million) and intangibles of CHF -29.3 million (prior year CHF -36.4 million). Prior-year cash out was also higher due to the acquisition of European Chocolate Company (CHF -38.2 million).

Barry Callebaut share performance

Barry Callebaut shares closed at CHF 1,542 on August 31, 2023, -23.1% below the previous year's closing price. The broad Swiss Performance Index (price) was up +1.6% and the SPI ESG up +7.9%. The performance of Swiss Small and Mid Caps (SMIM) was up +2.5%. The EURO STOXX Food & Beverage Index (price) declined (-2.5%).

Key share data

as of August 31, 2023

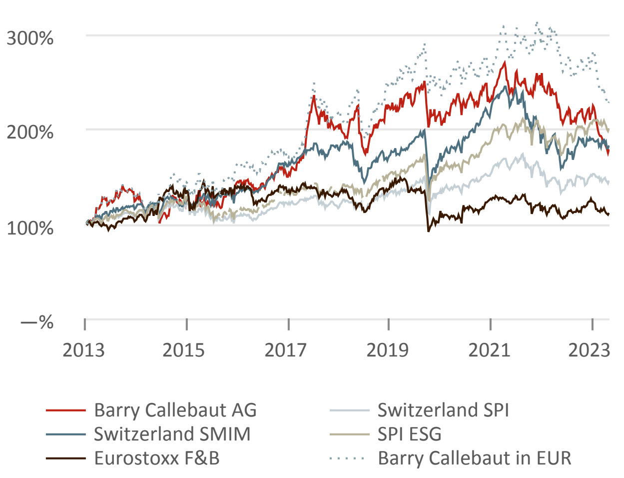
Shares outstanding	5.5 million
Closing share price	CHF 1,542
Market capitalization	CHF 8.5 billion
52-week high (closing)	CHF 1,982
52-week low (closing)	CHF 1,534
Average daily volume	8,942 shares

Source: FactSet and SIX Swiss Stock Exchange.

The chart below illustrates the long-term performance of Barry Callebaut shares compared to the relevant indices (2013–2023).

Share price development Barry Callebaut vs. indices

September 2013 to August 2023



Source: FactSet and SIX Swiss Stock Exchange.

Over a ten-year period (2013–2023), Barry Callebaut shares (+74.3%) underperformed the SPI ESG Index (+100.2%), SMI Small and Mid Cap Index (+82.4%) but outperformed the broader SPI Index (price) (+44.9%). The outperformance against the EURO STOXX Food & Beverage Index (+8.8%) is particularly pronounced when calculating Barry Callebaut's share price in EUR (+124.1%).

Dividend – Payout ratio of 36%

The Board of Directors is proposing to shareholders at the Annual General Meeting of Shareholders (AGM) on December 6, 2023, an increased payout of CHF 29.00 per share. This corresponds to a payout ratio of 36% of the Net profit reported within the targeted ratio of 35-40%. The dividend will be paid to shareholders on, or around, January 10, 2024, subject to approval by the AGM.

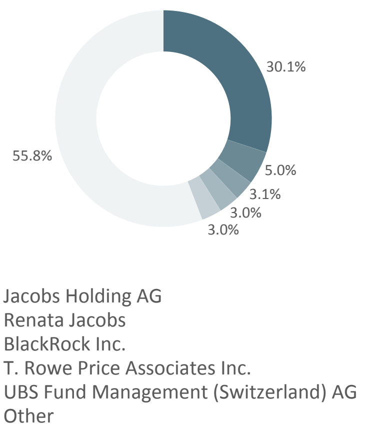
Key share capital data

The share capital of Barry Callebaut AG as at August 31, 2023, amounted to CHF 109,777, consisting of 5,488,858 fully paid-in shares with a nominal value of CHF 0.02 each. There is one single class of shares in which every share has the same voting power and grants the same entitlement to dividends.

The free float, excluding the reference shareholders (Jacobs Holding AG and Renata Jacobs), at the end of August 2023 was 64.9%[7] with the majority held by institutional shareholders (holding 61% of total outstanding shares) that are predominantly based in Switzerland, followed by the US and the UK.

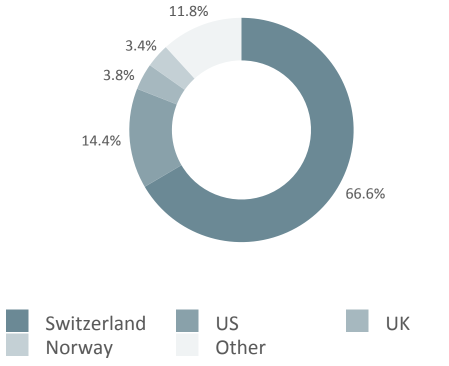
Ownership structure[7]

as at August 31, 2023



Country split

of institutional shareholders



Source: IHS Markit.

Analyst recommendations

During the fiscal year 2022/23, the number of institutions covering Barry Callebaut AG remained stable at thirteen. At the end of August 2023, nine had a buy recommendation and four had a hold recommendation.

Sustainability ratings

During the fiscal year 2022/23, for the fifth consecutive year, Sustainalytics has recognized Barry Callebaut as an industry leader, ranking as #1 in the Packaged Foods category for the management of its ESG (Environmental, Social and Governance) risks in its supply chain. The leading position once again reaffirms that the Group is consistently creating impact not only in the chocolate and cocoa sector, but also in comparison to its peers in the broader food industry. In addition, Barry Callebaut's 'AA' MSCI ESG Rating rating as at August 31, 2023 has been confirmed. Furthermore, for 2022, CDP, an independent organization that assesses the carbon reduction plans of nearly 15,000 companies every year, awarded Barry Callebaut, for the second time, an 'A' in global forest stewardship and for the fifth consecutive year an A- (Leadership level) for our carbon reduction efforts. On top of this, Barry Callebaut was also awarded again A- (Leadership level) as a Supplier Engagement Leader for its work on scope three emissions, which are emissions that extend beyond the direct supply chain. The external recognition of Barry Callebaut's sustainability strategy - Forever Chocolate - during the year under review is testimony to the Group's and its partners' ongoing commitment to create impact on the ground and lead change.

Credit ratings

Barry Callebaut has active relationships with Standard & Poor's and Moody's.

As at August 31, 2023, current ratings were:

- Standard & Poor's: BBB with outlook stable[8]
- Moody's: Baa3 with outlook positive[9]

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[7] Based on notification through the electronic publication platform of the SIX Swiss Exchange.
[8] Standard & Poor's upgraded Barry Callebaut's credit rating to 'BBB' flat, from 'BBB-', with 'stable' outlook on September 9, 2022.
[9] Moody's upgraded Barry Callebaut's outlook to 'positive' from 'stable' and affirmed its 'Baa3' rating on January 26, 2023.

Business Review | Region EMEA

In Region EMEA, (Europe, Middle East and Africa) sales volumes amounted to 1,036,227 tonnes for the full fiscal year 2022/23, broadly flat -0.4% compared to the prior year, slightly better than the overall declining chocolate confectionery market of -1.4%[10]. EMEA volumes were negatively impacted by the residual impact from the prior-year Wieze incident during the first quarter and continued to see challenges relating to demand in the high raw material price environment and a poor ice cream season. However, the region gained momentum in the last quarter.

Food Manufacturers' volume continued to improve in the fourth quarter due to stronger performance in local accounts and private label, and ended the year flat. Gourmet & Specialties also recovered slightly in Q4 but ended the year with a decline versus the previous fiscal year.

Sales revenue amounted to CHF 3,696.2 million, up +18.5% in local currencies (+10.6% in CHF), with growth mainly driven by higher raw material prices. Operating profit (EBIT) amounted to CHF 408.5 million, up +24.6% in local currencies (+16.1% in CHF), compared to prior-year EBIT recurring[11].

In October 2022, through a partnership and the acquisition of a production unit from Attelli, Morocco, Barry Callebaut accelerated its expansion in the region. In addition, the Group entered into a long-term supply agreement for compound products with Attelli, which allows it to drive growth in different segments, from Gourmet to Food Manufacturers.

In June 2023, Unilever extended its long-term global agreement for the supply of cocoa and chocolate with Barry Callebaut. Under the renewed agreement, the Group is focusing on delivering the latest chocolate innovations for ice cream to Unilever and as a result is driving strategic, long-term growth globally.

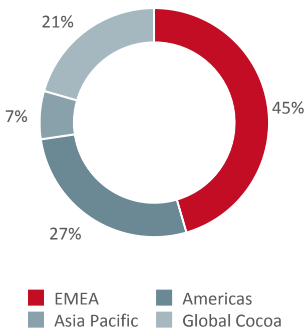
In summer 2023, Barry Callebaut and Mondelēz, a leading global snack manufacturer, renewed and extended their long-standing partnership.

In 2023, Barry Callebaut inaugurated its new production hall and refurbished the Beverage Academy at its site in Kågeröd, Sweden. The investment of more than 10 million euros is expected to quickly increase capacities, reduce lead time and improve customer service.

Factories

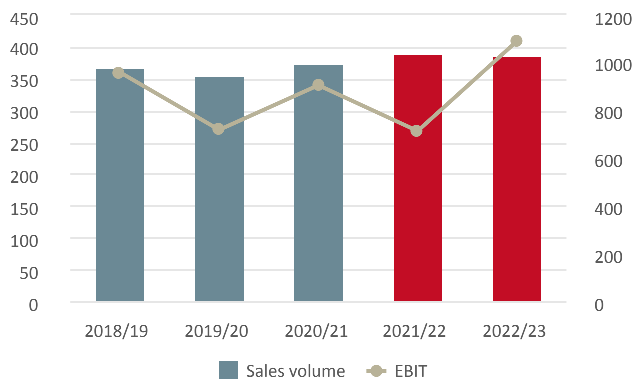
27

Sales volume per Region



EBIT reported
in CHF m

Sales volume
in thousand tonnes



Key figures for Region EMEA

		Change in %			
		in local currencies	in CHF	2022/23	2021/22
Sales volume	Tonnes		(0.4)%	1,036,227	1,039,899
Sales revenue	CHF m	18.5 %	10.6 %	3,696.2	3,340.7
EBITDA	CHF m	49.6 %	39.7 %	490.7	351.4
Operating profit (EBIT)	CHF m	64.1 %	52.9 %	408.5	267.2
Operating profit (EBIT, recurring)[11]	CHF m	24.6 %	16.1 %	408.5	351.9

[10] Source: Nielsen volume growth excluding e-commerce – September 2022 to August 2023, 15 countries. Data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

[11] Refer to page 189 for the detailed recurring results reconciliation.

Business Review | Region Americas

In Region Americas volume amounted to 619,747 tonnes, down -4.6%, in an overall weak chocolate market (-2.1%)[12].

Food Manufacturers' volume saw continued pressure from inflation, along with softness in the ice cream segment. Gourmet & Specialties' volume performance in North America reflected further weakness from local brands, but performance was positive in Latin America.

Sales revenue increased by +2.5% in local currencies (+2.1% in CHF) and amounted to CHF 2,236.8 million. Operating profit (EBIT) was flat at +0.1% in local currencies (-0.4% in CHF) and amounted to CHF 220.0 million compared to prior-year EBIT recurring[13].

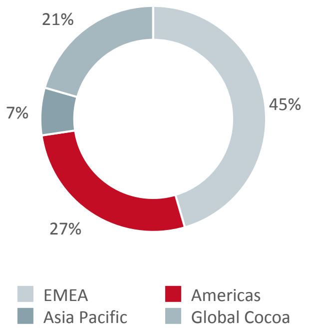
In September 2022, Barry Callebaut celebrated the groundbreaking of its newest factory in Brantford, Ontario, Canada. The factory will be focused on the manufacturing of sugar-free, high protein, and other specialty chocolate products. The state-of-the-art factory is planned to have an initial annual production capacity of over 50,000 tonnes and the investment in Ontario fits the Group's strategy to continuously nurture its global footprint, locating production close to its customers.

In April 2023, Barry Callebaut inaugurated a new CHOCOLATE ACADEMY™ Center in New York City, its second in the United States.

Factories

14

Sales volume per Region

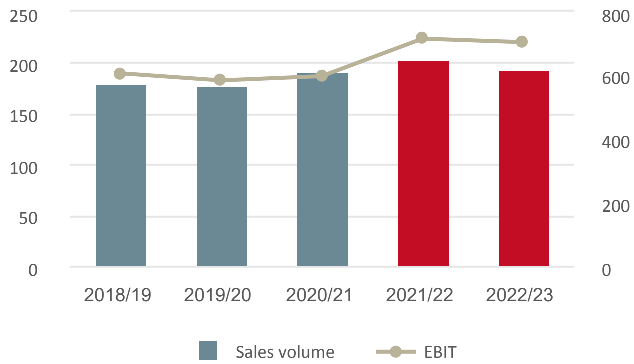


EBIT reported

in CHF m

Sales volume

in thousand tonnes



Key Figures for Region Americas

		Change in % in local currencies	Change in % in CHF	2022/23	2021/22
Sales volume	Tonnes		(4.6)%	619,747	649,389
Sales revenue	CHF m	2.5 %	2.1 %	2,236.8	2,190.2
EBITDA	CHF m	0.8 %	(0.3)%	279.9	280.6
Operating profit (EBIT)	CHF m	(1.0)%	(1.6)%	220.0	223.5
Operating profit (EBIT, recurring)[13]	CHF m	0.1 %	(0.4)%	220.0	221.0

[12] Source: Nielsen volume growth excluding e-commerce – September 2022 to August 2023, 5 countries. Data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.
[13] Refer to page 189 for the detailed recurring results reconciliation.

Business Review | Region Asia Pacific

In Region Asia Pacific volumes declined -2.0% to 157,074 tonnes in fiscal year 2022/23, in a volatile market environment across the Region, driven by high raw material prices. The underlying chocolate confectionery market grew by +2.5%[14] according to Nielsen.

Weaker volumes were mainly attributable to Food Manufacturers, which continued to suffer from softer demand, particularly in China. Gourmet & Specialties' volume growth was slightly positive in the low single digits supported by strong sales of Gourmet brands in markets like India, China and Indonesia.

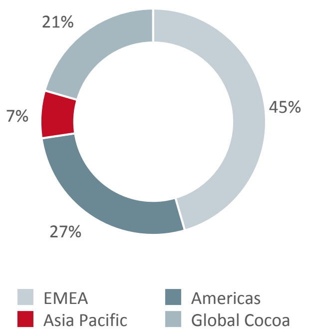
Sales revenue increased by +2.7% in local currencies (-4.5% in CHF) to CHF 523.2 million, mainly reflecting the inflationary environment. Operating profit (EBIT) amounted to CHF 46.0 million, down -16.9% in local currencies (-22.2% in CHF).

In November 2022, Barry Callebaut announced the groundbreaking of its third manufacturing facility in India, in the town of Neemrana. Upon completion of the factory in 2024, India will become the Group's largest chocolate producing market in Region Asia Pacific.

Factories

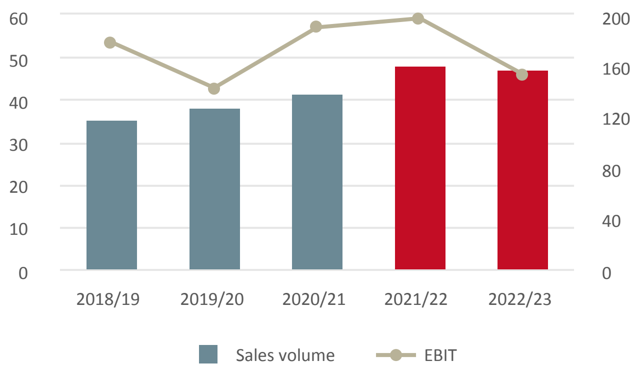
10

Sales volume per Region



EBIT reported
in CHF m

Sales volume
in thousand tonnes



Key Figures for Region Asia Pacific

		Change in %			
		in local currencies	**in CHF**	**2022/23**	**2021/22**
Sales volume	Tonnes		(2.0)%	157,074	160,304
Sales revenue	CHF m	2.7 %	(4.5)%	523.2	547.8
EBITDA	CHF m	(10.1)%	(16.0)%	63.5	75.6
Operating profit (EBIT)	CHF m	(16.9)%	(22.2)%	46.0	59.1

[14] Source: Nielsen volume growth excluding e-commerce – September 2022 to August 2023, 6 countries. Data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

Business Review | Global Cocoa

Sales volume in Global Cocoa increased by +2.4% to 467,877 tonnes in fiscal year 2022/23. Sales revenue amounted to CHF 2,014.3 million, up +5.1% in local currencies (+0.1% in CHF) driven by higher cocoa prices.

Operating profit (EBIT) increased to CHF 107.1 million, up +22.0% in local currencies compared to prior year EBIT recurring[15] (+17.1% in CHF) driven by increased cocoa prices.

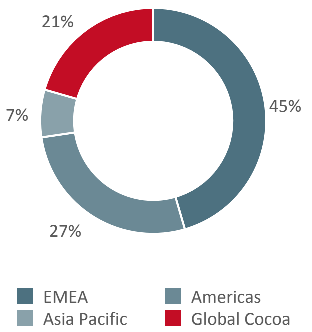
In January 2023, global brand Cacao Barry launched the Cacao Powders collection, a range of high performance cocoa powders for chocolatiers and pastry chefs, with improved texture, color and taste.

In May 2023, Barry Callebaut held a groundbreaking ceremony for its new cocoa bean warehousing and dispatching facility in Pasir Gudang, Malaysia. The facility, which spans across more than half a million square feet, will increase operational efficiency and support Barry Callebaut's growth plans in the Region.

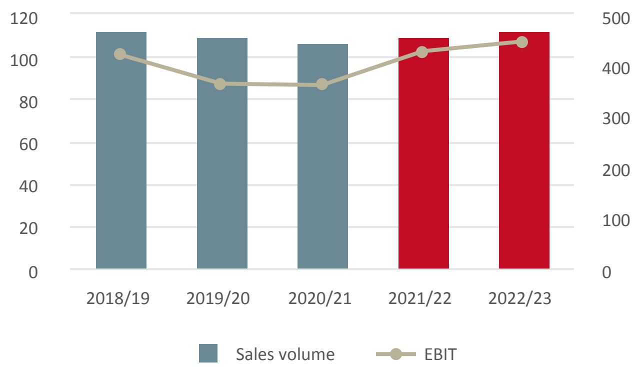
Factories

15

Sales volume per Region



EBIT reported in CHF m — **Sales volume** in thousand tonnes



Key figures for Region Global Cocoa

		Change in %			
		in local currencies	**in CHF**	**2022/23**	**2021/22**
Sales volume	Tonnes		2.4 %	467,877	457,089
Sales revenue	CHF m	5.1 %	0.1 %	2,014.3	2,013.2
EBITDA	CHF m	6.7 %	2.6 %	180.4	175.7
Operating profit (EBIT)	CHF m	8.8 %	4.5 %	107.1	102.5
Operating profit (EBIT, recurring)[15]	CHF m	22.0 %	17.1 %	107.1	91.5

[15] Refer to page 189 for the detailed recurring results reconciliation.

Sustainability

Ambitious Targets, Leadership, Customer Solutions and Operational Excellence.

Introduction

Sustainability is at the heart of Barry Callebaut. In 2016, we launched Forever Chocolate, the next chapter in our long-standing commitment to building a sustainable cocoa and chocolate supply chain.

Sharpening our sustainability targets

In May 2023, we presented a set of sharpened targets for Forever Chocolate. Why have we sharpened our targets? Because the requirements of a sustainable chocolate supply chain are constantly changing and evolving. Moreover, since the start of Forever Chocolate, we have continuously generated new insights through data analysis and engagement with experts. This has given us a fresh perspective on how to continue to innovate, create meaningful impact, and drive change at scale in the chocolate supply chain, now and beyond 2025.

We are committed to driving long-term systemic change toward a sustainable cocoa supply chain, with the support of our customers and to the benefit of all stakeholders.

Defining leadership beyond targets

We have not only sharpened our targets, but also fundamentally rethought our approach in order to achieve the biggest impact. Our approach combines ambitious targets, thought leadership, customer solutions and operational excellence.

With regard to thought leadership, we are committed to leading by example and providing valuable insights through, for example, the release of our White Paper backed by six years of vigorous data and collaboration with Agri-Logic, IDH and Rainforest Alliance. Its findings provide actionable steps that underpin Barry Callebaut's vision for a transformative approach to improve the existing cocoa farming model in Côte d'Ivoire and, more broadly, across West Africa.

Concerning customer solutions, our customers are our priority and we have developed key flagship programs that provide innovative solutions tailored to their needs. For instance, Mondelēz International has played a vital role in developing our strategy of assisting farmers with dedicated labor teams. We are also one of Nestlé's key partners for its income accelerator program and in March 2023, we partnered on a large-scale agroforestry project in Côte d'Ivoire. In June 2023, we extended our strategic supply agreement with Unilever to continue supporting them on their goal to achieve and manage 100% sustainably sourced cocoa. In addition, we facilitated the Love A-fair collaboration between Ben & Jerry's and Tony's Chocolonely, through which the two companies are pooling their efforts on sustainability.

As to operational excellence, this is driven by our people, who form the backbone of our organization, contributing their expertise, skills, and unique perspectives. With over 1,600 colleagues in cocoa-origin countries, we have a unique pool of expertise. As an early sustainability adopter in the cocoa and chocolate industry, we have developed considerable sustainability know-how and capabilities.

FOREVER CHOCOLATE

MAKING SUSTAINABLE CHOCOLATE THE NORM

Forever Chocolate is focusing on four pillars, addressing the material challenges in the cocoa and chocolate supply chain: Prospering Farmers, Human Rights, Thriving Nature and Sustainable Ingredients.
We report every year on the progress of these time-bound, measurable targets, and these reports are verified by an independent third-party assurance provider.

PROSPERING FARMERS

By **2025**, 500,000 cocoa farmers in our supply chain will have been lifted out of poverty. By **2030**, we will have mobilized key stakeholders around a transformative cocoa farming model generating living income.

HUMAN RIGHTS

By **2025**, our entire supply chain will be covered by Human Rights Due Diligence, remediating all child labor cases identified. By **2030**, the farming communities we source from are empowered to protect child rights.

THRIVING NATURE

By **2025**, we will be forest positive. By **2030**, we will have decarbonized our footprint in line with global efforts to cap global warming at 1.5 degrees Celsius. By **2050**, we will be a net zero company.

SUSTAINABLE INGREDIENTS

By **2030**, we will have 100% certified or verified cocoa and ingredients in all of our products, traceable to farm level.

We believe our operational excellence is a key enabler of our robust program implementation and impact-driven solutions as well as a point of differentiation for our customers.

We continue to be the preferred partner to drive impact, delivering on our Forever Chocolate ambitions, and addressing customer needs. Barry Callebaut is the largest supplier of sustainable cocoa products and chocolate. We strive to excel in every aspect of our operations across the entire supply chain and have the ability to scale up on key activities with precision.

Our key achievements in 2022/23

This, our seventh, Forever Chocolate progress report covers fiscal year 2022/23, which ended on August 31, 2023. The report highlights our achievements from the past year and delves deeper into our evolving strategy. It underlines our commitment to intensify our efforts by collaborating with customers, industry partners, and wider society, to drive real change on the ground. Simultaneously, we remain steadfast in our advocacy of policies to make sustainable chocolate the norm.

Prospering Farmers – from "training" to "support doing"

Many cocoa farmers struggle to make a living income. Their main challenge is access to investments in their farms. This is why we shifted our focus from training to providing input support. Our support ranges from subsidized soil inputs and planting material to financial support for third-party labor services and additional premiums. Improving quality yield per hectare remains key to lift smallholder cocoa farmers out of poverty and put them on a trajectory towards a living income.

Our Farm Services business continued to support 169,981 (-1.0%) farmers in 2022/23. Notably, our programs to support paid labor teams were considerably scaled up, reaching 19,326 (+138.3%) hectares in Côte d'Ivoire, Ghana and, for the first year, Cameroon.

Human Rights – adding to remediation

In 2022/23 76.5% of the farmer groups that are part of our direct supply chain[1] have systems in place to prevent, monitor and remediate child labor. Compared to 80.6% in prior year, this is a slight decrease due to the larger number of farmer groups we source from (+26.5%). We will now focus our efforts on strengthening community systems to better protect children whilst still continuing our aim of remediating all cases of child labor found. As part of fighting the root causes, in 2022/23, we supported 1,371 (+17.3%) Village Savings and Loan Associations (VSLAs) with the aim of improving access to livelihood resources. The VSLAs reported total new savings deposits of CHF 1.3 million helping mostly women in cocoa communities to better manage their household cash flow, and issued a total of CHF 0.7 million in small affordable loans. The loans help fund emergencies, investments for new income-generating activities or specific needs such as education.

Thriving Nature – aligning with global efforts to cap global warming

In 2022/23, we extended the area covered by our intensified agroforestry approach with a focus on long-term success through training, extended monitoring and payment for ecosystem services (PES). We newly established 18,066 hectares (76.8%) and provided PES

[1] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

on 3,971 previously established hectares by the end of the fiscal year. We are focusing on insetting our carbon emissions through agroforestry and other decarbonization initiatives across our factories and value chain. This shift is aligned with the emissions reduction trajectory of the Paris Agreement for 2030, and will help us become a net-zero company by 2050.

Sustainable Ingredients – stepped-up commitment to transparency

In 2022/23 our mapping efforts have covered 547,804 (+37.2%) cocoa farm plots, encompassing 78.9% (compared to 79.7% in prior year, as we expanded our supply chain in Côte d'Ivoire) of our direct supply chain[2], allowing us to establish traceability to farm level for the cocoa volumes sourced from these mapped farms. With the support of our customers, we also continued to increase the proportion of products sold containing 100% verified or certified cocoa or chocolate to 51.5% compared to 49.4% in prior year.

Establishing industry-wide sustainability standards and programs is essential for the sustainable sourcing of raw materials, as certification is only the starting point. We have continued to work with suppliers and industry programs to define and implement sustainability standards for all ingredients we source. Our approach has been built on the view that sustainability impacts can be effectively scaled up only if they are embedded in and supported by government policies.

More information on these and other achievements, as well as on our approach and measured impact, is provided in each pillar chapter of this report.

Building the enabling policy environment

A fully sustainable cocoa and chocolate sector can only be achieved when all supply chain actors are committed to supporting the development of an enabling environment. In the European Union (EU), an important milestone toward this goal was reached with the entry into force of the Regulation on deforestation-free products (EUDR) in June 2023, which bans deforestation-linked goods from entering or exiting the EU. This legislation is the result of four years of advocacy efforts by Barry Callebaut, other companies, industry associations and NGOs that partnered together to call on the EU to introduce legislation imposing due diligence obligations on all companies that sell cocoa or cocoa products in the EU market. We are happy to see that our vision and accompanying advocacy work are yielding results and are supporting the development of a level playing field for all companies. At the same time, the introduction of an appropriate transition period is imperative for the successful implementation of the regulation.

In addition to the EUDR, the proposed Directive on Corporate Sustainability Due Diligence (CSDDD) will provide impetus to strengthen an enabling environment, as well as the market pull, for sustainable cocoa.

In 2022/23 we continued to actively participate in the EU-led Alliance on Sustainable Cocoa, a Multi-Stakeholder Dialogue (previously known as the Cocoa Talks). Previously, we contributed to the development of the roadmap for the Alliance, which was endorsed in June 2022 by the governments of Côte d'Ivoire and Ghana as well as by industry representatives. The roadmap aims to improve the economic, social and environmental sustainability of cocoa production. Since then, we continue to participate in specific focus groups of the Alliance, such as the Traceability and Standards Focus Group.

In July 2022 we signed the Côte d'Ivoire - Ghana Cocoa Initiative (CIGCI) Economic Pact, joining forces with the Ivorian and Ghanaian governments and other industry players to accelerate the transition to a living income for all farmers. In 2022/23, we actively participated in a working group on Price and Markets, aiming to deliver solutions and recommendations addressing key drivers of change. Going forward, we will also be participating in other technical working groups.

We believe that these regulatory and multi-stakeholder initiatives represent an important step forward in driving the necessary transformation of the cocoa sector, and are important building blocks for making sustainable chocolate the norm.

Our commitment to reporting on Environmental, Social and Governance (ESG) risks

Our values represent a mindset and way of doing business that is committed to generating sustainable returns over time and creating long-term value for all stakeholders. We are dedicated to running all our operations with transparency and integrity, which includes reporting on our Environmental, Social and Governance (ESG) policies and risks. Identifying and addressing the key ESG issues facing our business and our approach to tackling these issues requires regular dialogue with our stakeholders. This principle is underpinned by our approach to our non-financial reporting and our materiality assessment practices. A dedicated task force is employed to oversee, coordinate and align all relevant ESG activities in order to achieve these objectives. In addition, we publicly disclose our GRI Reports and CDP Reports and maintain a dedicated public website covering a range of key ESG topics that impact our operations and supply chain. In 2023/24, we will also address the Task Force on Climate-related Financial Disclosures (TCFD).

[2] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

Recognition of our progress and impact

In 2023, Barry Callebaut was once again ranked #1 in the Packaged Foods category by Sustainalytics, a leading player in assessing industry efforts to manage Environmental, Social and Governance (ESG) risks in supply chains. This is the fifth consecutive year that Barry Callebaut has been recognized by Sustainalytics as an industry leader in the management of the ESG risks in our supply chain. This result once again reaffirms our leadership position, extending beyond the cocoa and chocolate sector, to our peers in the broader food and beverage industry.

In addition, CDP, an independent organization that assesses the carbon reduction plans of nearly 15,000 companies, awarded Barry Callebaut, for the second time, an 'A' in global forest stewardship for 2022, along with 24 other high-performing companies leading in corporate action and transparency on deforestation. We were also ranked a CDP Leader for the fifth consecutive year for our carbon reduction achievements and our supplier engagement efforts to reduce scope three emissions, which are emissions that extend beyond our direct supply chain.

Awards and Recognition

PROSPERING FARMERS

Prospering Farmers

Our goal

By **2025**, 500,000 cocoa farmers in our supply chain will have been lifted out of poverty. By **2030**, we will have mobilized key stakeholders around a transformative cocoa farming model generating living income.

Background

Cocoa cultivation, unlike many other food crops, heavily relies on manual labor in many cocoa-growing regions. Most of the world's cocoa (almost two-thirds) comes from Côte d'Ivoire and Ghana, where it is cultivated by mostly independent smallholder farmers who supply various companies, and sometimes via several cooperatives. Cocoa farmers, along with their families, typically live in villages and travel to work on their farms. Most of the work and labor on the farm is carried out by the farmer and their families, themselves. It is common for farmers to work on multiple fields, owning some of the plots while leasing others.

Farmers face a challenge when it comes to making a living from a small farm. According to data from Agri-Logic for the 2021/22 production season in Côte d'Ivoire, the average cocoa farmer is 50 years old. The average household size is 10.6 people, which decreases to 7.5 people when excluding dependents who may or may not be relatives but nonetheless rely on the farm. Farms have an average size of 5.9 hectares, with approximately 3.8 hectares primarily dedicated to cocoa cultivation. There are an average of 1,347 cocoa trees[3] per hectare.

Increasing cocoa yield for smallholder farmers is difficult as it requires substantial investment in labor-intensive and time-consuming pre-harvest activities and costly farm inputs, such as soil fertilizer. However, the average farmer in West Africa currently spends 70% of their time doing post-harvest activities and only 30% doing pre-harvest activities. At the same time, cocoa represents a significant portion of the earnings for these smallholder farmers, accounting for 70% to 85% in Côte d'Ivoire[4] and two-thirds in Ghana[5].

[3] According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper

[4] Pluess, J. (November 2018), Children's Rights in the Cocoa-Growing Communities of Côte d'Ivoire, Abidjan: UNICEF Côte d'Ivoire. Available from https://sites.unicef.org/csr/css/synthesis-report-children-rights-cocoa-communities-en.pdf (accessed August 5, 2021).

[5] Cocoa Farmers in Ghana experience poverty and economic vulnerability (2017). Available from https://cocoainitiative.org/ (accessed August 2, 2021)

Our approach

At Barry Callebaut, we aim to transform the way cocoa is produced by enhancing the existing farming model in Côte d'Ivoire, West Africa, and beyond. We firmly believe that focusing on increasing production volumes from a smaller group of farmers, who can then achieve a living income through a combination of better yield, larger farms, and higher farm gate prices, is the key. Our extensive six-year study[6], in collaboration with Agri-Logic, IDH, and Rainforest Alliance, confirms that poverty reduction is driven by these three crucial factors: yield, farm size, and price.

Yield - higher yield through higher investment in farms

Both the study and a trial project with one of our largest global customers under our Farm Services business have demonstrated that increased investment in pre-harvest labor, particularly for tree pruning, and greater investment in the right mix and amount of soil fertilizers can improve cocoa yields and increase farmer income. However, one of the challenges cocoa farmers face is the financial cost of this pre-harvest work. Cocoa farming is also primarily a family-operated business, and the cost of additional labor for pruning as well as soil fertilizers is often out of reach for farmers. Through our close collaboration with farmers, we acknowledge that this is not due to a lack of farming knowledge. The challenges farmers face are related to structural and agricultural issues associated with the cost of production.

From “training” to “support doing” via our Farm Services business

Based on these findings and our work on the ground with farmers, in the past fiscal year we have redefined our Farm Services business, focusing less on farmer training and instead increasing support for pre-harvest activities. Better soil management, financial support for third-party labor services and improved planting material are needed to improve cocoa farmers' quality yield per hectare.

It is critical to have an in-depth understanding of the conditions, challenges and potential of the farms and farmers we work with. At the end of fiscal year 2022/23, our extensive database covered 325,859 (+38.2%) farmers with full data. This means we have captured their socioeconomic and household data through census interviews and mapped the geographical location and the size of their farms.

The gathering of farmer data also helps us to gain a more detailed picture of farmer profiles and a better understanding of farmer needs for our Farm Services business. As part of our Farm Services business, our Farm Services specialists work with individual farmers to evaluate their farm landscape – soil analysis, age of cocoa trees, presence of alternative crops and livestock – and categorize the agricultural skills and resources the farmer already possesses. This results in the formulation of individualized Farm Business Plans (FBPs), including a multi-year model of the potential income a specific farm can generate if managed optimally. This tailored approach is unique and is only made possible by the over 1,600 dedicated people we have working on the ground in cocoa-producing countries. In 2022/23, 128,950 (+7.4%) farmers adopted FBPs and a total of 169,981 (-1.0%) cocoa farmers in Côte d’Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia benefited from our Farm Services support.

Better soil management through subsidized fertilizer

Poor soil quality and the suboptimal use of agrochemicals is associated with declining cocoa yields. Supporting farmers with soil management techniques, we continued increasing the number of farmers receiving productivity packages to 63,155 (+9.0%) in 2022/23. Given the increased cost of fertilizers, we also continued to focus on subsidizing fertilizers for farmers in Ghana and Côte d’Ivoire. Funded by Cocoa Horizons customers, a total of almost CHF 1.5 million was allocated to such subsidies.

325,859 (+38.2%) farmers with full data collected (geographical mapping and farmer census).

[6] According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper

Supporting farmers with external labor teams

In addition to the application of soil fertilizer, adequate tree pruning also plays a critical role. Farmers receive crucial support for their operations through our labor team programs. By combining soil fertilizers with effective pruning, cocoa trees can maximize their fruit production, leading to improved quality and yield.

Launched in 2021/22 by Barry Callebaut, along with customers such as Mondelēz International, Nestlé, Ben & Jerry's, and customers of the Cocoa Horizons Foundation, our labor teams program empowers farmers by assisting them with labor-intensive tasks such as pruning, weeding and correct pesticide application, and fertilizer usage. This initiative has also established professional service providers. Local community members and cocoa farmers are contracted by cooperatives to form labor teams. Equipped with the necessary tools and equipment, these teams not only provide valuable support but also gain an additional source of income.

Thanks to the support of our customers we significantly expanded the program in 2022/23, covering a vast area of 19,326 (+138.3%) hectares. This includes 15,192 hectares in Côte d'Ivoire, 3,676 hectares in Ghana and, for the first year, 401 hectares in Cameroon and 57 in Nigeria. In Cameroon we pilot-tested the labor teams in five cooperatives, ensuring that there was at least one pilot in every cocoa-producing region.
In the upcoming fiscal year, we aim to continue scaling our innovative approach providing external labor support to farmers in West Africa.

Providing improved planting material

In addition to providing support in the form of pre-harvest labor and optimized soil inputs, the age and type of trees play a significant role in cocoa yield. Barry Callebaut aims to rejuvenate cocoa farms by distributing more resilient and higher-yielding seedling varieties. Worldwide, we distributed almost 4.1 million (+4.5%) cocoa seedlings in 2022/23. From our cutting-edge nursery production facility in Brazil alone, we distributed 417,260 high-quality cocoa seedlings in 2022/23. These seedlings are carefully bred for resistance against various pests and diseases that negatively impact cocoa production.

Already capable of producing 2 million seedlings per year, our Brazilian nursery aspires to scale up to 6 million seedlings annually in the near future, to be sold at a competitive price to cocoa farmers in Brazil.

To create a thriving ecosystem for cocoa farms, a diverse range of tree species is essential. In 2022/23, we distributed almost 3.3 million (-35.3%) non-cocoa trees, not only diversifying farmer incomes but also providing beneficial shade for cocoa seedlings, removing CO_2 and enhancing soil quality and biodiversity on cocoa farms. All these benefits of sustainable cocoa cultivation in an agroforestry system, as well as how we focus on long-term success through training, extended monitoring and payments for ecosystem services (PES) are described in more detail on page 45.

Farm size - the importance of larger farms and our support for land titles

Our data analysis[7] shows that a larger farm can significantly increase income by allowing for greater cocoa production, but only if coupled with adequate investment.

However, encouraging farmers to pursue long-term yield improvement activities (such as soil management and planting material) can be a challenge due to limited land tenure and tree rights. In contrast to many other countries, applying for land certificates in West Africa is often an expensive and time-consuming process. To help tackle this issue, we have cooperated with with industry partners, donors and local implementers through the Côte d'Ivoire Land Partnership (CLAP) since 2019. Our joint efforts have resulted in the development of an upscaling model for land registration, granting farmers access to more affordable and faster land documentation. This initiative places significant emphasis on including marginalized groups and preventing land conflicts.

19,326 (+138.3%) hectares
covered by programs to support farmers with paid labor teams to improve cocoa quality yield.

[7] According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper

Prospering Farmers

In Ghana, Barry Callebaut has co-funded the 'Cocoa Household Income Diversification Project' under the Beyond Chocolate Partnership. Through the contributions of our customers to the Cocoa Horizons program and our partners Meridia, IDH - The Sustainable Trade Initiative, ALDI SÜD, Solidaridad West Africa and the Ministry of Development Cooperation Belgium, we have successfully provided land registration documents to 500 Ghanaian cocoa farmers.

Having formal rights to the land not only increases farmers' legal tenure security, but can also resolve land disputes. Secure land rights can encourage farmers to invest in their land.

Price - Higher price through premiums and shifting the discussion to farm gate price

With regards to higher price, the findings[8] show that price mechanisms can support an increase in farmer income, and that these efforts should be coupled with other factors such as yield, farm size and farm location.

At Barry Callebaut, we are actively collaborating with our customers on various premium-paying programs. We also facilitate the way farmers receive their premiums. In 2022/23 we continued scaling our digital premium payment solutions across West Africa, Indonesia and South America. Digital premium payments benefit cocoa farmers by establishing credible income records and accelerating financial inclusion. Our digital payment program has also facilitated thousands of West African farmers to obtain a national ID by working with community and government authorities.

We are also a living income implementer, encouraging and supporting our customers to follow suit. One example of this is our facilitation of Tony's Open Chain, which is bringing together like-minded living income contributors such as Ben & Jerry's.

In addition, in 2022/23 we made efforts to enhance our purchasing practices. This includes reviewing our contracts, particularly for cooperatives in Côte d'Ivoire that cater specifically to our customers, reflecting our customers' multi-year commitments. In Côte d' Ivoire, we have signed three-year contracts with 90 percent of the cooperatives from which Barry Callebaut directly sources.

Furthermore, in 2022/23 Barry Callebaut actively participated in the working group on pricing mechanisms under the Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI) Economic Pact. Our aim is to shift the focus of discussion to the farm gate price, recognizing that higher farm gate prices contribute to poverty reduction. We believe that analyzing the appropriate mechanisms in a broader context of price construction, including the significance of farm gate prices and export prices, will have the greatest positive impact on farmers' incomes.

Systemic change together with all supply chain actors

Achieving a fully sustainable cocoa and chocolate sector requires commitment from all stakeholders in the supply chain. To enhance the implementation and impact of our Farm Services offerings, collaboration among sector-wide stakeholders and the public sector to drive structural change are imperative in driving poverty reduction.

Government action at origin is essential to address the issues of traceability, rural infrastructure development and proper enforcement of national policies and legislation. These interventions must be coupled with regulatory intervention in cocoa-consuming regions to drive demand for sustainably sourced cocoa.

This is why we are committing to mobilize key stakeholders around a transformative cocoa farming model that generates a living income.

Almost **3.3 million trees** distributed for agroforestry projects; almost **4.1 million cocoa seedlings** distributed.

[8] According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper#

To encourage higher levels of investment in farms, land consolidation is needed to increase farm size. This should be accompanied by the creation of mainstream banking opportunities for farmers, facilitating investments in their farms, as well as the development of integrated agricultural policies that ensure adequate cocoa supply management, land titles for farmers, a registry for cocoa farmers and alternative livelihoods for cocoa farmers in protected forest areas. While the modernization of cocoa farming practices is imperative, the resulting increase in cocoa yield needs to be addressed by consolidating the number of cocoa farms. To facilitate this transition, these farm policies should also encourage the production of other essential agricultural goods that promote income diversification and alternative livelihoods for farmers. Lastly, it is crucial to optimize the pricing structure to maximize its impact on farmer incomes.

Only through the broad movement of public and private actors will we be able to drive the change that is required in the cocoa supply chain.

Our measured impact

To measure our progress towards our target to have more than 500,000 cocoa farmers lifted out of poverty by 2025, we are using as a starting point the International Poverty Line definition of extreme poverty, which is USD 2.15/day adjusted for differences in purchasing power and cost of living[9]. The World Bank poverty line has been revised from $1.90 to $2.15 in September 2022[10]. This increase is not affecting us, as we adjusted our calculations for purchasing power parity regardless, adding inflation on a yearly basis, currently applying a benchmark of $2.57. We have also slightly updated our methodology aligning with the OECD household equivalent scale.

In 2022/23, measured against the International Poverty Line threshold of USD 2.15/day, we estimate 269,762 cocoa farmers in our supply chain are no longer in poverty, compared to prior year (+26.0%). The increase can primarily be attributed to the successful harvest facilitated by favorable rainfall in West Africa during the 2022/23 crop season. Additionally, our updated methodology now also includes premiums for sustainable cocoa. Unfortunately, the negative impact of inflation in Ghana cannot be disregarded, as it resulted in a comparable percentage of farmers crossing the poverty line compared to the previous year.

Lifting cocoa farmers out of poverty is a first step. We are aiming for a longer poverty reduction perspective towards 2030, towards a living income. Our activities are designed to help farmers in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil move from subsistence to living incomes thanks to increased productivity, bigger farms and higher prices. We measure success by focusing on outcome over outputs. Our new Prospering Farmers ambition for 2030 will create a framework where our performance is measured on average yield, income and farm size of the cocoa farmers we source from. Delivering some of these outcomes, such as farm size, are beyond our direct influence. We are therefore committed to mobilizing key stakeholders, including governments, to unite around a transformative cocoa farming model generating a living income.

Key metric

269,762

Number of cocoa farmers in our supply chain lifted out of poverty, measured against the World Bank's USD 2.15/day threshold for extreme poverty

Enabling KPIs

169,981

Number of cocoa farmers supported through Farm Services activities

128,950

Farmers adopted an individualized Farm Business Plan

Our commitment to the UN SDGs

1 NO POVERTY

[9] World Bank Data Hub. Available from https://datahelpdesk.worldbank.org/ (accessed September 27, 2021).
[10] World Bank Data Hub. Available from https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines (accessed July, 27, 2023).

HUMAN RIGHTS

Human Rights

Our goal

By **2025**, our entire supply chain will be covered by Human Rights Due Diligence, remediating all child labor cases identified. By **2030**, the farming communities we source from are empowered to protect child rights.

Background

At the core of Barry Callebaut's culture and values is a respect for human rights, forming an intrinsic part of our commitment to building a sustainable cocoa and other ingredients supply chain to make sustainable chocolate the norm.

We recognize that protection of and respect for every individual's rights are fundamental and need to be provided and safeguarded at all times. Accordingly, Barry Callebaut observes the principles set forth in the Universal Declaration of Human Rights, the United Nations (UN) Convention on the Rights of the Child (CRC), the African Charter on the Rights and Welfare of the Child, the United Nations Guiding Principles (UNGP) on Business and Human Rights framework and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Our operations, programs and activities have an influence on the livelihoods of many people around the world, and on the lives of their children. Children's rights are distinct from other human rights, because children are reliant on their families, as well as on local communities, governments and businesses, to assume responsibility for their protection and care. According to the Convention on the Rights of the Child (CRC), every child has the right to protection from harm, and this means protection from all forms of harm and abuse, not only child labor. Our work is aligned with the four core principles of the CRC: non-discrimination; devotion to the best interests of the child; the right to life, survival and development; and respect for the views of the child.

We source ingredients, especially cocoa, from regions where child labor, defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development, is known to occur, for cocoa, mostly on family owned farms[11]. In line with the UN Guiding Principles, we believe that the solution lies not in terminating sourcing activities from these regions, but in assessing, monitoring and addressing the risk of

[11] As defined by the International Labour Organization. Available from https://www.ilo.org/ipec/facts/lang--en/index.htm

children becoming involved in child labor. Abandoning a region because of the challenges it faces would only worsen its economic and human rights situation.

Our approach

Under our Human Rights pillar we envision that all children are able to embrace opportunities and realize their full potential living in communities that are safe and self-reliant for all.

Our approach is two-fold. We commit to covering our entire supply chain by Human Rights Due Diligence, while remediating all child labor cases identified, by 2025.

In addition, by 2030 cocoa communities in our direct sustainable supply chain are empowered to protect child rights.

Systemic change together with all supply chain actors

At Barry Callebaut we support a system strengthening approach, contributing to existing government structures, working with multiple stakeholders. Our aim is to make a meaningful impact by promoting partnership, engaging stakeholders and enhancing human rights interventions. Through multi-stakeholder engagement, including Public Private Partnerships (PPPs), we can broaden knowledge, improve effectiveness, and eliminate inefficiencies while stepping up local and regional advocacy to better protect basic human rights. We believe that human rights issues in our supply chain can be tackled only in collaboration with all stakeholders.

Education is an essential tool to strengthen a protective environment for children and an integral part of our approach. We are therefore proud to support CLEF (Child Learning and Education Facility), an innovative public-private partnership focused on scaling investments to systemically improve access to quality education in Côte d'Ivoire. Scaling up education is an essential tool to promote children's rights and combat child labor. The partnership brings together government officials from Côte d'Ivoire, cocoa and chocolate industry representatives, and philanthropic organizations including the Jacobs Foundation.

In Brazil, in 2022/23, we successfully concluded the initial pre-competitive project on child rights and labor rights with the International Labour Organization (ILO) and Cocoa Action. This project has led to the formulation of the Cocoa 2030 strategic guidelines, which are aligned with our community approach, strengthening child protection systems, education, infrastructure and alternative income streams. Discussions are currently underway regarding an extension of the project, and Barry Callebaut has been and will continue to support and promote this initiative.

Our company efforts need to be coupled with cocoa sector collaboration as well as public intervention to bring about structural solutions to child labor. In June 2021, a report published by the European Commission on ending child labor in Côte d'Ivoire and Ghana stated that there is a need for high-level collaboration among implementers at the local level and a need to improve overall institutional structures and collaboration. In addition, it noted that current efforts to eliminate child labor are not sufficiently and structurally embedded within a functioning institutional support system and called for a wider systems-based approach[12].

We believe that enforcement of a strong regulatory framework to protect human rights in origin countries should be part of a broader effort to strengthen an enabling environment for sustainable cocoa farming. Such an approach would go hand in hand with the due diligence legislation currently in the final stages of the legislative process in the EU, which can only be fully effective if sector-wide traceability is established and effective systems are set up to identify, prevent, mitigate and remediate adverse effects of business activities on human rights and the environment. In this context, Barry Callebaut supported the proposed EU Directive on Corporate Sustainability Due Diligence (CSDDD). We are continuing to engage in constructive dialogue with regulators as they work on finalizing the text of the legislation, to ensure that it is effective and fit-for-purpose.

Human rights due diligence

Barry Callebaut applies an overarching human rights due diligence framework modeled after the OECD Due Diligence Guidance for Responsible Business Conduct.

Policy commitment, governance and management system

Details on our human rights due diligence framework can be found in our in 2022/23 updated Employee Code of Conduct, as well as our Supplier Code and Global Human Right Statement.

Barry Callebaut's Board of Directors has the overall responsibility of ensuring that Environmental, Social and Governance (ESG) related policies and strategies align with the long-term strategy and business model of the company. A cross-functional ESG Committee has the formal authority to oversee a coordinated integration of human rights policies, procedures and actions across the business.

This fiscal year we have started to enhance our grievance procedures to ensure that allegations or concerns can be expressed safely.

Identifying and assessing human rights impacts

For all ingredients we source, we use Verisk by Maplecroft© as a first human rights risk assessment, which quantifies the salient human rights risk at a country and ingredient level. This is followed by in-depth, independent[13] Human Rights Impact Assessments (HRIAs) for all the main cocoa sourcing countries and regions. Following Ecuador in the previous fiscal year, in 2022/23 HRIAs were conducted in Brazil, Cameroon, Côte d'Ivoire, Ghana, Indonesia

[12] Full report available from https://euagenda.eu/publications/ending-child-labour-and-promoting-sustainable-cocoa-production-in-cote-d-ivoire-and-ghana

[13] Brazil, Cameroon, Côte d'Ivoire and Ghana in partnership with Ergon, Indonesia in partnership with Save the Children & The Centre and Ecuador in partnership with Solidaridad.

and Nigeria. Results of the HRIAs are now being used to prioritize and develop our interventions and engagement with suppliers.

Enhancing trainings

To ensure we put policy into practice, meaning ensuring our employees and suppliers gain an understanding of the policies and the issues they cover and can respond appropriately, we continued delivering training to all suppliers in our direct cocoa supply chain. They received training on the concepts of child and forced labor as well as support in their efforts to assess and address child labor. Such training is provided in collaboration with our NGO partners.

In addition, this fiscal year, as part of our employee onboarding, we developed an online training program covering our Code of Conduct and our basic child and forced labor concepts. On top of that, employees who work directly with the communities and farmers are required to attend in-depth training and annual refresher courses on the issues of child labor and forced labor.

Child protection training and awareness raising is also a key aspect of our strategy in the cocoa communities we source from. In 2022/23, in Cameroon, we broadcast our radio program to more districts and in Côte d'Ivoire the crew on our Cocoa Horizons truck continued to sensitize farmers on multiple topics including child protection and organized medical visits with local health authorities directly in the cocoa communities.

Supporting our suppliers' due diligence processes

We also expect our suppliers and their employees, agents and subcontractors to share our strict commitment to human rights, particularly the eradication of forced labor and child labor. All suppliers are required to sign our Supplier Code and they are requested to conduct their own human rights impact assessment, have a functioning grievance system, train and conduct awareness raising sessions among their own suppliers, and monitor and provide for or cooperate in remediation where required.

In the cocoa communities we source our cocoa, we are supporting our suppliers in setting up their due diligence process.

As such, we support the establishment of Human Rights Committees (HRCs) at the farmer group level. We assist them in developing their Human Rights structures and function and enable them to effectively assess and address adverse human rights impacts in their cocoa supply chain operations.

The HRCs oversee and manage the prevention, identification and remediation of human rights violations. In 2022/23, in Côte d'Ivoire, new Human Rights Committees were set up in 182 farmer groups and trained on how to assess, address and monitor human rights violations. Ghana and Cameroon will follow in the coming fiscal year.

Child Labor Monitoring and Remediation System (CLMRS)

In 2022/23 we continued to monitor and identify cases of child labor in our cocoa supply chain in West Africa via our Child Labor Monitoring and Remediation Systems (CLMRS) based on the industry practice as developed by the International Cocoa Initiative (ICI). We also work very closely with ICI to remediate the cases of child labor identified. Our approach to remediation involves a diverse strategy that prioritizes education, social issues and gender-related considerations. Remediation activities include the provision of school kits and birth certificates, which are crucial legal documents for protecting their rights and enabling access to schools, education and training inputs on child labor awareness for families and communities, and follow-up visits to farmer homes.

Our community approach

Barry Callebaut considers children to be a critical group for breaking the cycle of poverty but also the most exposed to harm and violence. Our goal is to build a protective environment for children to realize their rights and full potential. To work towards this end, we support a community systems approach working holistically to tackle interconnected challenges. Since our first interventions in the cocoa communities we have applied an iterative process using the learnings and expertise of our partners, aiming to continuously improve our interventions towards sustainable impact and improved wellbeing of the cocoa families and their communities.

This starts with understanding which farming communities are most at risk, and providing these farming communities with the necessary support through a combination of strengthening the local child protection system, access to quality education and adequate community infrastructure, and improved livelihoods.

We have now conducted in-depth, independent Human Rights Impact Assessments (HRIAs) for **all the main cocoa sourcing countries and regions**.

Human Rights

For our direct cocoa supply chain we continue to strengthen our community approach. This approach follows recommendations from our Zero Child Labor roadmap developed in 2020, developed with the support of Embode, a social protection and human rights consultancy.

Our approach is child-participatory and gender sensitive and starts at the local level, engaging with children, parents, families, teachers, schools and community members to create empowered communities that guide their own development and make lasting change for the future.

In 2022/23 we collected data on community protective risk indicators using ICI's Protective Community Index, an assessment of general access to services that help protect children in cocoa-growing communities. 5994 communities were surveyed across our supply chain in Côte d'Ivoire (3,285), Ghana (2,039), Cameroon (574) and Nigeria (96).

We utilize this data to prioritize the communities on which we will focus our interventions and to design interventions that promote a protective environment for children. Moreover, this data helps us assess changes in the provision and quality of community services over time.

Our community approach relies on a framework of collaborative action from all stakeholders.

Strengthen local child protection systems

The governments of cocoa producing countries are setting up national child protection systems. At local level, there are formal (government) and informal child protection structures at regional and community level. In Barry Callebaut's cocoa sourcing countries in Africa and in Indonesia, we work with community-based child protection groups, defined as a collection of people, often volunteers, who aim to ensure the protection and well-being of children.

This program brings district and/or local-level government agencies, social welfare specialists, community planners, teachers, and religious leaders together in a spirit of partnership, for the purpose of preventing child labor and protecting child rights. Since these groups are composed of trusted community members, they are in a unique position to engage with fellow community members and children.

In 2022/23, in Indonesia, we established thirteen additional Child Protection Committees (CPC). We have provided these CPCs and 41 other already established groups in the country with child protection training. We also collaborated with local governments under the Child Friendly Villages program and actively supported government events related to children in multiple locations. For the over 200 previously supported CPCs in West Africa we continue assessing how to best support and train CPC members to prevent, respond and refer child protection concerns, including child labor, in collaboration with local public authorities.

Improved community infrastructure

Most cocoa farming communities in Africa and sometimes also in Ecuador and Brazil are characterized by infrastructural deficiencies and a lack of public services. The development needs are mostly related to access to services that help protect community members, children in particular. It includes factors related to their fundamental human rights such as water, sanitation, hygiene, health, nutrition and electricity and school infrastructure. Enhancing community infrastructure involves conducting needs assessments, developing Community Action Plans (CAPs), and empowering communities to mobilize resources for projects.

Improved access to quality education

All children have the right to learn and primary education is fundamental for their development. School attendance also prevents excessive work on farms and therefore helps to eliminate child labor.

A NORC report[14] and a research paper by ICI[15] both emphasize the positive impact of school-based interventions, especially when combined with other activities, and conclude that they are particularly effective in tackling child labor.

In 2022/23 our activities therefore included the provision of school kits and birth certificates, in some countries a requirement to enable attendance at school. We also offered literacy classes and opportunities for children who are no longer in school and supported school infrastructure to create a conducive learning environment.

We supported 1,371 Village Savings and Loan Associations (VSLAs). They reported **CHF 1.3 million in new savings** deposits and issued **CHF 0.7 million in loans** for members to finance new business ideas.

[14] NORC Report (2020), Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana. Chicago: University of Chicago – 2008/09 to 2018/19.

[15] ICI research (July 2021), Effectiveness Review of Child Labour Monitoring and Remediation Systems in the West African Cocoa Sector.

Additionally, Barry Callebaut continued partnering with Nestlé as one of the implementers of the Nestlé income accelerator program in Côte d'Ivoire, piloting new methods of incentivizing school enrollment through direct cash payments.

Improved access to livelihood resources

Barry Callebaut's human rights strategy is focused on the social aspects of livelihoods, in particular on its inclusion and gender objectives, which are directly linked to our Prospering Famers Pillar without duplicating it.

In 2022/23, through the Cocoa Horizons program and other customer sustainability programs, we continued funding Village Savings and Loan Associations (VSLAs). VSLAs provide a safe way, at typically a relatively low cost, for our farmers and community members to access financial services. In 2022/23 the majority of the 1,371 (+17.3%) VSLAs were funded by the Cocoa Horizons Foundation. 70.4% of VSLA participants were women, who play an important role in child protection. The VSLAs reported total new savings deposits of CHF 1.3 million, and issued a total of CHF 0.7 million in small affordable loans. The loans help fund emergencies, investments for income-generating activities or specific needs, such as education.

Our measured impact

In 2022/23 the percentage of the farmer groups that are part of our direct supply chain[16] and with whom we undertake child labor monitoring and remediation activities is 76.5%, slightly lower compared to the 80.6% in prior year, as we expanded our supply chain in Côte d'Ivoire. We continued to increase the number of communities we now cover with our child labor monitoring and remediation systems, including 348 (+26.5%) farmer groups, representing 343,019 farmers (+35.4%) in Côte d'Ivoire, Ghana, and Cameroon. As a result, in 2022/23, we identified 53,839 (+113.4%) cases of child labor.

While the total number of child labor cases identified has risen due to our increased community coverage, we were also impactful in remediating cases during the past fiscal year, with 65,569 (+56.9%) of the reported cases from this and previous years now under remediation.

Implementing individualized remediation interventions for a specific child and family takes time – both to build a relationship with the family and determine the best course of action to address the case of child labor. According to ICI recommendations, a case can only be considered remediated when two consecutive onsite inspections have shown that the child is no longer subjected to child labor. If a child is found to be engaged in child labor during a follow-up visit, we will revisit the remediation plan where appropriate and continue following up on the case. The total process of identification, remediation and two follow-up visits takes at least twelve months.

This fiscal year, the number of identified child labor cases considered remediated on the grounds that the child was not found performing child labor during two consecutive monitoring visits amounted to 10,504 cases (+269.3%).

Using the Maplecroft Child Labor Index methodology, we now believe that the risk of child labor is adequately addressed with respect to 28.8% of the cocoa and non-cocoa volumes we source from third-party suppliers compared to 22.6% in prior year.

Going forward, Barry Callebaut will continue to dedicate its resources towards strengthening the protective environment for all children in cocoa communities and to realize their rights and full potential. Success will be measured by the number of cocoa farming communities that have established functioning child protection systems, as well as the percentage of adults and children reporting an improved sense of well-being.

Key metric

53,839

Number of child labor cases identified

65,569

Number of child labor cases in the process of remediation

Enabling KPIs

77%

Farmer groups in our direct supply chain[16] have systems in place to prevent, monitor and remediate child labor

29%

Cocoa and non-cocoa volume sourced from third-party suppliers covered by equivalent child labor monitoring systems

Our commitment to the UN SDGs

[16] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

Thriving Nature

Our goal

By **2025**, we will be forest positive. By **2030**, we will have decarbonized our footprint in line with global efforts to cap global warming at 1.5 degrees Celsius. By **2050**, we will be a net zero company.

Background

Agriculture, while being a significant contributor to climate change, is also one of the sectors most affected by its consequences. At the same time, impacts of climate change, poor soil quality, the suboptimal use of agrochemicals, and a lack of natural inputs, such as shade cover and pollinators, are putting additional pressure on cocoa farmers, who are already struggling with declining cocoa yields.

Our approach

To ensure the stability of ecosystems we are committed to reducing our carbon footprint and achieving a forest positive supply chain. This means our goal is to go beyond sourcing activities and deforestation-free supply chains and contribute to long-term and large-scale forest conservation. At the same time our aim is to empower communities, helping farmers prosper by increasing the long-term productivity of cocoa farming in environmentally suitable areas while mitigating the impact of climate change, preserving ecosystems and restoring natural biodiversity on existing farmland. While maintaining our target to become forest positive by 2025, we have shifted our focus from carbon offsetting to insetting our carbon emissions through agroforestry and other decarbonization initiatives across our factories and value chain. This shift is aligned with the emissions reduction trajectory of the Paris Agreement for 2030, and will help us become a net zero company by 2050.

Our journey to net zero

We aim to be a net zero company, meaning, we will decarbonize our emissions through reduction and removals to a minimum and then neutralize residual emissions. Greenhouse gas (GHG) emissions in a food company's supply chain are, on average, 87% of its total emissions[17]. The most significant GHGs in Barry Callebaut's supply chain are carbon dioxide (CO_2) from deforestation and methane (CH_4) from dairy cattle. This means that our emissions extend far beyond the locations and facilities where we produce our chocolate and cocoa products, fillings, decorations and

[17] CDP: Hungry for change: Are companies driving a sustainable food system? Available from https://www.cdp.net/en (accessed August 5, 2021)

compounds. This is why we are committed to assessing the carbon impact created by our own operations (scope 1), the impact generated by the energy we use (scope 2), and the impact of our supply chain (scope 3), which includes the production and processing of all the raw materials we source, and related Land Use Change (LUC).

In 2019, we released our first science-based targets (SBTi). These decarbonization targets have been externally assessed and support the global decarbonization trajectory required to limit global warming to +1.5°C. In 2022/23 we worked with Quantis to review and refine our methodology approach, elevating our GHG inventory procedure to best practice with the GHG-P LSRG guidance. We intend to release the outcomes of our updated GHG inventory approach, alongside our Net Zero Roadmap and quantified 2030 SBTi Targets, during the upcoming fiscal year.

Reduction in scope 3

Land Use Change (LUC) emissions, which refers to carbon emissions resulting from the transformation of forest land to agricultural land, form the biggest part of our carbon liability. Greenhouse gas emissions associated with our dairy sourcing, followed by emissions from the sourcing of other ingredients and transportation, are also significant.

Identifying and measuring deforestation and carbon emissions associated with LUC at a large scale and in sufficient detail is notoriously difficult. This becomes all the more complicated when working with third parties that have complex supply chains.

Through the implementation of innovative technologies and in collaboration with academia, start-ups, and other stakeholders, we are committed to tackling these challenges, reducing our carbon footprint and achieving a deforestation-free and forest positive supply chain.

We have been actively engaged in fostering discussions on GHG accounting methodologies, specifically in the cocoa sector. During the previous fiscal year, in collaboration with the World Cocoa Foundation (WCF), we co-funded a comprehensive study to evaluate the industry's progress in aligning GHG inventory approaches. In 2020 we developed the first satellite-based assessment approach for cocoa-related LUC emissions.

In collaboration with the Gold Standard Foundation and SustainCert, Barry Callebaut achieved an industry-first insetting certification allowing us to verify annual removals since 2017/18. In 2022/23 we updated our certification, elevating it to meet the updated requirements set by SustainCert. Based on this work, the resulting carbon removals from our agroforestry insetting can be shared with our customers.

Addressing the emissions from LUC, we have focused our activities on monitoring deforestation and preventing produce from deforested land from entering our supply chain.

Deforestation monitoring approach

Our deforestation-free protocol, published in 2021/22, describes the processes for assessing risks of deforestation within our supply chain. In order to monitor and prevent deforestation it is crucial to know exactly where ingredients are produced. Mapping of the location of the farmers we are sourcing from is a first step to ending deforestation. Mapping allows us to assess the proximity of farm and forest overlaps, including areas of protected forests. Especially for cocoa, our efforts combine mapping with polygons with geo-localization based on satellite images. In addition, in order to manage the risk of cocoa being associated with deforestation or illegal production, we also monitor the volumes we source from the mapped areas compared to credible yield assumptions. For more details on our progress on traceability to farm level per ingredient turn to page 50. We will continue to work on improving our due diligence collaboration with cooperatives and farmers in areas with high risks of deforestation, and will also cease or scale back our sourcing activities where necessary.

In order to monitor deforestation within and beyond farm boundaries, we partner with Swift Geospatial, a company that leverages near real-time open access disturbance alerts. Its data is overlaid with traceability data for cocoa and other ingredient growing areas to track deforestation patterns.

In 2022/23 we also continued to contribute to the development of the West Africa Cocoa Farm Dataset and Deforestation Risk Assessment (DRA), working together with the World Cocoa Foundation and Climate Focus in partnership with the World Resources Institute as well as other companies. The DRA's main aim is to facilitate effective landscape partnerships and encourage pre-competitive collaboration. Paired with the outputs of the risk assessment, collaboration can focus on the areas that matter most for addressing deforestation. We could then upload the latest DRA into Swift Geospatial. This will guide our efforts to redirect our sourcing and sustainability activities towards areas where risks of deforestation and/or needs in terms of reforestation or farmer support are the highest.

Forest conservation at landscape level

Our commitment to being forest positive extends beyond exercising due diligence on and around farms and drives us to proactively support forest conservation. Our focus centers on collaboration in multi-stakeholder partnerships that develop landscape initiatives promoting community-based management models for forest conservation and restoration.
We are dedicated to preserving and enhancing biodiversity through both on-farm activities, such as agroforestry, and off-farm activities, like reforestation. Restoration of degraded forests and ecosystem corridors between and near farms aims to bring back the ecosphere of a forest, such as water, soil quality and native plant species. But the restoration of these ecosystems extends beyond just the environmental factors. These landscapes are connected to farms and communities, so protecting and restoring these

ecosystems can also improve the livelihoods of farmers and enhance the well-being of farming communities. Currently, we are engaged in active restoration efforts in the Agbo 2 Forest in Côte d'Ivoire, in which, although designated as protected, many hectares of forest have been lost over time to illegal slash-and-burn, logging and poor agricultural practices. In May 2021, supported by the Cocoa Horizons Foundation, and in partnership with FORLIANCE, EticWood, the forest governance organization SODEFOR and, most importantly, the local communities, we commenced a reforestation and biodiversity restoration initiative for 300 hectares of degraded forest. Through this activity, we are also creating employment opportunities for local communities. Since then we planted over 125,000 seedlings of almost 30 endemic tree species on more than 100 hectares. Natural regeneration has been promoted on an additional 100 hectares and a similar amount of dense but degraded forest has been protected. As a result previously degraded forest zones are recovering and the current seedling survival rate exceeds 70%. The high survival rate is mainly due to favorable weather conditions and close collaboration with the local community and authorities. More than 200 community members from surrounding villages have been involved in income-generating activities and through the creation of a nursery, firebreaks and regular patrols, we fostered acceptance, sensibilization and education in regards to reforestation.

Enhancing on-farm ecosystems with agroforestry

Through our agroforestry and reforestation efforts we aim to mitigate the impact of climate change and restore natural biodiversity while helping farmers to prosper and increase their long-term productivity. At the same time our agroforestry insetting approach also allows for the removal of carbon within our own supply chains and those of our customers.

Agroforestry is a technique that helps farmers to develop cocoa farms that are more resilient to drought and diseases, have better soil quality, produce better and higher yields, and that can provide them with additional sources of income.

Cocoa grown under shade trees is also linked to increased biodiversity, carbon removals, and improved soil structure. In collaboration with local experts and based on the latest scientific findings for each origin, we determine the best mix of forest and fruit tree species to promote cocoa and soil regeneration and attract pollinators, while providing extra income for farmers and removing carbon.

Our intensified agroforestry approach, launched in 2022 in Ghana and Côte d'Ivoire, is focused on long-term success through training, extended monitoring and payments for ecosystem services (PES). PES means that farmers get paid on a yearly basis for the survival of the planted trees as a reward for carbon removals. Besides the additional money from the PES, the fruit and timber trees planted among the cocoa trees allow the farmers to further diversify their income.

Our agroforestry approach is a farmer-centric, long-term program building on trust and loyalty. In the first year, farmers get sensitized on agroforestry, receive farm diagnostics, support with the planting design, seedling kits and technical training. The following year, replacement seedlings are distributed if needed, and technical coaching continues with a focus on pruning assistance. Additionally, we are actively exploring natural tree regeneration approaches, providing support for the growth or, if necessary, replanting of existing seedlings on farms. The first payment for ecosystem services based on seedling performance is also rendered. These activities continue in the following years and are accompanied by land tenure interventions. Land rights are essential to ensure a living income for farmers and sustainable cocoa production practices. Having formal rights to the land they farm allows farmers to safely invest in their land in order to secure their livelihoods. Our approach also aims to support farmers in bringing the fruits and other products they produce through agroforestry programs to the market.

In 2022/23, in partnership with the Cocoa Horizons Foundation and major customers we extended the area covered by our intensified agroforestry approach with a focus on long-term success through training, extended monitoring and payment for ecosystem services.

Our intensified agroforestry approach now covers an additional **18,066 (+76.8%) hectares**.

We newly established 18,066 hectares (+76.8%) and provided PES on 3,971 previously established hectares by the end of the fiscal year. In Côte d'Ivoire and Ghana, we processed our PES digitally for the first time, utilizing the convenience of Mobile Money. To be able to scale our approach very rapidly, implementation was done both in-house as well as through two external providers. We aim to add additional origins to our PES agroforestry model. In 2022/23, we conducted design phases in Brazil and Indonesia while feasibility studies are planned for Cameroon and Ecuador. Last fiscal year, we signed a long-term agroforestry insetting project with Nestlé, rolling out 11,500 hectares of agroforestry to more than 6,000 farmers in Côte d'Ivoire. This joint partnership supports Nestlé's and Barry Callebaut's climate-smart cocoa ambitions by aiming to remove up to 1.3 million tonnes of CO_2e over 25 years. In addition we are also developing an agroforestry insetting solution for smaller clients.

We aim to sustain the fast growth of our intensified agroforestry approach in the coming fiscal year, focusing on tree growth and survival to maximize permanent carbon removals and climate resilience on cocoa farms while at the same time diversifying farmer income and supporting livelihood improvement.

Decarbonization for other ingredients

To minimize our carbon footprint, we strive to reduce the environmental impact of not only cocoa but also of the various ingredients that we source. Our sourcing model focuses on securing low-carbon ingredients throughout our supply chain, with special emphasis on the dairy, palm, and sugar sectors. Our approach is focused on establishing a standardized framework that aligns climate-smart practices and enables consistent reporting of greenhouse gas emissions across all our suppliers.

To incentivize the adoption of these environmentally friendly practices, we offer a premium to our suppliers that is directly linked to their implementation of low-carbon practices. By providing this financial incentive, we aim to encourage the widespread adoption of sustainable approaches within and beyond our supply chain.

Creation of a sustainability volumes database

In 2022/23 we added detailed information about our suppliers' sustainability rankings and the carbon footprints of their products to our comprehensive sustainability volumes database.

The data is categorized according to emission sources, aligning with FLAG-SBTi guidelines, ensuring comparability across the entire supply chain. This data-driven approach allows us to devise a reduction strategy and monitor progress towards emission reductions by replacing non-traceable volumes with transparent, traceable, and fully verifiable volumes. We prioritize suppliers with a strong climate performance.

Defining a new sourcing model for sustainable and climate-smart practices

Barry Callebaut acknowledges the issue of transparency and accountability within the agricultural industry, and the challenges inherent in validating suppliers' impact claims. To tackle this, in 2022/23, we established a new sourcing model that rewards sustainable and climate-smart practices by producers, resulting in positive environmental outcomes.

This enables us to offer our customers sustainable ingredients with quantifiable carbon claims derived from climate-smart farming techniques together with complete visibility and traceability regarding the origin of our products. To ensure consistency and compliance, we developed an internal standard in alignment with the PACT Pathfinder framework. This standard defines essential information for the product carbon footprint of our ingredients, facilitating interoperability, reducing costs, and improving data collection, storage, and exchange.

It ensures consistency and comparability across suppliers, compliance with regulations, and that our supply chain consists of fully traceable and verifiable low carbon products, in line with our sustainability targets.

To develop the standard, we compare methodologies across our supply chain partners, adhere to overarching guidelines like GHG-Protocol and PACT, ensure data quality and comparability, and monitor climate-smart practices continuously.

Implementation of transparent and traceable supply chain volumes

We collaborate with strategic partners like ruumi to establish a robust digital infrastructure for precise data collection, storage, retrieval, and collaboration among supply chain stakeholders.

We established a **standardized framework** enabling the sourcing of low-carbon ingredients across all our suppliers.

Thriving Nature

Our partnership with ruumi specifically focuses on the ongoing impact of climate-smart practices on dairy farms, specializing in farm data collection, quantification, and monitoring of greenhouse gas impact. Together, we are developing a standard and digital infrastructure to ensure sustainable sourcing from our dairy suppliers across Europe. By collecting primary farm-level data and following SBTi-FLAG and GHG-P LSRG guidance, we can conduct accurate analyses of farm practices, identify data gaps, and supplement existing information. Additionally, we have partnered with technical experts to implement sustainable, low carbon palm oil sourcing in Malaysia and Indonesia. These concerted efforts reinforce our commitment to transparency, verification, and sustainable development throughout our entire supply chain.

Innovations in energy efficiency and renewables

Cutting emissions begins by improving the energy efficiency of our operations and changing the sources of energy that we use.

In 2022/23, we made significant strides in cutting gas consumption by installing heat pumps in two chocolate factories, resulting in reduction rates of 30% and 20% of gas consumption, respectively. By harnessing the heat generated from the chocolate-making process, we have achieved energy efficiency and a notable decrease in gas usage, as we gradually shift towards renewable electricity.

With a new shell boiler, we also transformed cocoa shells into energy, avoiding fossil fuel use in Abidjan, Côte d'Ivoire. Even in our central logistics warehouse in Lokeren, Belgium, which is designed to meet the highest sustainability standards (BREEAM) and operates as a CO_2 neutral facility powered by solar and geothermal energy, we achieved a 10% reduction in energy consumption by optimizing its air conditioning systems.

On top of the large number of efficiency initiatives executed by our operations teams, we are progressively replacing fossil fuels with green electricity wherever possible. In 2022/23, we increased our renewable energy consumption and 35 of the company's 66 factories are now sourcing 100% renewable electricity. Overall, 76% of our electricity comes from renewable sources, compared to 69% in prior year. Looking at the overall energy (electricity and gas) used in our factories over 49% comes from renewable sources.

Additionally, we expanded existing solar farms in several factories, further bolstering the percentage of electricity generated from solar power. Lastly, we have introduced our first fleet of electric trucks to transport our products to customers in Switzerland.

Systemic change together with all supply chain actors

To ensure the stability of ecosystems, the entire agricultural industry must be committed to reducing its carbon footprint and achieving a deforestation-free supply chain. That entails, on one hand, mitigating the impact of climate change, preserving ecosystems and restoring natural biodiversity and, on the other hand, empowering communities and helping farmers prosper by increasing their long-term productivity in environmentally suitable areas.

Barry Callebaut welcomes the EU Regulation on deforestation-free products (EUDR), which entered into force in June 2023. Together with trade associations, other companies and civil society, Barry Callebaut has been a vocal proponent of EU legislation setting a due diligence obligation on all companies that place cocoa or cocoa products on the EU market. We are happy to see that our vision is yielding results and supporting the development of a level playing field for all companies.

We strongly believe that in order to be effective and achieve its main objectives of fighting deforestation, this piece of legislation has to be accompanied by enhanced cooperation and technical and financial support for producing countries. Specifically, support should be directed towards implementing government-mandated end-to-end traceability systems and establishing a registry for cocoa farmers.

Additionally, a thorough review of existing land tenure policies is necessary to improve supply management and ensure compliance with national forest and agricultural policies.

We will continue to work with the governments of Côte d'Ivoire and Ghana, our industry partners and other stakeholders to protect and restore forests, support sustainable cocoa production and thriving communities, and build a forest-positive future. Barry Callebaut was one of the leading signatories behind the Cocoa & Forests Initiative (CFI). In 2022/23 we continued our active engagement with governments through steering committees, working groups, and regular meetings in cocoa growing countries and developed a new action plan setting targets for CFI 2.0 (2023-2025).

35 factories, out of a total of 66 company-wide, are now sourcing 100% renewable electricity.

Our measured impact

In 2022/23 our overall carbon footprint was 7.85 million tCO_2e, which is a -3.2% decrease in comparison to our previous reported footprint. This decrease is partly due to a slight volume reduction (-1.1%). At the same time we managed to reduce our GHG intensity through increased use of renewable energy in our factories and by optimizing the low-carbon sourcing of other ingredients especially palm, dairy and sugar. As a result, our carbon intensity for 2022/23 decreased from 3.52 tCO_2e to 3.45 tCO_2e (-2.1%) per tonne of product. Since the commencement of Forever Chocolate in 2016, we have reduced our overall corporate carbon intensity per tonne of product by almost 20%. Additionally, through agroforestry insetting, we strongly increased our scope 3 removals to 231,408 tCO_2e (+42.2%), independently verified by SustainCERT. This excludes a 20% withholding buffer, safeguarding against potential unforeseen losses of planted trees under our agroforestry activities. Accounting for these removals, our net carbon footprint was reduced to 7.62 million tCO_2e (-4.1%) and our carbon intensity was further reduced to 3.35 tCO_2e (-3.0%) per tonne of product.

In 2022/23 we distributed almost 7.5 million trees, of which 3,271,657 non-cocoa trees for agroforestry projects, 99,400 trees for reforestation projects and 4,087,871 cocoa seedlings.

The percentage of sourced raw materials demonstrated not to be contributing to deforestation was 34.1% in 2022/23 compared to 24.5% the previous year. The difference is mainly because we, for the first time, applied our methodology beyond Cocoa Horizons volumes, now also including all other cocoa volumes directly sourced in Côte d'Ivoire and Ghana. At the same time we expanded our forest scope to reflect the upcoming regulations (EUDR).

CDP, an independent organization that assesses the carbon reduction plans of nearly 15,000 companies, awarded Barry Callebaut, for the second time, an 'A' in global forest stewardship for 2022, along with 24 other high-performing companies leading in corporate action and transparency on deforestation. We also achieved Leadership status for our carbon reduction and supplier engagement efforts for the fifth consecutive year.

Key metric

7.85

million tonnes CO_2e

The carbon footprint of our supply chain from farm to customer

Enabling KPIs

3.45

CO_2e intensity per tonne of product

34%

Sourced raw materials demonstrated not to be contributing to deforestation

Our commitment to the UN SDGs

SUSTAINABLE INGREDIENTS

Sustainable Ingredients

Our goal

By **2030**, we will have 100% certified or verified cocoa and ingredients in all of our products, traceable to farm level.

Background

Barry Callebaut is the key strategic partner for our customers when it comes to turning sustainability commitments into reality. Switching from conventional to sustainable raw materials enables brands to differentiate their product, meet consumer demands and enhance their value and reputation.

Approximately half of the ingredient volumes we source consists of cocoa products and the other half consists of other ingredients – sugar, dairy, palm oil, coconut oil, sweeteners, nuts, lecithin and vanilla, among other ingredients. Each ingredient we use has a complex supply chain that varies depending on the geographic region where it is grown. Each origin presents its own unique sustainability challenges.

Our approach

To reach our target of 100% certified or verified cocoa and ingredients in all of our products, traceable to farm level by 2030, we are collaborating closely with our suppliers, engaging in industry-level working groups and striving to increase customer demand for sustainable products while implementing our sustainable sourcing programs across all ingredients. Our goal is to integrate these programs into regulatory frameworks, establish strong government partnerships, and positively shape agricultural policies. We firmly believe that this approach is paramount to amplifying the impact of sustainability on a larger scale.

Whenever possible we are driving impact on the ground by working directly with farmers and cooperatives. In addition to cocoa, we have various origin-based projects covering dairy, coconut oil, palm oil and cane sugar.

We aim to establish industry-wide sustainability standards and programs, which we believe are essential for the sustainable sourcing of all raw materials. This is why we are working with both our suppliers and industry programs to define and implement sustainability standards for every ingredient we source. We have established sustainability standards for the vast majority of our ingredients and we will continue onboarding additional suppliers, further increasing our volumes of sustainably sourced ingredients. Recognizing the important role of our suppliers in our value chain, we expect our suppliers to share our vision and support our high ambitions for sustainable supply chains.

Traceability

Traceability is a cornerstone of our Forever Chocolate commitment to making sustainable chocolate the norm. Through our traceability systems, we not only ensure transparency and accountability, we can also accurately track and monitor the origins of our products, promoting ethical practices, safeguarding human rights and reducing environmental impact through deforestation monitoring, education, prevention and other programs. There is a growing demand from our customers for segregated flows that align with brand claims. We are actively developing solutions to meet this requirement.

Cocoa traceability

Traceability to farm level, knowing where the cocoa we source is grown, plays a crucial role in addressing some of the structural sustainability issues in the cocoa supply chain. It provides us with an in-depth understanding of the conditions, challenges and potential of the farms and farmers we work with. At the end of fiscal year 2022/23, our extensive database covered 325,859 (+38.2%) farmers with full data. This means we have captured their socioeconomic and household data through census interviews and mapped the geographical location and the size of their farms.

Mapping tells us if a farm is located close to or within forests, including protected forest areas, as well as its overall size. Currently, our mapping efforts have covered 547,804 (+37.2%) cocoa farm plots, encompassing 78.9% of our direct supply chain[18] in 2022/23. A slight decrease in proportion compared to the 79.7% from previous year as we expanded our supply chain in Côte d'Ivoire. As a result we have established traceability to farm level for the cocoa volumes sourced from these mapped farms. Accurate insights gained from polygon mapping and from comparing geo-localization data with satellite images of forest are essential in our efforts to combat deforestation. Additionally, to manage the risk associated with deforestation or illegal production, we closely monitor the volume of cocoa sourced from these mapped areas and compare it to credible yield assumptions.

We have publicly disclosed the geolocation of our direct suppliers since 2018/19. We regularly update this information on our map, most recently in March 2023, when we added data from Ecuador, Indonesia and Nigeria while updating the data from Côte d'Ivoire, Cameroon and Ghana.

In order to achieve traceability in our indirect supply chain, developing a government-mandated, national traceability system is essential. In this respect, Barry Callebaut supported a cocoa and chocolate industry statement affirming a willingness to consolidate and share industry-gathered data with Ghanaian and Ivorian authorities. The data will be aggregated into a single database owned and managed by producing countries, with the aim of achieving robust national traceability systems. In addition, we are also in support of Ivorian and Ghanaian efforts to set up a cocoa farmer identification registry. In 2022/23, we continued to partner with the CCC (Conseil Café Cacao) on a traceability pilot project. This pilot was established to test data sharing between government agencies and industry and to feed the learnings into the development of a consolidated national farm database, currently being built by the CCC. Additionally, we transferred our polygon database to the Ivorian government, supporting them in the construction of a comprehensive land use map for the country. We are also actively working on transferring our traceability know-how from our direct to our indirect supply chain. Building on the insights gained from our pilot program in 2021/22, we collaborated with nine indirect suppliers in Côte d'Ivoire in 2022/23. Our collaborative efforts involved training these suppliers on how to effectively implement our traceability procedures. With over 44,000 farmers registered from 52 cooperatives, we were able to create a comprehensive mapping of farmers' plots and gather valuable information regarding their contributions to each cocoa lot. Moving forward, our focus for the upcoming year will be on implementing continued data quality controls as well as some of our sustainability initiatives.

We have **mapped 547,804 (+37.2%)** cocoa farm plots, encompassing 78.9% of our direct supply chain[18].

[18] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

Supporting customers with sustainable cocoa solutions

We are constantly seeking to unlock more sustainable chocolate products and uses of the cacao fruit. Back in 2010, Barry Callebaut was the first to bring a plant-based alternative to milk chocolate to the market. This later resulted in plant-based chocolate solutions for both industrial and gourmet customers. We also launched Cabosse Naturals, a new brand by Barry Callebaut with an innovative and upcycling supply chain that uses the entire cacaofruit, including the 70% of the fruit that used to be discarded as only the seeds were used for chocolate. WholeFruit Evocao™, the first signature expression of WholeFruit chocolate, was the first global chocolate to qualify for the Upcycled Certified mark, developed by the Upcycled Food Association to help consumers identify products that prevent food waste. In 2021, Barry Callebaut also unveiled its first nutraceutical fruit drink Elix. Elix is made from 100% cacaofruit and beneficial for both human and planetary health, as it is also Upcycled Certified.

Meanwhile, our global Gourmet brands are at the forefront, having successfully transitioned to 100% certified or verified cocoa or ingredients. In 2022/23, our American brand Van Leer also moved to 100% certified or verified ingredients.

Cocoa Horizons

We work with, and implement, various sustainable cocoa programs to improve cocoa farmer livelihoods and farming practices. Among them is Cocoa Horizons, our preferred vehicle to drive impact and deliver on our Forever Chocolate ambition while addressing customer needs. Cocoa Horizons currently accounts for 46.4% of our sustainably sourced cocoa.

The Cocoa Horizons Foundation was established in 2015 by Barry Callebaut with the mission of improving the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming practices, improved productivity, and community development programs that protect nature and children. Premiums from the purchase of HORIZONS cocoa products generated CHF 50.1 million in funds, an increase of over 30% compared to prior year. Today, Cocoa Horizons supports 304,050 cocoa producers across seven countries.

In 2022/23, based on the learnings and insights from past years and aligned with our Forever Chocolate strategy, Cocoa Horizons sharpened its targets and approach to broaden its scope, drive more impact, and set ambitions beyond 2025.

The focus remains on activities proven to have the greatest impact, driven by data, research, and past experiences. For a comprehensive overview of Cocoa Horizons activities, please refer to the latest Cocoa Horizons Progress Report.

Dairy

Dairy products are a key ingredient in many of our chocolate products. Our VisionDairy Charter focuses on 15 principles for sustainability in dairy farming covering animal welfare, farm governance and the environment. In 2022/23 we further increased our sustainably sourced dairy share to 71.2% according to VisionDairy and other benchmarked standards.

We actively foster collaboration within the industry as a member of the SAI Platform's Dairy Working Group. Taking the lead in various initiatives – such as the adoption of the industry standard SDP, deploying a unified Carbon reporting tool and establishing a deforestation-free soy supply chain for dairy feed – we are constantly working towards reducing our carbon footprint across our entire supply chain.

Our commitment to decarbonizing the dairy industry is a crucial aspect of our Forever Chocolate targets. We engage directly with processors and farmers to source decarbonized dairy products while ensuring our corporate GHG footprint is minimized. For more information on our efforts in dairy decarbonization, please refer to page 46.

Additionally, in 2022/23 we partnered with FAI Farms and think tank Farmwel to deliver a Roadmap for Regenerative Dairy. We also support farmers in the US who are transitioning to regenerative agriculture.

71.2% of our dairy is sourced sustainably according to VisionDairy and other benchmarked standards.

Sugar and sweeteners

Beet sugar

At Barry Callebaut, we actively participate in the Sustainable Agriculture Initiative (SAI). As a member of the Crops working group and the Beet Sugar Project, we strive to ensure the sustainability of our beet sugar suppliers. Through benchmarking and monitoring, we expect our suppliers to meet at least the silver-level requirements of the SAI Farm Sustainability Assessment (FSA). Together with the SAI, we collaborate with local suppliers in different regions, encouraging them to embrace sustainable beet sugar production and subsequent verification audits.

Our focus areas include optimizing pesticide and fertilizer usage, maintaining soil health for greater agricultural efficiency, protecting carbon sinks, and optimizing energy usage. In 2022/23 Barry Callebaut partnered with the largest beet producer in Serbia, successfully converting 100% of the supply sourced by our Serbian factory to sustainable beet sugar. Through the FSA 3.0 verification audit, the beet sugar producer Sunoko achieved silver and gold levels, making it the country's first certified sustainable source of beet sugar.

Cane sugar

We work closely with suppliers and partners to drive advancements in our sugarcane supply chains. Our goal is to create value and address critical risks while ensuring the sustainability of our cane sugar. We achieve this through verification by Bonsucro, having endorsed its sustainable sugarcane initiative in 2017.

During the fiscal year, we continued our collaboration with a Mexican supplier, three industry peers, and Proforest to implement responsible recruitment practices and regenerative agriculture. This resulted in the discontinuation of burning practices, the establishment of reforestation plans and the use of natural fertilizers instead of synthetic fertilizers. Building upon this success, we plan to expand our approach to several more suppliers in Mexico. Additionally, in partnership with Solidaridad, we are actively engaged in efforts to enhance the yield of cane growers through improved planting management techniques and the implementation of other beneficial agricultural practices.

Furthermore, in Brazil, we are undertaking similar programs to reduce the use of synthetic fertilizers. These fertilizers not only contribute significantly to greenhouse gas emissions but also compromise soil health and result in water pollution, while burdening farmers with elevated costs.

Coconut

The rapid growth of the global coconut market in recent years has resulted in significant and unresolved sustainability challenges, leading to low crop quality, depressed farmer incomes and little incentive to improve practices across the board, despite a growing market.

At Barry Callebaut, we have been at the forefront of efforts to bring together key players and stakeholders to tackle these issues. In 2019, we partnered with USAID Green Invest Asia to create The Sustainable Coconut & Coconut Oil Roundtable, an industry movement for sustainable coconut production. Through the Roundtable and consultations with more than 100 industry organizations and civil society groups, The Sustainable Coconut Charter was developed in 2020. The Charter represents the first attempt to define sustainability in coconut by outlining areas of focus, principles and outcomes expected from sustainability programs in coconut supply chains. In April 2023, the Roundtable was formalized into "The Sustainable Coconut Partnership", an industry-led multi-stakeholder platform with BSR acting as the Secretariat. Barry Callebaut is a founding member and currently sits on its Steering Committee. The Partnership is on a mission to work towards a responsible and resilient coconut sector that drives positive impact for farmers' livelihoods, the climate and the environment.

In 2022/23, we continued to work with Proforest to roll out our Sustainable Coconut Scorecard to more of our key suppliers. This helps us to assess and evaluate the sustainability performance of our suppliers, identifying areas of risk that require monitoring and intervention within our supply base.

We are also striving to make an impact through projects at origin. In 2021, Barry Callebaut and six other global companies embarked on a four-year public-private partnership with German Agency for International Cooperation (GIZ) and develoPPP. The project aims to improve the productivity of sustainable coconut production in two key production areas in the Philippines, General Santos and Southern Leyte, using a landscape-based approach for sustainability assessment, called LandScale. Overall, the project expects to increase the productivity of coconut cultivation in both regions by approximately 20% and generate higher incomes for 10,000 smallholder coconut farmers through higher yield and better farm management practices.

In addition, in 2022 we put in place a 5-year program with the Grameen Foundation in the Philippines to enhance farmers' livelihoods through good agricultural practices, focusing on quality aspects, coconut-cocoa intercropping and CO_2e reductions whilst ensuring a direct and traceable supply chain to farm level. So far the project has successfully connected nine cooperatives with coconut oil mills.

Palm oil

For palm oil we are, on the foundation of traceability, focused on implementing our No Deforestation, No Peat, and No Exploitation (NDPE) policy.

We continue to work towards achieving full traceability to mill (TTM) and traceability to plantation (TTP). In 2022/23, we reached 98.4% TTM and worked with Earthqualizer to have our mill list verified. We also achieved a TTP score of 87.0%. In addition, Palmoil.io, a third-party platform, established a methodology for identifying likely links from plantations to mills - "Estimated Traceability to Plantation (eTTP)". eTTP currently covers Indonesia, Malaysia, Mexico, Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Ecuador, Peru, and Brazil.

We collaborate with Palmoil.io to monitor deforestation and supply chain relationships in near real-time, from plantation to refinery. We receive monthly reports with deforestation and grievance monitoring alerts, providing us with actionable insights into potential regulatory and NDPE violations.

In 2022/23, we applied the Earthworm Foundation's Engagement for Policy Implementation (EPI) tool together with our largest suppliers. This assessment gathers crucial information about our suppliers' NDPE commitments, traceability status, grievance procedures, social and environmental programs, as well as monitoring and verification activities.

In the year under review, we collected NDPE IRF (Implementation Reporting Framework) profiles from our direct suppliers. The NDPE IRF provides a comprehensive overview of progress regarding our NDPE commitments across our entire supply base. As for the "no exploitation component" of the IRF, we continue to support and align with the industry-wide adopted approach currently being developed through the Palm Oil Collaboration Group (POCG).

Addressing key challenges in our palm oil supply chain requires collaboration with other stakeholders. We actively seek opportunities to collaborate with industry partners through our membership in the POCG. By working together with other companies, we aim to accelerate the effective implementation of NDPE commitments. Additionally, in 2022/23, we joined the Singapore Alliance for Sustainable Palm Oil (SASPO) program backed by the World Wildlife Fund (WWF), which serves as a multi-stakeholder business platform to increase the supply of, and demand for, sustainable palm oil.

In 2023, we have partnered with Proforest, (GIZ) and Tanah Air Lestari (TAL) alongside other company funders to invest in Sustain-Kutim, a new sustainable landscape initiative in Kutai Timur, Indonesia. The program will support the Kutai Timur District Government in the implementation of the East Kutai Declaration and Sustainable Plantation Plan 2021-2030, including monitoring land use management and identifying High Conservation Value (HCV) areas; support smallholders in meeting certification standards (ISPO and RSPO) and village land-use planning, working with cooperative farmer groups and communities to secure land, monitor and manage community forests, improve agricultural practices and support alternative livelihoods.

Moreover, Barry Callebaut continues its active participation in the Coalition for Sustainable Livelihoods, a consortium working towards sustainable land use and improved livelihoods for palm oil farmers through policy, investment, and private sector engagement in North Sumatra and Aceh, Indonesia.

Vanilla

In our pursuit of industry-wide change, Barry Callebaut is actively engaged in the Sustainable Vanilla Initiative (SVI). Through our collective endeavors we strive to create a more sustainable and prosperous future for vanilla farmers. Sustainable vanilla initiatives used to fall short in addressing the challenges faced by vanilla farmers in Madagascar, particularly the widespread issue of income insecurity. That's why in 2016 we joined forces with our supplier Prova to implement our own joint program to improve the livelihoods of vanilla producers, promote good agricultural practices, diversify income through cocoa farming, and professionalize farm management, all guided by Barry Callebaut's Sustainable Vanilla Charter.

By the end of the initial 5-year project cycle in 2021, we achieved impressive growth rates in vanilla and cocoa production, bolstering both quantity and quality. We saw a doubling in the number of participating farmers, a tripling of farmer retention rates, and we attained above-average taste profiles for vanilla and cocoa.
In the new 5-year project cycle starting in 2022, we introduced an additional focus on climate and forest conservation. In 2022/23 we implemented satellite monitoring for real-time deforestation alerts in collaboration with SWIFT Geospatial. In 2023/24 we will initiate an agroforestry project in collaboration with a local NGO.

Nuts

Hazelnuts

In 2022/23 we continued our sustainability efforts, sourcing Farm Sustainability Assessment (FSA) verified hazelnuts and onboarding new suppliers. In alignment with our Sustainable Sourcing Policy for Nuts,

We reached **98.4%** traceability to mill and **87.0%** traceability to plantation for the palm oil we source.

Barry Callebaut supported suppliers in conducting audits of their sustainable farming practices, allowing us to make progress toward our sustainability goals in terms of verified raw materials.

We remain committed to sourcing Rainforest Alliance hazelnuts. La Morella Nuts, a part of the Barry Callebaut Group, continued co-financing the Water Stewardship Program in Spain for the second consecutive year. This program aims to mitigate water scarcity and provide crop management tools for hazelnut farmers to improve their profitability. Amidst a year characterized by erratic rainfall patterns and an extended drought, the importance of water optimization has become even more pronounced. These circumstances have led to increased irrigation costs for farmers, underlining the need for effective water management strategies.

Almonds

Barry Callebaut has made progress in implementing Bee Friendly certification, which aims to promote pollinator-friendly products and production systems, specifically in relation to almonds. This commitment has increased the production of Bee Friendly certified almonds, strengthening the bonds between almond farmers and beekeepers. Our gourmet brand, Cacao Barry, continues to lead the way in environmental sustainability by being the sole brand in the confectionery industry so far to have received this European certification, which prioritizes pollinator well-being.

Additionally, Barry Callebaut's internal program, Seeds For Change, has invested in initiatives to enhance soil health among almond farmers. In California, we funded the plantation of around 650 hectares of cover crops, benefiting over 3,000 honeybee colonies in 2022/23. In Spain, funds were allocated to acquire machinery that enables the incorporation of pruning and cover crop waste into the soil across a 1,000-hectare area. These practices effectively prevent soil erosion, improve organic input, and facilitate carbon sequestration.

Pistachios

Moreover, as a significant milestone in 2022/23, we successfully onboarded the first Spanish FSA-verified pistachio supplier, achieving the Silver level.

These actions have fostered increased stakeholder engagement throughout our supply chain, in alignment with our Forever Chocolate strategy.

Systemic change together with all supply chain actors

A fully sustainable chocolate supply chain can only be achieved when all actors are committed to supporting the development of an enabling environment. The EU Regulation on deforestation-free products (EUDR) and proposed Directive on Corporate Sustainability Due Diligence (CSDDD) are important steps in this regard as they will provide impetus to strengthen an enabling environment and market pull for certified or verified ingredients while supporting the development of a level playing field for all companies.

Our measured impact

Our Forever Chocolate KPIs for sustainable ingredients are focused on the percentage sourced from certified or verified sources. In 2022/23, we sourced 80.3% (in prior year 73.4%) of our ingredients, excluding cocoa, from certified or verified sources. Including cocoa, we sourced 59.6% (in prior year 50.0%) of our ingredients from certified or verified sources.

Turning sustainability commitments into reality is our goal as a partner to our customers. Growing consumer awareness of sustainability issues has led to growing demand for sustainable and traceable cocoa products in recent years. Demand from our customers for sustainable cocoa has therefore increased as well. In 2022/23, the percentage of cocoa and chocolate products sold containing 100% sustainable cocoa or chocolate was 51.5% compared to 49.4% in prior year. We have extended the deadline for all our ingredients to be certified or verified to 2030, in order for them to also be traceable to farm level. We will measure progress towards this goal by reporting on the percentage of ingredients sourced which are certified or verified and traceable to farm level. In addition, recognizing that certification is only a starting point for building a sustainable cocoa and chocolate supply chain, we will continuously benchmark the certification and verification criteria we apply to ensure the standards remain meaningful.

Key metric

60%

Percentage of sustainable sourced agricultural raw materials

Enabling KPIs

80%

Sustainably sourced non-cocoa raw materials

52%

Products sold containing 100% sustainable cocoa or chocolate

Our commitment to the UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our People

Employee Development
Winning with our People

Our people are at the heart of our success. Our strength stems from the combined effort of every single person in our organization through their commitment to our core values of customer focus, passion, entrepreneurship, team spirit and integrity, nurtured by our love for cocoa and chocolate. These shared values radiate far beyond our company to embrace cocoa farmers, suppliers, customers, consumers and the communities in which we operate. We strive to establish an inclusive environment where we can be our true selves while equally setting others up for success.

We are tireless in forging a unique growth culture that attracts, develops and retains great talent by combining deep expertise with diversity of experience, ultimately enabling the sustainable growth of our company.

Winning with our People

To keep winning in the marketplace, it is recognized that we must win with our people. To achieve this, a strategic People Agenda was launched - "Winning with our People" (WWOP). WWOP is anchored by three pillars: Talent Development, Diversity and Inclusion, and One Team One Vision.

Talent Development

Deep expertise and broad experiences are both prioritized in the WWOP key pillar, Talent Development. Employee value development programs help them grow their skills and capabilities. In turn, they continue to innovate, provide the best service to our customers and positively impact our business.

Several types of mentoring programs were created to capitalize on learning from others. One example of this is a Leadership Mentoring program that was launched to pair an emerging talent with a senior leader. With more than 80 participants, mentees received dedicated performance coaching, leadership development and the opportunity to strengthen their knowledge of our business.

People Manager Essentials (PME), a people manager training program, has been in place for two years and over 300 people managers have successfully completed the program. With consistently positive PME program feedback, this program is encouraging a more structured manager experience for all employees while building the pipeline of our future leaders.

With a focus on developing people across our broad suite of developmental programs, the global internal promotion rate is 30%. The ability to grow one's career at Barry Callebaut is a valued part of our work culture.

Diversity and Inclusion with #oneBC

The cascading of inclusive leadership principles was the #oneBC strategic priority for this financial year. Partnering with a leading D&I service provider, a customized Inclusion Foundations interactive training program was delivered to 388 leaders. Each leader and their respective teams worked together to create action plans to unlock the power of a diverse and inclusive culture. These principles are being utilized throughout the organization to ensure inclusive behaviors are consistently demonstrated and diversity of all types is valued.

#oneBC themes are most impactful when they are shared locally. Regional #oneBC Champions launched a network of ambassadors to drive local programming and to focus on local D&I priorities. The goal is to have D&I ambassadors represented at 66 locations. The enthusiasm for celebrating our diversity and our inclusive culture continues to expand.

Our people data for fiscal year 2022/23 shows similar demographic shifts between the four generations we have in our workforce as in the previous fiscal year: many employees of the baby-boomer generation retired, Generation Y (born 1981 to 1996, also called Millennials) now represents the largest age group, followed by Generation X (born 1965 to 1980), while Generation Z (born 1997 to 2012) accounted for the largest increase in the number of employees.

In 2021, we set ourselves focused targets to achieve more progress in gender balance at senior level overall and in commercial roles in particular, and more diversification in the origin of our talent at senior level. The progress this year shows a decrease compared to last fiscal year, but in absolute figures, the number of women in Director positions remained fairly stable:

- 31% women at Director[1] level, down from 35% (goal by 2025: 40%)
- 19% women at Director[1] level in Sales, down from 28% (goal by 2025: 30%)
- 28% local talent at Director[1] level in countries of origin and emerging markets, up from 27% (goal by 2025: 50%)

We are committed to continue nurturing an inclusive environment where everyone is given the opportunity to learn, fulfil their potential and be at their best.

One team One vision

We commit to work as one team with one vision under the WWOP team key pillar. With continuous improvement as a top priority, the Powerhouse project team focused on end-to-end process improvement while building positive behaviors such as cross

[1] Equivalent to a sub-function head or a senior management position, often with direct reports

functional collaboration and setting up for team success.

An employee resource group was formed, named Power Grid, which encouraged employees from across the world to contribute to the project activities and to participate in the communication loop.

Listening and learning about working at Barry Callebaut was the intention behind the WWOP Employee Experience Survey. The 12 question survey offered in 17 languages established a baseline on which we will measure progress year over year.

In this first year of the Employee Experience Survey, 9,113 employees responded with feedback, which is a 71% participation rate. 68% of employees offered favorable responses to all 12 questions. It is a positive starting place. While these results show that many employees feel positive about working at Barry Callebaut, we are motivated to work together to make Barry Callebaut a great place to work for everyone.

Attracting, developing and retaining talent

Besides the actual recruitment process, how we welcome and onboard new joiners is also critical for their long-term success and growth at Barry Callebaut. In addition to our structured onboarding plan, our "International Onboarding Days" provide insights into our values, business, growth drivers and leadership principles. The intention is to give our "newbeans" a sense of belonging and a platform to build a network of contacts with colleagues across functions and regions – the best possible start at Barry Callebaut.

To empower all our people to develop their full potential, we continued to embed Individual Development Plans in our Performance Management processes. They are intended to give our employees and people managers a structured approach to drive their personal growth and to engage in a tailored development conversation.

In line with our home-grown talent programs, specifically in our African operations, we are partnering, together with other Swiss industry partners, with Ashesi University, Ghana, and the Swiss Federal Institute of Technology in Zurich (ETH Zurich) in a 3-year Master program called "ETH Masters in Africa - Engineering for Development". We are currently funding six students to fuel our pipeline of African engineers for Africa. We have also designed a graduate trainee program in Africa with a focus on Supply Chain and Operations talent, in addition to establishing a pool of new graduates in Asia-Pacific who started their programs in September 2022.

Recognizing and rewarding our employees

As a performance-based organization, we reward employee performance and incentivize employees to create long-term value for all our stakeholders. Our employees receive recognition for their contribution to the overall success of our company and for living up to our core values. To ensure equal pay for equal work within our organization, and to help us stay competitive, we regularly compare our compensation elements with those of other market players. In line with the revised Gender Equality Act in Switzerland designed to progress toward equal pay for equal work, we performed an Equal Pay Analysis across our legal entities in Switzerland which showed a gender pay gap of less than 5%. In the meantime this result has been successfully audited. We continue to focus on Equal Pay across all our locations.

In addition, we have a number of awards at all levels to value our people, as well as currently one global award: With the Annual Chairman's Awards, conceived by our late founder Klaus J. Jacobs in 1995, we honor colleagues from all over the globe for their outstanding work performance and strong social commitment in their local communities.

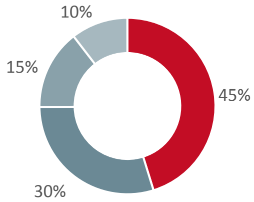
Fostering a safe and unique workplace

We focused on further enhancing our practices and standards in line with our corporate policies on Labor, Health & Safety and Environment. We adhere to the Ethical Trading Initiative (ETI) Base Code, local and national legislation and our customers' expectations and requirements. Our ongoing effort to enhance best practices for our people, the environment and the communities we operate in resulted in performance improvements during the past year. The total number of Lost Time Accidents and Incidents (LTA) rate, the indicator registering accidents resulting in absence from work, is 0.93 injuries per 100,000 hours, stable in comparison to the previous year. All of our sites, except one recently acquired, are now fully SMETA compliant.

Employee Development

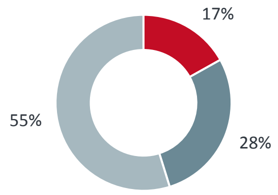
Employees per geographic footprint
As of August 31, 2023

EMEA	6,218
Americas	4,069
Asia-Pacific	2,025
Africa	1,442
Number of employees	**13,754**

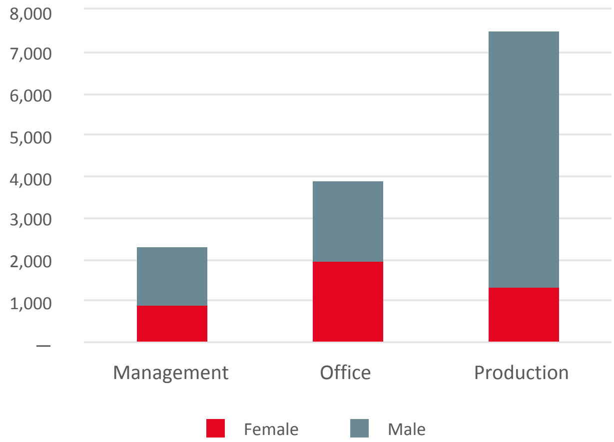


Employees per function
As of August 31, 2023

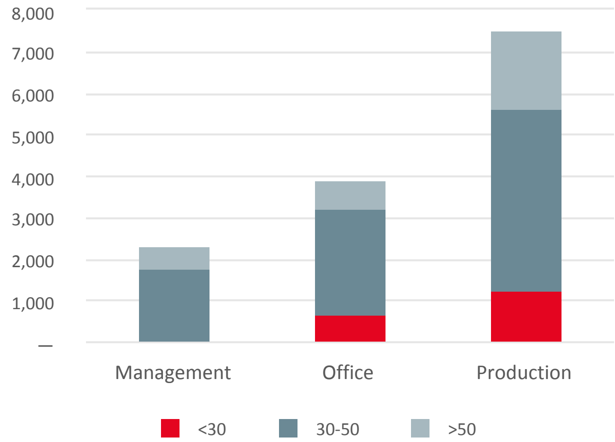
Management	2,323
Office	3,894
Production	7,537
Number of employees	**13,754**



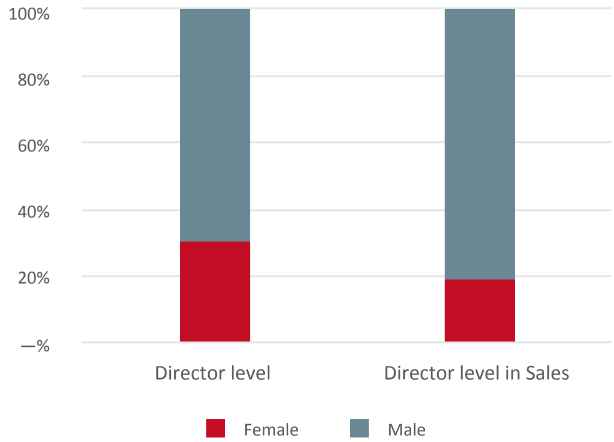
Gender of employees by function
As of August 31, 2023



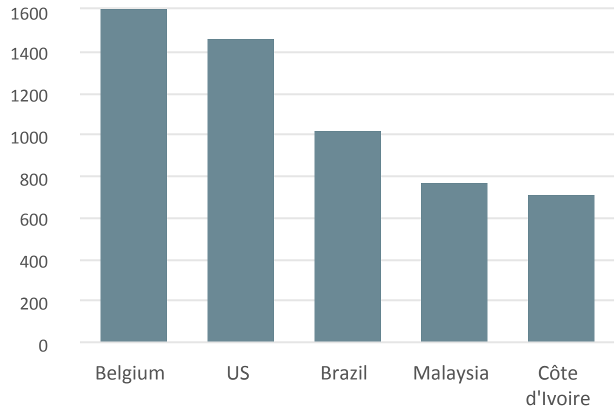
Age of employees by function
As of August 31, 2023



Gender representation at Director level
As of August 31, 2023



Top 5 nationalities
As of August 31, 2023, Number of employees



Average seniority in years by geographic footprint
As of August 31, 2023

EMEA	10.2
Americas	7.6
Asia Pacific	7.2
Africa	9.0

Chairman's Awards 2023

The **Chairman's Awards** recognize excellent Barry Callebaut employees who have demonstrated outstanding performance at work, have shown commitment to the Barry Callebaut Values, and have dedicated their personal time and resources to voluntary community service or charitable causes.

From left to right:

Luis Concepcion
(Chicago, USA)

Patrick de Maeseneire
(Chairman of the Board)

Juan Carlos Sanchez
(Monterrey, Mexico)

Casey Johannesen
(Chicago, USA)

Claudia Radi
(Norderstedt, Germany)

Gorrit Vercauteren
(Wieze, Belgium)

Kerri Greco
(Dunmore, USA)

Dennis Gruter
(Zundert, The Netherlands)

Gabrielle Alder
(Zurich, Switzerland)

Chia Xi (Chelsea) Soh
(Kuala Lumpur, Malaysia)

Patricia Evelyne Blah
(Abidjan, Ivory Coast)

Peter Feld
(CEO)

Daniela Machado
(Extrema, Brazil)

Geert Schokaert
(Wieze, Belgium)

Joanna Pelka
(Lodz, Poland)

Financial Reports

Consolidated Financial Statements

Consolidated Income Statement

for the fiscal year in thousands of CHF	Notes	2022/23	2021/22
Revenue from sales and services	1.1	8,470,525	8,091,855
Cost of goods sold		(7,122,007)	(6,874,688)
Gross profit		**1,348,518**	**1,217,167**
Marketing and sales expenses		(163,411)	(148,467)
General and administration expenses		(502,626)	(434,739)
Other income	1.3	4,769	21,444
Other expense	1.3	(27,900)	(101,919)
Operating profit (EBIT)	1.1	**659,350**	**553,486**
Finance income	3.8	13,393	8,077
Finance expense	3.8	(137,461)	(129,831)
Profit before income tax		**535,282**	**431,732**
Income tax expense	6.1	(92,147)	(70,792)
Net profit for the year		**443,135**	**360,940**
of which attributable to:			
shareholders of Barry Callebaut AG		444,355	360,705
non-controlling interests	3.2	(1,220)	235
Earnings per share			
Basic earnings per share (CHF)	3.3	81.04	65.81
Diluted earnings per share (CHF)	3.3	80.90	65.66

Consolidated Statement of Comprehensive Income

for the fiscal year in thousands of CHF	Notes	2022/23	2021/22
Net profit for the year		**443,135**	**360,940**
Currency translation adjustments		(309,888)	(56,001)
Effect of cash flow hedges	3.7	30,579	34,288
Tax effect on cash flow hedges	3.7 / 6.2	(8,706)	(8,183)
Items that may be reclassified subsequently to the income statement		**(288,015)**	**(29,896)**
Remeasurement of defined benefit plans	4.2	(3,053)	51,171
Tax effect on remeasurement of defined benefit plans	6.2	438	(10,827)
Items that will never be reclassified to the income statement		**(2,615)**	**40,344**
Other comprehensive income for the year, net of tax		**(290,630)**	**10,448**
Total comprehensive income for the year		**152,505**	**371,388**
of which attributable to:			
shareholders of Barry Callebaut AG		153,761	371,401
non-controlling interests		(1,256)	(13)

Consolidated Financial Statements

Consolidated Balance Sheet

Assets

as of August 31, in thousands of CHF	Notes	2023	2022
Current assets			
Cash and cash equivalents	3.4	488,203	878,197
Short-term deposits		128	1,824
Trade receivables and other current assets	2.5	1,111,256	915,579
Inventories	2.4	2,925,732	2,426,485
Income tax receivables		54,751	70,623
Derivative financial assets	3.7	941,685	466,589
Total current assets		**5,521,755**	**4,759,297**
Non-current assets			
Property, plant and equipment	2.1	1,506,184	1,558,791
Right-of-use assets	2.2	265,542	256,301
Intangible assets and goodwill	2.3	953,785	1,020,417
Employee benefit assets	4.2	25,234	21,664
Deferred tax assets	6.2	117,934	97,283
Other non-current assets		42,314	47,126
Total non-current assets		**2,910,993**	**3,001,582**
Total assets		**8,432,748**	**7,760,879**

Liabilities and equity

as of August 31, in thousands of CHF	Notes	2023	2022
Current liabilities			
Bank overdrafts	3.5	152,787	62,418
Short-term debt	3.5	466,373	449,967
Short-term lease liabilities	3.5	41,810	42,141
Trade payables and other current liabilities	2.6	1,791,038	1,793,254
Income tax liabilities		132,253	114,840
Derivative financial liabilities	3.7	1,545,687	560,326
Provisions	2.7	67,454	88,952
Total current liabilities		**4,197,402**	**3,111,898**
Non-current liabilities			
Long-term debt	3.5	900,040	1,302,026
Long-term lease liabilities	3.5	236,002	222,504
Employee benefit liabilities	4.2	87,569	85,817
Provisions	2.7	14,404	12,437
Deferred tax liabilities	6.2	87,209	106,991
Other non-current liabilities		12,978	14,860
Total non-current liabilities		**1,338,202**	**1,744,635**
Total liabilities		**5,535,604**	**4,856,533**
Equity			
Share capital	3.2	110	110
Retained earnings and other reserves		2,895,943	2,901,889
Total equity attributable to the shareholders of Barry Callebaut AG		**2,896,053**	**2,901,999**
Non-controlling interests	3.2	1,091	2,347
Total equity		**2,897,144**	**2,904,346**
Total liabilities and equity		**8,432,748**	**7,760,879**

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year

in thousands of CHF	Notes	2022/23	2021/22
Net profit for the year		443,135	360,940
Income tax expense	6.1	92,147	70,792
Depreciation, amortization and impairment	2.1/2.2/2.3	241,951	236,819
Interest expense/(interest income)	3.8	110,223	100,537
Loss/(gain) on sale of property, plant and equipment, net	1.3	1,218	2,689
Increase/(decrease) of employee benefit liabilities		(5,013)	(7,041)
Equity-settled share-based payments	4.1	18,904	13,317
Unrealized foreign currency effects		14,141	(106,682)
Change in working capital:		(342,802)	(29,284)
Inventories cocoa beans		(138,844)	(92,275)
Inventories other		(74,301)	(229,237)
Write down of inventories	2.4	30,871	44,495
Inventory fair value adjustment		(520,670)	(47,138)
Derivative financial assets/liabilities		559,060	64,771
Trade receivables and other current assets		(213,386)	(112,904)
Trade payables and other current liabilities		14,468	343,004
Provisions less payments	2.7	(17,293)	66,885
Other non-cash effective items		(2,288)	(3,260)
Cash generated from operating activities		**554,323**	**705,712**
Interest paid		(125,856)	(104,378)
Income taxes paid		(97,904)	(79,683)
Net cash from operating activities		**330,563**	**521,651**

Cash flows from investing activities

for the fiscal year

in thousands of CHF	Notes	2022/23	2021/22
Purchase of property, plant and equipment	2.1	(211,835)	(239,507)
Proceeds from sale of property, plant and equipment		7,500	3,943
Purchase of intangible assets	2.3	(29,330)	(36,383)
Proceeds from sale of intangible assets		978	314
Acquisition of subsidiaries/businesses net of cash acquired	5.1	—	(38,203)
Disposal of investments in associates		—	342
Purchase of short-term deposits		(43)	(735)
Proceeds from sale of short-term deposits		1,776	4
Proceeds from sale/(purchase) of other non-current assets		(422)	1,460
Receipt of government grants		391	7,082
Interest received		13,393	8,077
Net cash used in investing activities		**(217,592)**	**(293,606)**

Consolidated Financial Statements

Cash flows from financing activities

for the fiscal year

in thousands of CHF	Notes	2022/23	2021/22
Proceeds from the issue of short-term debt	3.5	50,455	41,662
Repayment of short-term debt	3.5	(435,352)	(89,620)
Proceeds from the issue of long-term debt	3.5	124,872	11,814
Repayment of long-term debt	3.5	(73,562)	(130,928)
Payment of lease liabilities	3.5	(44,192)	(44,006)
Dividend paid to shareholders of Barry Callebaut AG	3.2	(153,595)	(153,467)
Purchase of treasury shares	3.5	(23,629)	(16,951)
Net cash (used in)/from financing activities		**(555,003)**	**(381,496)**
Effect of exchange rate changes on cash and cash equivalents		(38,331)	(63,037)
Net (decrease)/increase in cash and cash equivalents		**(480,363)**	**(216,488)**
Cash and cash equivalents at beginning of year		815,779	1,032,267
Cash and cash equivalents at end of year		335,416	815,779
Net (decrease)/increase in cash and cash equivalents		**(480,363)**	**(216,488)**
Cash and cash equivalents	3.4	488,203	878,197
Bank overdrafts	3.5	(152,787)	(62,418)
Cash and cash equivalents as defined for the cash flow statement	**3.4**	**335,416**	**815,779**

Consolidated Statement of Changes in Equity

in thousands of CHF

Attributable to the shareholders of Barry Callebaut AG	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustment	Total[1]	Non-controlling interests	Total equity
as of September 1, 2021	**110**	**(15,594)**	**3,538,158**	**282**	**(840,099)**	**2,682,857**	**2,360**	**2,685,217**
Currency translation adjustment	—	—	—	(395)	(55,363)	(55,758)	(243)	(56,001)
Effect of cash flow hedges	—	—	—	34,288	—	34,288	—	34,288
Tax effect on cash flow hedges	—	—	—	(8,183)	—	(8,183)	—	(8,183)
Items that may be reclassified subsequently to the income statement	**—**	**—**	**—**	**25,710**	**(55,363)**	**(29,653)**	**(243)**	**(29,896)**
Remeasurement of defined benefit plans	—	—	51,176	—	—	51,176	(5)	51,171
Tax effect on remeasurement of defined benefit plans	—	—	(10,827)	—	—	(10,827)	—	(10,827)
Items that will never be reclassified to the income statement	**—**	**—**	**40,349**	**—**	**—**	**40,349**	**(5)**	**40,344**
Other comprehensive income, net of tax	**—**	**—**	**40,349**	**25,710**	**(55,363)**	**10,696**	**(248)**	**10,448**
Net profit for the year	—	—	360,705	—	—	360,705	235	360,940
Total comprehensive income for the year	**—**	**—**	**401,054**	**25,710**	**(55,363)**	**371,401**	**(13)**	**371,388**
Application of hyperinflation accounting (IAS 29), net of tax	**—**	**—**	**9,011**	**—**	**—**	**9,011**	**—**	**9,011**
Hedge reserve transferred to initial carrying amount of the hedged item	**—**	**—**	**—**	**(4,169)**	**—**	**(4,169)**	**—**	**(4,169)**
Dividend to shareholders	—	—	(153,467)	—	—	(153,467)	—	(153,467)
Purchase of treasury shares	—	(16,951)	—	—	—	(16,951)	—	(16,951)
Equity-settled share-based payments	—	10,659	2,658	—	—	13,317	—	13,317
Total contributions and distributions	**—**	**(6,292)**	**(150,809)**	**—**	**—**	**(157,101)**	**—**	**(157,101)**
as of August 31, 2022	**110**	**(21,886)**	**3,797,414**	**21,823**	**(895,462)**	**2,901,999**	**2,347**	**2,904,346**
as of September 1, 2022	**110**	**(21,886)**	**3,797,414**	**21,823**	**(895,462)**	**2,901,999**	**2,347**	**2,904,346**
Currency translation adjustment	—	—	—	(800)	(309,071)	(309,871)	(17)	(309,888)
Effect of cash flow hedges	—	—	—	30,579	—	30,579	—	30,579
Tax effect on cash flow hedges	—	—	—	(8,706)	—	(8,706)	—	(8,706)
Items that may be reclassified subsequently to the income statement	**—**	**—**	**—**	**21,073**	**(309,071)**	**(287,998)**	**(17)**	**(288,015)**
Remeasurement of defined benefit plans	—	—	(3,034)	—	—	(3,034)	(19)	(3,053)
Tax effect on remeasurement of defined benefit plans	—	—	438	—	—	438	—	438
Items that will never be reclassified to the income statement	**—**	**—**	**(2,596)**	**—**	**—**	**(2,596)**	**(19)**	**(2,615)**
Other comprehensive income, net of tax	**—**	**—**	**(2,596)**	**21,073**	**(309,071)**	**(290,594)**	**(36)**	**(290,630)**
Net profit for the year	—	—	444,355	—	—	444,355	(1,220)	443,135
Total comprehensive income for the year	**—**	**—**	**441,759**	**21,073**	**(309,071)**	**153,761**	**(1,256)**	**152,505**
Application of hyperinflation accounting (IAS 29), net of tax	**—**	**—**	**3,596**	**—**	**(3,664)**	**(68)**	**—**	**(68)**
Hedge reserve transferred to initial carrying amount of the hedged item	**—**	**—**	**—**	**(1,319)**	**—**	**(1,319)**	**—**	**(1,319)**
Dividend to shareholders	—	—	(153,595)	—	—	(153,595)	—	(153,595)
Purchase of treasury shares	—	(23,629)	—	—	—	(23,629)	—	(23,629)
Equity-settled share-based payments	—	19,281	(377)	—	—	18,904	—	18,904
Total contributions and distributions	**—**	**(4,348)**	**(153,972)**	**—**	**—**	**(158,320)**	**—**	**(158,320)**
as of August 31, 2023	**110**	**(26,234)**	**4,088,797**	**41,577**	**(1,208,197)**	**2,896,053**	**1,091**	**2,897,144**

1 Attributable to the shareholders of Barry Callebaut AG.

Notes to the Consolidated Financial Statements

Basis of Preparation

A. Organization and business activity

Barry Callebaut AG (the "Company") has its head office in Zurich, Switzerland, at Hardturmstrasse 181. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. These Consolidated Financial Statements comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is the world's leading manufacturer of high-quality chocolate and cocoa products – from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations, and compounds.

B. Basis of presentation

The Consolidated Financial Statements were authorized for issue by the Board of Directors on October 30, 2023 and are subject to approval by the Annual General Meeting of Shareholders on December 6, 2023.

The Consolidated Financial Statements of the Group for the reporting period from September 1, 2022 to August 31, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain items for which IFRS requires another measurement basis, in which case this is explicitly stated in the accounting policies. Significant accounting policies relevant to the understanding of the Consolidated Financial Statements are included in the corresponding notes. The Group has consistently applied its accounting policies to all periods presented in these Consolidated Financial Statements.

The Consolidated Financial Statements are presented in Swiss francs, which is the Company's functional currency.

All amounts have been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, the figures presented in the tables may not add up precisely to the totals provided.

C. Use of judgment and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information related to judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the Consolidated Financial Statements, together with assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending August 31, 2023, are included in the following notes:

Note 2.2	Right-of-use assets: Critical judgements - Determination of the lease term for options to extend or terminate the lease
Note 2.3	Intangible assets and goodwill: Significant estimates - Impairment test for CGUs containing goodwill, i.e. key assumptions used for value-in-use calculations
Note 2.7	Provisions: Significant estimates - Recognition and measurement of provisions
Note 4.2	Employee benefits: Significant estimates - Measurement of defined benefit liabilities, i.e. actuarial assumptions
Note 6	Income taxes: Significant estimates - Recognition and measurement of current and deferred tax liabilities and assets for uncertain tax positions; availability of future taxable profits against which tax loss carry forwards can be utilized

D. Introduction of amended IFRS standards in 2022/23 and later

The Group has adopted amendments to the existing International Financial Reporting Standards (IFRS) that are mandatory for periods starting on or after January 1, 2022. These adoptions did not have any material impact on the current reporting period.

The Group has also performed an assessment of amendments with effective date beyond 2022 and with planned application in fiscal year 2023/24. Based on this assessment, the Group does not expect a material impact on the Consolidated Financial Statements.

Amendments to Standards	Effective for fiscal year beginning on or after	Applied /Planned application by the Group in
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022	Fiscal year 2022/23
Annual Improvements to IFRS Standards 2018 – 2020	January 1, 2022	Fiscal year 2022/23
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022	Fiscal year 2022/23
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022	Fiscal year 2022/23
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023	Fiscal year 2023/24
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023	Fiscal year 2023/24
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023	Fiscal year 2023/24
International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)	January 1, 2023[1]	Fiscal year 2023/24
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024	Fiscal year 2024/25
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024	Fiscal year 2024/25
Non-Current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024	Fiscal year 2024/25
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024	Fiscal year 2024/25
Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025	Fiscal year 2025/26

[1] The temporary deferred tax accounting exception is applied immediately upon release of the amendment on 23 May 2023, while the introduction of additional disclosure requirements is only effective for fiscal year 2023/24. Please refer to the Accounting Policies in Note 6 – "Taxes" for further details.

1 Operating Performance

1.1 Segment information

External segment reporting is based on the internal organizational and management structure, as well as on the internal information reviewed regularly by the Chief Operating Decision Maker. Barry Callebaut's Chief Operating Decision Maker has been identified as the Executive Committee.

The Executive Committee manages the business from a geographic view. Hence, Presidents were appointed for each Region. Since the Group's cocoa activities operate independently from the Regions, the Global Cocoa business is managed by the Executive Committee as its own segment in addition to the geographic regions of EMEA (Europe, Middle East and Africa), Americas and Asia Pacific. Furthermore, the Executive Committee also manages the Corporate functions independently. The Corporate segment mainly consists of headquarter services (including the Group's centralized Treasury department) to other segments. Thus, the Group reports the Corporate segment separately.

The Global Cocoa segment is responsible for the procurement of ingredients for chocolate production (mainly cocoa, sugar, dairy and nuts) and the Group's cocoa-processing business. Global Cocoa generates approximately 58% of its revenues from transactions with other operating segments of the Group. Global Cocoa comprises Group-wide sourcing and Global Cocoa processing functions for the benefit of all the Regions. Therefore, the major part of its operating profit (EBIT) is allocated to the Regions.

The regional chocolate businesses consist of chocolate production related to the Product Groups of Food Manufacturers focusing on industrial customers and Gourmet & Specialties focusing on products for artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers as well as products for vending machines.

Financial information by reportable segments

2022/23

in thousands of CHF	**EMEA**	**Americas**	**Asia Pacific**	**Global Cocoa**	**Total segments**	**Corporate**	**Eliminations**	**Group**
Revenue from external customers	3,696,169	2,236,842	523,227	2,014,287	8,470,525	—	—	8,470,525
Revenue from transactions with other operating segments of the Group	151,467	5,488	—	2,736,156	2,893,111	—	(2,893,111)	—
Revenue from sales and services	**3,847,636**	**2,242,330**	**523,227**	**4,750,443**	**11,363,636**	**—**	**(2,893,111)**	**8,470,525**
Operating profit (EBIT)	**408,481**	**219,978**	**45,981**	**107,147**	**781,587**	**(122,237)**	**—**	**659,350**
Depreciation and amortization	(82,171)	(59,907)	(17,563)	(73,281)	(232,922)	(5,024)	—	(237,946)
Impairment	(587)	(1,288)	(567)	(1,541)	(3,983)	(22)	—	(4,005)
Interest income						13,393		13,393
Interest expense						(116,369)		(116,369)
Total assets	**2,352,699**	**1,341,031**	**256,480**	**4,324,159**	**8,274,369**	**684,438**	**(526,059)**	**8,432,748**
Additions to property, plant, equipment, right-of-use assets and intangible assets, excluding acquisitions of subsidiaries/businesses	(117,635)	(64,322)	(13,068)	(100,305)	(295,330)	(9,933)	—	(305,263)

Financial information by reportable segments

2021/22

in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total segments	Corporate	Eliminations	Group
Revenue from external customers[1]	3,340,636	2,190,216	547,799	2,013,204	8,091,855	—	—	8,091,855
Revenue from transactions with other operating segments of the Group	153,304	5,618	227	2,554,152	2,713,301	—	(2,713,301)	—
Revenue from sales and services	**3,493,940**	**2,195,834**	**548,026**	**4,567,356**	**10,805,156**	**—**	**(2,713,301)**	**8,091,855**
Operating profit (EBIT)	**267,232**	**223,452**	**59,125**	**102,474**	**652,283**	**(98,797)**	**—**	**553,486**
Depreciation and amortization	(84,150)	(57,163)	(16,514)	(73,266)	(231,093)	(4,806)	—	(235,899)
Impairment	(432)	(13)	—	(475)	(920)	—	—	(920)
Interest income						8,077		8,077
Interest expense						(99,876)		(99,876)
Total assets	**2,311,129**	**1,457,719**	**329,771**	**3,129,843**	**7,228,462**	**1,090,737**	**(558,320)**	**7,760,879**
Additions to property, plant, equipment, right-of-use assets and intangible assets, excluding acquisitions of subsidiaries/businesses	(113,394)	(63,765)	(18,076)	(98,276)	(293,511)	(6,039)	—	(299,550)

1 Certain Gourmet & Specialties customers have been shifted from EMEA to Global Cocoa to better serve them. The minor reallocation represented less than 1% of EMEA volume and sales revenue in fiscal year 2021/22.

Segment revenue, segment operating profit (EBIT) and segment assets are measured based on IFRS principles.

Finance income and expense and income taxes are not allocated to the respective segment for internal management purposes.

Additional entity-wide disclosures

Information on geographical regions

Barry Callebaut is domiciled in Switzerland, however, its major revenues are generated in other countries. The following table shows revenues reported based on the geographic location of customers and non-current assets other than financial instruments, deferred tax assets and employee benefit assets.

	Revenue		Non-current assets	
in thousands of CHF	**2022/23**	**2021/22**	**2022/23**	**2021/22**
US	1,564,630	1,546,134	441,265	472,047
Germany	567,161	520,893	100,510	86,382
UK	536,375	560,775	57,565	64,569
Mexico	526,602	484,611	18,162	17,217
France	475,572	473,555	84,926	79,603
Brazil	462,131	413,103	127,646	109,661
Belgium	452,881	389,476	559,601	570,170
Poland	379,036	356,941	84,302	71,990
Rest of EMEA*	2,151,670	1,958,098	607,539	635,636
Rest of Americas	461,497	450,080	172,277	194,573
Asia Pacific	892,970	938,189	510,252	575,859
Total*	**8,470,525**	**8,091,855**	**2,764,045**	**2,877,707**
*of which Switzerland	**82,953**	**69,401**	**60,045**	**63,331**

Information on Product Groups

The Group has numerous products that are sold to external customers. Therefore, for internal review by the Chief Operating Decision Maker, information on products is aggregated on a Product Group level. The following table breaks down external revenues into Product Groups:

Segment information by Product Group

in thousands of CHF	2022/23	2021/22[1]
Cocoa Products	2,014,287	2,013,204
Food Manufacturers	5,054,897	4,688,970
Gourmet & Specialties	1,401,341	1,389,681
Revenue from external customers	**8,470,525**	**8,091,855**

1 Certain Gourmet & Specialties customers have been shifted to the Food Manufacturers and Cocoa product group to better serve them. The minor reallocation represented less than 1% of Gourmet & Specialties volume and sales revenue in fiscal year 2021/22.

In fiscal year 2022/23, the biggest single customer contributed CHF 855.8 million or 10.1% of total revenues reported across various segments (in fiscal year 2021/22, no single customer contributed more than 10% of total consolidated revenue). No other single customer contributed more than 10% of total consolidated revenue.

Accounting policies

Revenue recognition

Revenue from sales and services represent the net sales revenue from raw materials, semi-processed and processed goods transferred to customers and for services related to food processing.

Revenue is measured based on the contractually agreed transaction price at the amount which the Group expects to receive in exchange for transferring promised goods or services to the customer.

Revenue is generally recognized at the point in time, when control of the goods has been transferred to the customer, which is upon delivery or shipment of the goods, according to the applicable Incoterms. The payment terms are typically between 30 and 90 days.

The Group recognizes revenue over time for highly customized products for which the Group has no alternative use. The nature of the Group's business means that the production of these goods and its delivery occur in short succession. The revenue for these products is recognized over time using the output method 'units delivered'.

Appropriate provisions are made for all additional costs to be incurred in connection with the sales, including the cost related to returns of goods, which do not meet agreed specifications and quality-related claims.

Type of commercial agreement	Commercial principle
Contract business	Partnership agreements/Umbrella agreement The Group enters into long-term partnership / umbrella agreements of between three to ten years supported by a framework agreement between the Group and the customer governing the conduct of business, payment terms, rights to goods and services. In addition, for partnership agreements it typically includes legally enforceable annual volume purchase commitments. Firm purchase commitments are agreed for delivery periods of typically three to six months.
	Volume agreements The customer commits to legally enforceable firm purchase commitments for certain volumes of specified goods. The conduct of business is ordinarily governed by Group's general terms and conditions.
Price list business	Based on forecasted sales and raw materials prices, the Group establishes a price list for the products in its portfolio. The price list then applies to sales for a period of typically six months.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Presidents of the Regions EMEA, Americas, Asia Pacific and Global Cocoa as well as the Chief Operations Officer, the Chief Innovation & Quality Officer, the Chief Procurement Officer and the Chief Human Resources Officer.

1.2 Research and development expenses

in thousands of CHF	2022/23	2021/22
Research and development expenses	**(36,967)**	**(32,397)**

Research and development expenses not qualifying for capitalization are directly charged to the Consolidated Income Statement and are reported under “Marketing and sales expenses” and “General and administration expenses”.

1.3 Other income and expense

Composition of other income

in thousands of CHF	2022/23	2021/22
Rental income	478	484
Gain on net monetary positions, application of hyperinflation accounting (IAS 29) (Note 7.1)	278	2,283
Brazilian indirect tax credits	—	13,562
Release of restructuring provision	1,618	—
Other	2,395	5,115
Total other income	**4,769**	**21,444**

In the prior fiscal period, indirect tax credits amounted to CHF 13.5 million and related to the recovery of Brazilian indirect tax credits from fiscal periods before 2020/21 due to a decision by the Brazilian Supreme Court applicable to all taxpayers.

Composition of other expense

in thousands of CHF	2022/23	2021/22
Restructuring costs	—	(1,793)
Costs related to the closure of the chocolate factory in Moreton, UK	—	(7,821)
Litigations and claims	(7,421)	(7,462)
Net impact related to the salmonella incident at the Wieze factory	(7,553)	(76,925)
Net loss on sale of property, plant and equipment	(1,218)	(2,689)
Impairment of property, plant and equipment (Note 2.1)	(422)	(110)
Impairment of intangible assets (Note 2.3)	(3,583)	(810)
Impairment of financial instruments	(3,525)	(2,119)
Acquisition related costs (Note 5.1)	—	(182)
Other	(4,178)	(2,008)
Total other expense	**(27,900)**	**(101,919)**

Net impact related to the salmonella incident at the Wieze factory in Belgium mainly related to the prior-year fiscal period where it included estimated costs of fulfilling contractual obligations as well as costs for transportation, storage, destruction and disposal of contaminated products. It also included costs for cleaning including dismantling, disinfecting and reassembling all contaminated product lines. To the extent such costs were not yet incurred at the closing date, the obligations have been provided for based on estimates. The impact is net of amounts that are considered virtually certain to be recovered from insurance.

Gain on disposal of property, plant and equipment in the amount of CHF 2.1 million in fiscal year 2022/23 (2021/22: CHF 0.5 million) was netted against the loss on disposal of property, plant and equipment.

2 Operating Assets and Liabilities

2.1 Property, plant and equipment

2022/23 in thousands of CHF	**Land and buildings**	**Plant and machinery**	**Office equipment, furniture and motor vehicles**	**Under construction**	**Total**
At cost					
as of September 1, 2022	**753,849**	**2,218,396**	**129,956**	**146,693**	**3,248,894**
Additions[1]	1,589	10,952	3,191	188,585	204,317
Disposals	(6,031)	(15,873)	(5,452)	(2,900)	(30,256)
Currency translation adjustments	(43,306)	(153,171)	(7,359)	(10,892)	(214,728)
Reclassifications from under construction	18,125	77,221	9,289	(104,635)	—
Application of hyperinflation accounting (IAS 29)	1,448	4,783	355	903	7,489
Other reclassifications[2]	(248)	12,344	(134)	(1,795)	10,167
as of August 31, 2023	**725,426**	**2,154,652**	**129,846**	**215,959**	**3,225,883**
Accumulated depreciation and impairment losses					
as of September 1, 2022	**337,206**	**1,251,355**	**100,631**	**911**	**1,690,103**
Depreciation	23,508	122,136	9,782	—	155,426
Impairment (Note 1.3)	704	536	—	(818)	422
Disposals	(4,462)	(12,388)	(4,689)	—	(21,539)
Currency translation adjustments	(18,603)	(83,348)	(5,324)	(49)	(107,324)
Application of hyperinflation accounting (IAS 29)	402	1,577	236	—	2,215
Other reclassifications[2]	(70)	414	52	—	396
as of August 31, 2023	**338,685**	**1,280,282**	**100,688**	**44**	**1,719,699**
Net as of August 31, 2023	**386,741**	**874,370**	**29,158**	**215,915**	**1,506,184**

1 Cash outflow amounted to CHF 211.8 million, of which CHF 22.2 million is related to prepayments. Of the additions, CHF 15.7 million are not yet paid purchases of property, plant and equipment.
2 Reclassified to "Intangible assets" (net CHF 1.7 million), from "Right-of-use assets" (net CHF 0.5 million) and from "Inventories" Spare Parts CHF 11.0 million.

2021/22 in thousands of CHF	**Land and buildings**	**Plant and machinery**	**Office equipment, furniture and motor vehicles**	**Under construction**	**Total**
At cost					
as of September 1, 2021	**740,917**	**2,176,851**	**127,649**	**170,568**	**3,215,985**
Business combinations (Note 5.1)	4,603	5,450	130	—	10,183
Additions[1]	5,809	18,706	2,853	180,069	207,437
Disposals	(1,059)	(11,942)	(2,640)	(2,170)	(17,811)
Currency translation adjustments	(22,500)	(68,740)	(8,629)	(5,373)	(105,242)
Reclassifications from under construction	26,442	158,970	9,644	(195,056)	—
Application of hyperinflation accounting (IAS 29)	3,145	8,161	617	163	12,086
Other reclassifications[2, 3]	(3,508)	(69,060)	332	(1,508)	(73,744)
as of August 31, 2022	**753,849**	**2,218,396**	**129,956**	**146,693**	**3,248,894**
Accumulated depreciation and impairment losses					
as of September 1, 2021	**326,248**	**1,183,797**	**100,491**	**744**	**1,611,280**
Depreciation	23,663	118,516	9,001	—	151,180
Impairment (Note 1.3)	—	(50)	—	160	110
Disposals	(827)	(7,974)	(2,319)	(60)	(11,180)
Currency translation adjustments	(11,758)	(42,840)	(6,995)	67	(61,526)
Application of hyperinflation accounting (IAS 29)	595	1,847	349	—	2,791
Other reclassifications[2]	(715)	(1,941)	104	—	(2,552)
as of August 31, 2022	**337,206**	**1,251,355**	**100,631**	**911**	**1,690,103**
Net as of August 31, 2022	**416,643**	**967,041**	**29,325**	**145,782**	**1,558,791**

1 Cash outflow amounted to CHF 239.5 million, of which CHF 32.1 million related to prepayments.
2 A Group finance operational excellence project aimed at harmonization and automation was conducted that resulted in a reclassification of Spare Parts from "Property, plant and equipment" to "Inventories" of CHF 70.8 million.
3 Reclassified from "Intangible assets" (net CHF 2.8 million), "Right-of-use assets" (net CHF 0.9 million) and "Inventories" Spare Parts CHF 3.5 million.

Repair and maintenance expenses for the fiscal year 2022/23 amounted to CHF 84.1 million (2021/22: CHF 79.4 million).

As at August 31, 2023, no non-currents assets were pledged as security for financial liabilities (2022: nil).

Accounting policies

Property, plant and equipment

The Group periodically reviews the remaining useful lives of assets recognized in "Property, plant and equipment".

Property, plant and equipment is measured at the acquisition or construction cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life.
Estimated useful lives of major classes of depreciable assets are:

Buildings (including warehouses and installations)	20 to 50 years
Plant and machinery	5 to 20 years
Office equipment, furniture and motor vehicles	3 to 10 years

Maintenance and repair expenditures are charged to the income statement as incurred.
Property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognized to reduce the value of the asset to its recoverable amount. In determining the recoverable amount, the higher of an asset's fair value less costs of disposal and value in use is considered.

Borrowing costs

Borrowing costs related to the acquisition, construction, or production of a qualifying asset are capitalized in accordance with IAS 23. A qualifying asset is an asset that necessarily takes a substantial period of time in order to use or sell it as intended by the Group management.

2.2 Right-of-use assets

The Group leases land and buildings for use as office and warehouse space. Lease contracts are entered on an individual basis and contain a wide range of different terms and conditions. Lease terms are typically fixed for a period of two to twelve years. In many cases, lease contracts for buildings contain extension options, which provide operational flexibility and security. Such options are considered individually to determine whether the Group is reasonably certain to exercise the option. Furthermore, the Group maintains a fleet of leased cars with an average lease term of four years and leased vehicles with an average lease term of six years. Lease term for hardware is an average of five years.

2022/23

in thousands of CHF	Land and buildings	Plant and machinery	Office equipment and motor vehicles	Total
At cost				
as of September 1, 2022	**312,898**	**2,686**	**45,501**	**361,085**
Additions	58,073	54	13,259	71,386
Disposals	(7,872)	(54)	(9,351)	(17,277)
Lease modifications	5,293	—	(254)	5,039
Currency translation adjustments	(24,208)	(159)	(2,673)	(27,040)
Reclassifications[1]	—	(773)	(85)	(858)
as of August 31, 2023	**344,184**	**1,754**	**46,397**	**392,335**
Accumulated depreciation and impairment losses				
as of September 1, 2022	**81,523**	**1,445**	**21,816**	**104,784**
Depreciation	37,201	442	10,626	48,269
Disposals	(7,697)	(54)	(8,893)	(16,644)
Lease modifications	(747)	—	(90)	(837)
Currency translation adjustments	(7,094)	(97)	(1,259)	(8,450)
Reclassifications[1]	—	(278)	(51)	(329)
as of August 31, 2023	**103,186**	**1,458**	**22,149**	**126,793**
Net as of August 31, 2023	**240,998**	**296**	**24,248**	**265,542**

1 Reclassified to "Property, plant and equipment" (net CHF 0.5 million).

2021/22

in thousands of CHF	Land and buildings	Plant and machinery	Office equipment and motor vehicles	Total
At cost				
as of September 1, 2021	**286,124**	**3,654**	**45,578**	**335,356**
Business combinations (Note 5.1)	—	—	250	250
Additions	42,338	324	9,066	51,728
Disposals	(9,540)	(159)	(5,636)	(15,335)
Lease modifications	(1,497)	(78)	(962)	(2,537)
Currency translation adjustments	(4,476)	(304)	(2,706)	(7,486)
Reclassifications[1]	(51)	(751)	(89)	(891)
as of August 31, 2022	**312,898**	**2,686**	**45,501**	**361,085**
Accumulated depreciation and impairment losses				
as of September 1, 2021	**56,086**	**1,288**	**18,054**	**75,428**
Depreciation	35,042	609	10,944	46,595
Disposals	(9,097)	(131)	(5,498)	(14,726)
Lease modifications	(17)	—	(306)	(323)
Currency translation adjustments	(714)	(146)	(1,334)	(2,194)
Reclassifications[1]	223	(175)	(44)	4
as of August 31, 2020	**81,523**	**1,445**	**21,816**	**104,784**
Net as of August 31, 2022	**231,375**	**1,241**	**23,685**	**256,301**

1 Reclassified to "Property, plant and equipment" (net CHF 0.9 million).

Notes to the Consolidated Financial Statements

The following expenses related to the Group's leasing activities are recognized in the income statement:

in thousands of CHF	2022/23	2021/22
Expense relating to short-term leases	3,606	3,602
Expense relating to leases of low-value assets	565	742
Expense relating to variable lease payments not included in the measurement of lease liabilities	739	576
Lease-related expenses	**4,910**	**4,920**
Depreciation of right-of-use assets	48,270	46,595
Interests on lease liabilities	8,176	6,714
Total amount recognized in the income statement	**61,356**	**58,229**

In fiscal year 2022/23, the Group's total cash outflow for lease payments was CHF 57.3 million, including interest paid (2021/22: CHF 55.6 million).

Accounting policies

Definition of a lease	At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.
Recognition and measurement of a lease	The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate defined on a Group level, specific to the currency of the lease contract. Lease payments included in the initial measurement of the lease liability include for example fixed payments and variable payments that depend on an index or rate, which are initially measured using the index or rate at the commencement date. The lease liability is subsequently measured at amortized cost using the effective interest method, decreased by lease payments made. The lease liability is remeasured in case of changes in future lease payments (i.e. index-based rents) or any changes in the assessments of extension or termination options. For such remeasurements, a corresponding adjustment generally is made to the right-of-use asset. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred, an estimate of costs for restoration obligations, payments made at or before the commencement date and less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the underlying asset (determined on the same basis as those of property, plant and equipment). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies judgment to determine the lease terms for lease contracts that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of right-of-use assets and lease liabilities recognized in the balance sheet.
Short-term leases and leases of low-value assets	The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and do not contain a purchase option, and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.3 Intangible assets and goodwill

2022/23

in thousands of CHF	Goodwill	Brand names and licenses	Internally generated intangible assets	Other / Under development	Total
At cost					
as of September 1, 2022	**861,231**	**61,138**	**541,206**	**47,657**	**1,511,232**
Additions	—	—	9,686	19,874	29,560
Disposals	—	(1,714)	(3,587)	(3,217)	(8,518)
Currency translation adjustments	(54,384)	(1,101)	(16,937)	(4,105)	(76,527)
Reclassifications from under development	—	—	13,905	(13,905)	—
Other reclassifications[1]	—	—	1,846	(136)	1,710
as of August 31, 2023	**806,847**	**58,323**	**546,119**	**46,168**	**1,457,457**
Accumulated amortization and impairment losses					
as of September 1, 2022	**—**	**55,217**	**400,011**	**35,587**	**490,815**
Amortization	—	1,527	31,342	1,382	34,251
Impairment (Note 1.3)	—	—	239	3,344	3,583
Disposals	—	(1,714)	(3,263)	(2,562)	(7,539)
Currency translation adjustments	—	(754)	(13,892)	(2,810)	(17,456)
Other reclassifications[1]	—	(3)	565	(544)	18
as of August 31, 2023	**—**	**54,273**	**415,002**	**34,397**	**503,672**
Net as of August 31, 2023	**806,847**	**4,050**	**131,117**	**11,771**	**953,785**

1 Reclassified from "Property, plant and equipment" (net CHF 1.7 million).

2021/22

in thousands of CHF	Goodwill	Brand names and licenses	Internally generated intangible assets	Other / Under development	Total
At cost					
as of September 1, 2021	**829,587**	**62,223**	**535,834**	**47,739**	**1,475,383**
Business combination (Note 5.1)	26,510	—	—	1,916	28,426
Additions	—	—	17,056	23,329	40,385
Disposals	—	—	(437)	(843)	(1,280)
Currency translation adjustments	5,134	(1,085)	(33,896)	(4,750)	(34,597)
Reclassifications from under development	—	—	19,365	(19,365)	—
Other reclassifications[1]	—	—	3,284	(369)	2,915
as of August 31, 2022	**861,231**	**61,138**	**541,206**	**47,657**	**1,511,232**
Accumulated amortization and impairment losses					
as of September 1, 2021	**—**	**54,715**	**388,457**	**36,728**	**479,900**
Amortization	—	1,657	34,431	2,036	38,124
Impairment (Note 1.3)	—	—	810	—	810
Disposals	—	—	(342)	(624)	(966)
Currency translation adjustments	—	(1,155)	(24,095)	(1,970)	(27,220)
Other reclassifications[1]	—	—	750	(583)	167
as of August 31, 2022	**—**	**55,217**	**400,011**	**35,587**	**490,815**
Net as of August 31, 2022	**861,231**	**5,921**	**141,195**	**12,070**	**1,020,417**

1 Reclassified to "Property, plant and equipment" (net CHF 2.8 million).

Additions and reclassification from under development to internally generated intangible assets amounted to CHF 23.6 million in fiscal year 2022/23 (2021/22: CHF 36.4 million). This mainly included costs related to various projects of internally generated software and amounted to CHF 21.3 million (2021/22: CHF 33.9 million). The remainder is related to the development of recipes and innovations of CHF 2.3 million that were recorded under internally generated intangible assets (2021/22: CHF 2.5 million). Additions to other intangible assets mainly included projects under development.

The remaining amortization period for brand names varies between one and ten years, for licenses up to ten years, for software between one and eight years and for other including patents between one and twelve years.

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 806.8 million (2022: CHF 861.2 million). The allocation to the segments is as follows:

as of August 31, in million CHF	2023	2022
Global Cocoa	425.1	454.0
EMEA	299.6	318.5
Americas	78.1	84.5
Asia Pacific	4.0	4.2
Total	**806.8**	**861.2**

Goodwill acquired in a business combination is allocated to the respective segment that is expected to benefit from the synergies of the business combination, at acquisition date. Due to the Group's fully integrated business in the Regions, the segments represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Thus, the impairment test is performed on a segment level.

For the impairment test, the recoverable amount of a cash-generating unit is based on its value-in-use and is compared to the carrying amount of the corresponding cash-generating unit. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the weighted average cost of capital (WACC).

The Group performs its impairment test during the fourth quarter of the fiscal year. This approach was chosen because the Mid-Term Plan, covering the next five fiscal years, is updated annually in the third quarter. The Mid-Term Plan is based on the assumption that there are no major changes to the Group's organization. The residual value is calculated from an estimated continuing value, which is primarily based on the fifth year of the Mid-Term Plan. The terminal growth rate used for determining the residual value does not exceed the expected long-term growth rate of the industry.

The annual impairment tests did not result in a need to recognize impairment losses in fiscal year 2022/23.

The key sensitivities in the impairment test are the WACC as well as the terminal growth rate.

Key assumptions used for value-in-use calculations

	2023		2022	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Cocoa	10.4 %	1.9 %	7.8 %	1.6 %
EMEA	10.3 %	1.7 %	6.6 %	1.1 %
Americas	8.4 %	2.3 %	6.9 %	2.1 %
Asia Pacific	9.6 %	2.0 %	7.7 %	2.3 %

The Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

Accounting policies

Goodwill	Goodwill on acquisitions is the excess of acquisition date fair value of the total consideration transferred plus the recognized amount of any non-controlling interest in the acquiree and the acquisition date fair value of assets acquired, liabilities and contingent liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually on the same date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Negative goodwill is recognized directly in the Consolidated Income Statement. At the acquisition date, any acquired goodwill is allocated to each of the cash-generating units (CGUs). The Group defines its CGUs for goodwill impairment testing based on the way that it monitors and derives economic benefits from the acquired goodwill. The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount, based on their value in use, which corresponds to their future projected cash flows discounted at an appropriate pre-tax rate of return. The cash flows correspond to estimates made by Group Management in financial plans and business strategies covering a period of five years after making adjustments to consider the assets in their current condition. They are then projected to perpetuity using a multiple which corresponds to a steady growth rate. The Group assesses the uncertainty of these estimates by making sensitivity analyses. Where the recoverable amount of the CGUs is less than the carrying amount, an impairment loss is recognized.
Research and development costs	Research costs are expensed as incurred. Development costs for projects related to recipes and product innovations are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, if it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful life. The amortization periods adopted do not exceed five years.
Brand names, licenses and other intangible assets	Other acquired intangible assets include brand names, licenses, customer relationships, patents and trademarks, software and projects to improve the processes. Patents and licenses are amortized over their period of validity. All other intangible assets are amortized on a straight-line basis over their anticipated useful life not exceeding ten years. The amortization charge is included in the positions "General and administration expenses" and "Cost of goods sold" in the Consolidated Income Statement.

2.4 Inventories

as of August 31, in thousands of CHF	2023	2022
Cocoa beans stocks	1,267,568	849,216
Semi-finished and finished products	1,291,659	1,170,437
Other raw materials and packaging materials	366,505	406,832
Total inventories	**2,925,732**	**2,426,485**

As at August 31, 2023, the value of cocoa and chocolate inventories designated in a hedging relationship amounted to CHF 1,811.9 million (2022: CHF 1,276.4 million), on which a fair value hedge adjustment of CHF 564.7 million was recorded (2022: CHF 60.8 million). For further details of hedged inventories refer to Note 3.7.9 – "Effect of hedge accounting on the financial position and performance".

In 2022/23, materials used of CHF 5,835.3 million (2021/22: CHF 5,643.5 million) were recognized as an expense during the year and included in "Cost of goods sold".

In fiscal year 2022/23, inventory write-downs of CHF 30.9 million were recognized as an expense (2021/22: CHF 44.5 million).

As at August 31, 2023, no inventories were pledged as security (2022: nil).

Accounting policies	
Inventories	Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. Those inventories that are allocated as hedged items in a fair value hedge relationship are adjusted for the change in the fair value attributable to the hedged cocoa price risk. The weighted average method is used in assigning the cost of inventories.

2.5 Trade receivables and other current assets

as of August 31, in thousands of CHF	2023	2022
Trade receivables	532,548	547,521
Accrued income	68,903	40,251
Loans and other receivables	228,218	60,618
Other current financial assets	26,634	17,315
Receivables representing financial assets	**856,303**	**665,705**
Prepayments	118,862	137,472
Other current non-financial assets	1,361	621
Other tax receivables and receivables from government	134,730	111,781
Other receivables	**254,953**	**249,874**
Total trade receivables and other current assets	**1,111,256**	**915,579**

The Group runs asset-backed securitization programs, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The amount of the receivables sold net of discounts as at August 31, 2023, was CHF 414.9 million (2022: CHF 387.6 million). This amount was derecognized from the balance sheet. The amount is the combination of the gross value of the receivables sold of CHF 443.0 million (2022: CHF 408.1 million) and the discount applicable of CHF 28.1 million (2022: CHF 20.5 million).

Net amounts payable to these programs amounted to CHF 70.0 million as at August 31, 2023 (2022: CHF 73.4 million), consisting of the balance of receivables collected before the next rollover date of CHF 98.1 million (2022: CHF 93.9 million), less the discount on receivables sold of CHF 28.1 million (2022: CHF 20.5 million). The discount is retained by the programs to establish a dilution reserve, a yield reserve, and an insurance first loss reserve. These amounts are included in Note 2.6 – "Trade payables and other current liabilities" on a net basis.

Trade receivables with the fair value of CHF 103.0 million (and CHF 103.9 million nominal amount) as at August 31, 2023 (2022: fair value CHF 92.8 million, nominal amount CHF 93.1 million), are held for realization through sale under the asset-backed securitization programs and are therefore classified as measured at fair value through profit or loss. All other trade receivables, accrued income, loans, other receivables and other current financial assets are measured at amortized cost.

Interest expense paid under the asset-backed securitization programs amounted to CHF 16.8 million (2021/22: CHF 4.3 million) and was reported under "Interest expense".

For detailed information about the expected credit losses calculated on the Group's financial assets measured at amortized cost refer to Note 3.7.4 – "Credit risk and concentration of credit risk".

Accounting policies

Trade receivables

Trade receivables, with the exception of those receivables that are managed under the asset-backed securitization programs, are stated at amortized cost, less lifetime expected credit losses.

The Group maintains asset-backed securitization programs for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under "Loans and other receivables" or "Other payables" is the amount of the discount minus the receivables already collected at the balance sheet date, but not yet remitted to the asset-purchasing company. Before being sold, the receivables that are managed under the asset-backed securitization programs are classified as financial assets measured at fair value through profit or loss.

Other financial assets

Other financial assets are the items reported in the lines "Accrued Income", "Loans and other receivables" and "Other current financial assets". Other financial assets are classified as measured at amortized cost less expected impairment losses. The Group's other financial assets have contractual cash flows that are solely principal, and the Group's interest and business model is to hold these assets to collect contractual cash flows.

All purchases and sales of financial assets are recognized on the trade date. Financial assets are recognized when the Group becomes a party to the contractual provisions and are initially measured at fair value, which represents the transferred consideration, plus transaction costs.

Financial assets are derecognized when the Group loses control of the contractual rights to the cash flows of the assets. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

Allowance for impairment losses of financial assets

At each reporting date, the Group recognizes an impairment allowance for financial assets measured at amortized cost.

The impairment allowance represents the Group's estimates of lifetime expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets.

Impairment losses are reflected in the allowance account of the respective financial asset class and recognized in the Consolidated Income Statement as follows:

Financial asset class	Line item in Consolidated Income Statement
Cash and cash equivalents	Finance expense
Deposits	Other expense
Trade receivables	Revenue from sales and services
Other receivables	Other expense
Other financial assets	Other expense

Notes to the Consolidated Financial Statements

2.6 Trade payables and other current liabilities

as of August 31, in thousands of CHF	2023	2022
Trade payables	1,143,806	1,202,076
Accrued expenses	213,505	164,500
Other payables	199,145	224,005
Payables representing financial liabilities	**1,556,456**	**1,590,581**
Accrued wages and social security	139,238	129,868
Other taxes and payables to government	94,033	72,020
Deferred income	1,311	785
Other liabilities	**234,582**	**202,673**
Total trade payables and other current liabilities	**1,791,038**	**1,793,254**

The Group has payables related to asset-backed securitization programs, see Note 2.5 – "Trade receivables and other current assets". Other payables also consist of outstanding ledger balances with commodity brokers.

Accounting policies

Trade payables and other current financial liabilities	Trade payables and other current financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

2.7 Provisions

in thousands of CHF	Restructuring	Litigation & claims	Other	Total
as of September 1, 2022	**5,833**	**79,172**	**16,384**	**101,389**
Additions	8	17,523	5,078	22,609
Use of provisions	(3,412)	(29,109)	(362)	(32,883)
Release of unused provisions	(1,618)	(4,539)	(862)	(7,019)
Currency translation adjustments	(109)	(1,327)	(802)	(2,238)
as of August 31, 2023	**702**	**61,720**	**19,436**	**81,858**
of which:				
Current	702	58,898	7,854	67,454
Non-current	—	2,822	11,582	14,404

Restructuring

The amounts for restructuring primarily includes direct expenditures arising from the restructuring, notably severance payments and other costs directly linked to closure of facilities.

Litigation & claims

The amount includes provisions for certain litigation and claims that have been recognized to cover legal, tax and administrative disputes that arise in the ordinary course of business for which, by their nature, the timing or the amount are difficult to predict. This includes, but is not limited to, customer, labor and non-income tax claims.

The provisions include the remaining estimated costs of fulfilling contractual obligations related to the salmonella incident at the Wieze factory.

Other provisions

Other provisions cover different types of risk, including non-income tax risks and warranties, and the majority is expected to be used within three years.

Accounting policies

Provisions	Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate thereof can be made. Provisions are recorded for identifiable claims and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is communicated.

3 Capital and Financial Risk Management

3.1 Capital management

The Group continues to apply its policy to maintain a sound capital base to support the continued development of the business. The Board of Directors seeks to maintain a prudent balance between debt and equity. In compliance with bank covenants, there is also a minimum tangible net worth value (equity – intangible assets and goodwill) set at CHF 750 million.

The target payout ratio to shareholders is set in a range of 35% to 40% of the net profit in the form of a dividend. The target payout ratio and the form of the payout recommended by the Board is reviewed on an annual basis and is subject to the decision at the Annual General Meeting of Shareholders.

The Group's subsidiaries have complied with applicable local statutory capital requirements.

3.2 Equity

Share capital and dividends

The issued share capital amounts to CHF 0.1 million (2022: CHF 0.1 million) and is divided into 5,488,858 registered shares with a nominal value of CHF 0.02 (2022: CHF 0.02). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind. The Company has one class of shares, which carries no right to a fixed dividend.

By resolution of the Annual General Meeting on December 14, 2022 the shareholders approved the proposed distribution of dividends in the amount of CHF 28.00 per share, effected through a dividend payment of CHF 153.6 million. The payment was made to shareholders on January 11, 2023.

During the fiscal year 2021/22, the payout of CHF 28.00 per share was effected through a dividend payment out of retained earnings in the amount of CHF 153.5 million. The payment was made to shareholders on January 6, 2022.

Treasury shares

Treasury shares are valued at weighted average cost and have been deducted from equity. The book value of the treasury shares as at August 31, 2023, amounted to CHF 26.2 million (2022: CHF 21.9 million).

The fair value of the treasury shares as at August 31, 2023, amounted to CHF 23.5 million (2022: CHF 20.6 million). As at August 31, 2023, the number of outstanding shares amounted to 5,473,642 (2022: 5,478,563) and the number of treasury shares to 15,216 (2022: 10,295). During this fiscal year, 14,000 shares have been purchased, 9,079 transferred to employees and members of the Board of Directors under the employee stock ownership program (2021/22: 7,767 purchased; 5,345 transferred).

Retained earnings

As at August 31, 2023, retained earnings contain legal reserves of CHF 26.3 million (2022: CHF 21.9 million), which are not distributable to the shareholders pursuant to Swiss law.

Hedging reserves

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that are expected to occur. For further detail about the hedge reserves, refer to Note 3.7.9 – "Effect of hedge accounting on the financial position and performance".

Cumulative translation adjustment (CTA)

Cumulative translation adjustments comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in non-controlling interests

in thousands of CHF	2022/23	2021/22
as of September 1,	**2,347**	**2,360**
Non-controlling share of profit/(loss)	(1,220)	235
Non-controlling share of other comprehensive income	(36)	(248)
as of August 31,	**1,091**	**2,347**

The non-controlling interests are not material for the Group.

Accounting policies

Transactions with non-controlling interests	The Group applies the policy of treating transactions with non-controlling interests equal to transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

3.3 Earnings per share

in CHF	2022/23	2021/22
Basic earnings per share (CHF)	81.04	65.81
Diluted earnings per share (CHF)	80.90	65.66

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

in thousands of CHF	2022/23	2021/22
Net profit for the year attributable to shareholders of Barry Callebaut AG, used as numerator for basic earnings per share	444,355	360,705
Adjusted net profit for the year used as numerator for diluted earnings per share	444,355	360,705

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

	2022/23	2021/22
Number of shares issued	5,488,858	5,488,858
Weighted average number of treasury shares held	(5,725)	(8,128)
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	**5,483,133**	**5,480,730**
Dilution potential of equity-settled share-based payments	9,243	12,560
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	**5,492,376**	**5,493,290**

3.4 Cash and cash equivalents

Cash and cash equivalents amounted to CHF 488.2 million as of August 31, 2023 (2022: CHF 878.2 million), and comprised cash on hand, cheques, bank balances and bank deposit balances with an original maturity of 90 days or less. Bank overdrafts amounted to CHF 152.8 million as of August 31, 2023 (2022: CHF 62.4 million), and are repayable on demand, forming an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

3.5 Debt and lease liabilities

3.5.1 Short-term debt and lease liabilities

as of August 31, in thousands of CHF	Carrying amounts 2023	2022
Bank overdrafts	**152,787**	**62,418**
Short-term loans	35,375	61,211
Short-term portion of long-term loans	430,985	388,743
Other	13	13
Short-term debt	**466,373**	**449,967**
Short-term lease liabilities	**41,810**	**42,141**
Short-term debt and lease liabilities	**660,970**	**554,526**

Short-term debt and lease liabilities are mainly denominated in EUR and XOF as shown in the table below:

as of August 31,	2023			2022		
Split per currency		Interest range			Interest range	
in thousands of CHF	Amount	from	to	Amount	from	to
CHF	3,849	0.42 %	3.96 %	3,650	(0.21)%	2.28 %
CLP	8,807	4.18 %	12.63 %	7,404	2.15 %	12.82 %
EUR	447,686	0.10 %	5.00 %	15,266	0.09 %	3.83 %
NGN	5,916	12.00 %	20.00 %	7,290	12.00 %	12.00 %
TRY	9,564	12.52 %	42.80 %	10,309	12.52 %	34.00 %
USD	28,610	1.03 %	11.50 %	418,104	1.03 %	5.50 %
XOF	142,638	3.90 %	12.49 %	77,635	2.75 %	5.80 %
Other	13,900	0.34 %	36.75 %	14,868	0.50 %	30.94 %
Total	**660,970**			**554,526**		

3.5.2 Long-term debt and lease liabilities

as of August 31, in thousands of CHF	Carrying amounts 2023	2022
Senior Notes	430,414	825,810
Schuldscheindarlehen	848,203	862,768
Short-term portion of long-term loans	(430,985)	(388,743)
Other loans	52,408	2,191
Total long-term debt	**900,040**	**1,302,026**
Long-term lease liabilities	**236,002**	**222,504**
Long-term debt and lease liabilities	**1,136,042**	**1,524,530**

as of August 31,
In issuance currency, in millions

Debt instrument	Issuance	Maturity	Issuance Currency	Issuance Amount	Interest rate type	Outstanding (face value) 2023	2022
USD 400 million 5.5% Senior Note	Jun-13	Jun-23	USD	400	Fixed	0	400
EUR 450 million 2.375% Senior Note	May-16	May-24	EUR	450	Fixed	450	450
Schuldscheindarlehen	Feb-19	Feb-26	EUR	104	Fixed	104	104
Schuldscheindarlehen	Feb-19	Feb-27	EUR	132	Fixed	132	132
Schuldscheindarlehen	Feb-19	Feb-29	EUR	12	Fixed	12	12
Schuldscheindarlehen	Feb-19	Feb-27	CHF	21	Fixed	21	21
Schuldscheindarlehen	Feb-19	Feb-26	EUR	88	Floating	88	88
Schuldscheindarlehen	Feb-19	Feb-27	EUR	122	Floating	122	122
Schuldscheindarlehen	Feb-19	Feb-29	EUR	10	Floating	10	10
Schuldscheindarlehen	Jul-20	Jul-25	EUR	112	Fixed	112	112
Schuldscheindarlehen	Jul-20	Jan-27	EUR	18	Fixed	18	18
Schuldscheindarlehen	Jul-20	Jul-28	EUR	82	Fixed	82	82
Schuldscheindarlehen	Jul-20	Jul-30	EUR	57	Fixed	57	57
Schuldscheindarlehen	Jul-20	Jan-27	CHF	5	Fixed	5	5
Schuldscheindarlehen	Jul-20	Jul-25	EUR	34	Floating	17	17
Schuldscheindarlehen	Jul-20	Jan-27	EUR	55	Floating	47	47
Schuldscheindarlehen	Jul-20	Jul-28	EUR	46	Floating	45	45
Schuldscheindarlehen	Jul-20	Jul-25	CHF	15	Floating	15	15
EBRD Loan[1]	Apr-23	Apr-30	EUR	52	Floating	52	0
Revolving Credit Facility	Oct-22	Oct-27	EUR	900	Floating	0	0

1 European Bank for Reconstruction and Development

Fiscal year 2022/23 Activities

In October 2022, the Group:

- extended the maturity of its Revolving Credit Facility to October 2027.

In April 2023, the Group:

- entered in to a long term loan agreement with the European Bank for Reconstruction and Development (EBRD), maturing in April 2030, Floating, EUR 52.3 million.

In June 2023, the Group:

- repaid the USD Senior Note in full at maturity, USD 400 million.

Fiscal year 2021/22 Activities

In October 2021, the Group:

- extended the maturity of its Revolving Credit Facility to October 2026. The facility amount was reduced from EUR 1 billion to EUR 900 million.

In February 2022, early prepayment of:

- Schuldscheindarlehen, maturing in Feb 2026, Floating, CHF 11 million
- Schuldscheindarlehen, maturing in Feb 2027, Floating, CHF 110 million
- Schuldscheindarlehen, maturing in Feb 2029, Floating, CHF 10 million

The Senior Notes, the Schuldscheindarlehen, EBRD Loan and Revolving Credit Facility all rank pari passu and are guaranteed by Barry Callebaut AG. The financial covenants related to the Revolving Credit Facility - profitability per metric tonne, interest cover ratio and tangible net worth value - were respected as of August 31, 2023 and August 31, 2022, respectively.

Long-term financial liabilities are to a major extent issued at fixed interest rates or fixed via plain-vanilla fixed-floating interest rate derivatives.

The Group's diversified long-term debt portfolio has a balanced maturity profile. The weighted average maturity of the long-term debt and lease liabilities (i.e. without any portion falling due in less than 12 months) slightly changed from 4.3 years to 4.4 years.

as of August 31, in thousands of CHF	2023	2022
2023/24	—	469,813
2024/25	175,311	168,142
2025/26	215,965	210,826
2026/27	358,608	356,138
2027/28 (and thereafter for 2022)	145,253	319,611
2028/29 (and thereafter for 2023)	240,905	—
Long-term financial liabilities	**1,136,042**	**1,524,530**

Long-term debt and lease liabilities are to a major extent denominated in EUR, USD and CHF and transacted at fixed interest rates.

as of August 31,	2023			2022		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
BRL	4,618	6.71 %	16.07 %	4,627	6.71 %	15.85 %
CHF	63,871	0.42 %	3.96 %	51,230	0.42 %	2.28 %
EUR	938,589	0.10 %	5.00 %	1,345,259	0.09 %	3.83 %
PLN	3,685	1.13 %	7.57 %	3,050	0.94 %	6.37 %
SGD	5,296	1.67 %	4.72 %	6,414	1.67 %	3.21 %
USD	102,930	0.03 %	5.50 %	85,267	0.03 %	5.50 %
Other	17,053	0.34 %	36.75 %	28,683	0.34 %	30.94 %
Long-term financial liabilities	**1,136,042**			**1,524,530**		

3.5.3 Changes in liabilities and equity from financing activities

	Financial liabilities			Equity				
in thousands of CHF	Short-term debt	Long-term debt	Lease liabilities	Retained Earnings	Share capital	Treasury shares	Non-controlling interests	Total
as of September 1, 2021	119,427	1,930,054	265,539	3,538,158	110	(15,594)	2,360	5,840,054
Cash flows from financing activities	(47,958)	(119,114)	(44,006)	(153,467)	—	(16,951)	—	(381,496)
Proceeds from the issue of short-term debt	41,662	—	—	—	—	—	—	41,662
Repayment of short-term debt	(89,620)	—	—	—	—	—	—	(89,620)
Proceeds from the issue of long-term debt	—	11,814	—	—	—	—	—	11,814
Repayment of long-term debt	—	(130,928)	—	—	—	—	—	(130,928)
Payment of lease liabilities	—	—	(44,006)	—	—	—	—	(44,006)
Dividend payment	—	—	—	(153,467)	—	—	—	(153,467)
Purchase of treasury shares	—	—	—	—	—	(16,951)	—	(16,951)
Other changes related to liabilities	**378,498**	**(508,914)**	**43,112**	**—**	**—**	**—**	**—**	**(87,304)**
Amortized structuring fee	—	3,843	—	—	—	—	—	3,843
Change in accrued finance expense other	—	1,073	—	—	—	—	—	1,073
New leases and modifications	—	—	49,162	—	—	—	—	49,162
Interest expense	65,499	—	6,714	—	—	—	—	72,213
Interest paid	(66,832)	—	(6,714)	—	—	—	—	(73,546)
Foreign exchange movements	62,642	(196,641)	(6,050)	—	—	—	—	(140,049)
Reclassification	317,189	(317,189)	—	—	—	—	—	—
Other changes related to equity	**—**	**—**	**—**	**412,723**	**—**	**10,659**	**(13)**	**423,369**
as of August 31, 2022	**449,967**	**1,302,026**	**264,645**	**3,797,414**	**110**	**(21,886)**	**2,347**	**5,794,623**
as of September 1, 2022	**449,967**	**1,302,026**	**264,645**	**3,797,414**	**110**	**(21,886)**	**2,347**	**5,794,623**
Cash flows from financing activities	**(384,897)**	**51,310**	**(44,192)**	**(153,595)**	**—**	**(23,629)**	**—**	**(555,003)**
Proceeds from the issue of short-term debt	50,455	—	—	—	—	—	—	50,455
Repayment of short-term debt	(435,352)	—	—	—	—	—	—	(435,352)
Proceeds from the issue of long-term debt	—	124,872	—	—	—	—	—	124,872
Repayment of long-term debt	—	(73,562)	—	—	—	—	—	(73,562)
Payment of lease liabilities	—	—	(44,192)	—	—	—	—	(44,192)
Dividend payment	—	—	—	(153,595)	—	—	—	(153,595)
Purchase of treasury shares	—	—	—	—	—	(23,629)	—	(23,629)
Other changes related to liabilities	**401,303**	**(453,296)**	**57,359**	**—**	**—**	**—**	**—**	**5,366**
Amortized structuring fee	—	2,757	—	—	—	—	—	2,757
Change in accrued finance expense other	—	(410)	—	—	—	—	—	(410)
New leases and modifications	—	—	76,587	—	—	—	—	76,587
Interest expense	57,505	—	8,176	—	—	—	—	65,681
Interest paid	(56,956)	—	(8,176)	—	—	—	—	(65,132)
Foreign exchange movements	(40,260)	(14,629)	(19,228)	—	—	—	—	(74,117)
Reclassification	441,014	(441,014)	—	—	—	—	—	—
Other changes related to equity	**—**	**—**	**—**	**444,978**	**—**	**19,281**	**(1,256)**	**463,003**
as of August 31, 2023	**466,373**	**900,040**	**277,812**	**4,088,797**	**110**	**(26,234)**	**1,091**	**5,707,989**

Accounting policies

Financial liabilities	Financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.
Lease liabilities	The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate defined on a Group level, specific to the currency of the lease contract. Lease payments included in the initial measurement of the lease liability include for example fixed payments and variable payments that depend on an index or rate, which are initially measured using the index or rate at the commencement date. The lease liability is subsequently measured at amortized cost using the effective interest method, decreased by lease payments made. The lease liability is remeasured in case of changes in future lease payments (i.e. index-based rents) or any changes in the assessments of extension or termination options. For such remeasurements, a corresponding adjustment generally is made to the right-of-use asset. The Group applies judgment to determine the lease terms for lease contracts that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and assets recognized in the balance sheet.
Short-term leases and leases of low-value assets	The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and do not contain a purchase option, and leases with asset's fair value, when newly purchased, is lower than CHF 5,000. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 Capital and lease commitments and guarantees

Capital and lease commitments

as of August 31, in thousands of CHF	2023	2022
Property, plant and equipment	58,222	76,198
Intangible assets	125	351
Leased assets	89,738	98,148
Total capital and lease commitments	**148,085**	**174,697**

In the current fiscal year, Property, plant and equipment commitments are mainly related to equipment for new production lines in multiple countries, while Leased assets commitments are related to a new production site.

Guarantees in favor of third parties

Group companies have issued guarantee commitments as of August 31, 2023 in the amount of CHF 0.4 million (2022: CHF 0.5 million). These are mainly related to third-party suppliers.

3.7 Financial risk management

The nature of its business exposes the Group to a variety of financial risks including the effects of changes in market prices (commodity prices, foreign exchange rates, and interest rates) as well as credit risks and liquidity risks.

The Group's overall strategy for managing these risks is consistent with the Group's objectives to maintain cost leadership, reduce earnings volatility in a cost-effective manner and minimize potential adverse effects of such market exposures on the financial performance of the Group. The Group's sourcing centers and Treasury department continuously monitor and hedge the exposures to commodity price risk, foreign currency and interest rate risk. The Group Commodity Risk Committee (GCRC) and Finance Committee regularly reviews, and monitors, the adherence to policies and defined risk limits. The Group manages its business based on the following two business models:

- Contract business: sales contracts for cocoa ingredients and industrial or gourmet chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date on which the cocoa ingredients or chocolate is planned to be delivered to the customers.
- Price list business: Barry Callebaut sets price lists for certain Gourmet, Specialties & Decorations, and Beverage products. These price lists are normally updated at intervals of six months. Customers buy products based on the issued price lists without fixed commitments on quantities.

3.7.1 Commodity price risks

a) Commodity risk management

The manufacturing of the Group's products requires raw materials such as cocoa beans, sugar and sweeteners, dairy, nuts, oils and fats. Therefore, the Group is exposed to commodity price risks.

The Group's sourcing centers manage the commodity risk in compliance with the Group Commodity Risk Management (GCRM) Policy. The GCRC monitors the Group's commodity risk management activities and acts as the decision-making body for the Group in this respect. The members of the GCRC include the Group's Chief Financial Officer (CFO) who acts as Chairman of the Committee, the President of Global Cocoa, the Chief Procurement Officer, the VP Group Accounting, Reporting & Risk Management, the CFO Global Cocoa, the VP Global Cocoa Trading & Sourcing, and the VP Group Treasury & Tax.

The GCRC reports to the Group's Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) and must inform the latter about key Group commodity risk issues and the key mitigation decisions taken. The AFRQCC reviews and approves GCRC requests and ensures that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's Value at Risk (VaR) limit for the major raw material components. The AFRQCC makes recommendations to the Board of Directors and advises the Board of Directors on important risk matters and/or asks for approval. The Board of Directors is the highest approval authority for all GCRM matters and approves the GCRM Policy as well as the Group VaR limit.

The Group applies a 95% ten-day VaR limit to manage the consolidated exposure to commodity price risk. The VaR framework of the Group is based on the standard historical VaR methodology, taking 2,000 days (equivalent to seven years) of the most recent prices, based on which the day-to-day relative price changes are calculated. The historical VaR is a simulation of past market conditions and does not predict the future movement in commodity prices. Therefore it does not represent actual losses. It only represents an indication of the future commodity price risks based on historical volatility. VaR is applied to materials with prices considered to exceed certain volatility levels (e.g. cocoa beans and cocoa products, dairy products, sugar and sweeteners, nuts, oils and fats).

As of August 31, 2023, the Group had a total VaR (basis 2,000-day price history) for raw materials of CHF 23.0 million (2022: CHF 12.2 million). The VaR increase of CHF +10.8 million since last year is the result of a combination of larger positions, higher volatility and a further refinement of the VaR methodology. The average VaR over the fiscal year 2022/23 was CHF 21.4 million (2021/22: CHF 9.1 million). It remained well within the limit throughout the entire period.

To account for the recent increase in market volatility, the Group added an additional VaR metric (as from March 1, 2023) based on prices of the last 200 days (equivalent to 9 months). As of August 31, 2023, the VaR for the 200-day price history amounts to CHF 21.4 million. The average VaR since March 1, 2023 amounted to CHF 26.7 million. It remained within the limit throughout the entire period.

The VaR is used together with a calculation of the expected shortfall and worst cases as well as the use of stress test scenarios.

The GCRC allocates the Group VaR limit into VaR limits for cocoa and non-cocoa raw materials such as sugar, dairy, oils and fats. These two VaR limits are then allocated to limits in tonnes to the related risk reporting units for each of the two areas.

b) Cocoa price risk and the Group's hedging strategy

The Group's purchasing and sourcing centers make sourcing and risk management decisions for cocoa beans, semi-finished cocoa products and ingredients including hedging commodity price risk exposures. Within the overall limits as defined by the AFRQCC, the Group's purchasing and sourcing centers can also act as a broker-trader with the objective to generate profits from fluctuations in raw material prices or broker-trader margins.

The fair value of the Group's open sales and purchase commitments and inventory are fluctuating in line with price movements in the respective commodity markets and are therefore hedged. It is the Group's policy to hedge its cocoa price risk resulting from its inventory and purchase and sales contracts. The cocoa price risk component in cocoa inventories, purchase and sales contracts as well as chocolate inventories and sales contracts are hedged with exchange traded or over-the-counter cocoa bean derivatives applying fair value hedge accounting. The Group also applies cash flow hedge accounting whereby the cocoa price risk and foreign exchange risk from forecasted sales are hedged with cocoa bean futures and foreign exchange forward contracts.

In order to calculate the cocoa bean price risk exposure embedded in the various cocoa ingredients and chocolate inventories, purchase and sales contracts, the cocoa processing entities translate the various cocoa ingredient volumes of these positions into cocoa bean equivalents, using technical yields (to calculate how many cocoa beans are needed to produce those cocoa ingredient volumes). These technical ratios vary according to cocoa ingredient types and cocoa-processing units. The chocolate entities calculate the bean equivalent in their positions using the prevailing market/commercial ratios. The entities use this approach and these ratios to enter into the appropriate volume of hedging instruments in order to hedge the cocoa bean price risk component in their positions. The Group also uses the same hedging ratios in hedge accounting as described above.

The cocoa bean price risk component is contractually specified in the purchase and sales contracts of cocoa ingredients and chocolate products. Therefore, the cocoa bean price risk component is considered separately identifiable and reliably measurable in the Group's hedged items (cocoa ingredients purchase contracts, cocoa inventories, chocolate inventories, cocoa ingredients sales contracts and chocolate sales contracts) as well as in its hedging instruments (cocoa bean futures and other contracts accounted for as derivatives).

c) Sugar price risk hedges

The Group applies cash flow hedge accounting for hedging relationships when it hedges its commodity price risk and its foreign exchange risks attributable to its forecasted sugar purchases with sugar futures and with foreign exchange forward contracts, respectively. When the Group enters into agreements with sugar suppliers where the price of the forecasted sugar purchases will be linked to the raw sugar world market price, it hedges these forecasted sugar purchases with sugar futures.

The raw sugar world market price risk component is a contractually specified element in the hedged items. Therefore, the raw sugar world market price risk component is considered separately identifiable and reliably measurable in the Group's hedged items (forecasted sugar purchases) as well as in its hedging instruments (sugar futures).

3.7.2 Foreign currency risks

The Group operates across the world and consequently is exposed to multiple currency risks, albeit primarily in CHF, EUR, USD, and GBP. The Group actively monitors its transactional currency exposures and consequently enters into foreign currency hedges with the aim of preserving the value of assets, commitments, and anticipated transactions. The related accounting treatment is explained in the section "Accounting policies".

All risks relating to foreign currency exposures of assets and liabilities, certain unrecognized firm commitments and highly probable forecasted purchases and sales are centralized as far as possible within the Group's Treasury department, where the hedging strategies are defined.

Accordingly, the consolidated foreign currency exposures are hedged in compliance with the Group's Treasury Policy, mainly by means of forward currency contracts entered into with financial institutions of a high credit rating. The Group's Treasury Policy imposes a dual risk control framework of both open position limits and near-time fair valuation of net currency exposures. Both levels of control are substantially interlinked, avoiding excessive net currency exposures and substantial volatility in the Consolidated Income Statement.

The Group's Treasury department is supervised by the Group Finance Committee, which meets on a regular basis. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the VP Group Financial Planning & Analysis, the VP Group Treasury & Tax, the VP Group Accounting, Reporting & Risk Management, and other Group Finance stakeholders.

The Group's Treasury Policy, giving guidance on treasury risk management including foreign currency and interest rate risks, is approved by the AFRQCC. The Group's Risk Management department reviews the consistency of the Group's treasury management strategy with the Group's Treasury Policy and reports the status to the Group's CFO periodically. The AFRQCC is informed by the CFO about the status and important matters in their quarterly meetings and approves requests of the Group Finance Committee on important treasury risk matters including foreign currency risks for recommendation to the Board of Directors. The Board of Directors is the highest approval authority for all Group Treasury Risk Management matters.

The table below provides an overview of the net exposure of CHF, EUR, USD, and GBP against the main functional currencies in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged on an intraday basis as from identification, in line with the approved exposure limits. In case of limited deviations from the agreed foreign exchange exposure limits, approval has to be sought from the Group's Treasury and Risk Management department. For significant deviations, approval from the AFRQCC is required. Companies with the same functional currency are shown in one group. The CFA in Côte d'Ivoire, XOF, and respectively Cameroon, XAF, both have fixed-rate regimes. At present, both are pegged, independently from each other, at 656 per euro. The Serbian dinar (RSD) is a managed floating exchange rate linked to the EUR.

Net foreign currency exposures against major functional currencies

as of August 31,				2023				2022
Net exposure in thousands of CHF/EUR/USD/GBP	**CHF**	**EUR**	**USD**	**GBP**	**CHF**	**EUR**	**USD**	**GBP**
CHF	—	(13,209)	330	705	—	1,436	9,862	(118)
EUR	5,219	—	(5,121)	12,431	(2,290)	—	380	(10,546)
USD	(189)	505	—	(799)	21	(1,522)	—	37
BRL	(119)	94	(626)	—	(118)	376	392	—
GHS	1	(75)	710	—	(3,383)	(248)	3,585	—
MXN	—	(25)	(1,057)	—	—	450	(2,546)	—
RSD	149	(75,123)	—	—	—	(60,285)	(13)	—
RUB	—	3,255	55,601	360	—	961	30,005	360
XAF	—	(17,888)	—	—	—	(11,693)	—	—
XOF	—	69,838	—	—	—	27,422	—	—
Total	**5,061**	**(32,628)**	**49,837**	**12,697**	**(5,770)**	**(43,103)**	**41,665**	**(10,267)**

In order to quantify and manage the Group's consolidated exposure to foreign currency risks, the historical VaR has been implemented. The VaR concept serves as the analytical instrument for assessing the Group's foreign currency risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of one day, will not be exceeded at a confidence level of 95% using seven years of historical market prices for each major currency pair. The VaR is used together with the calculation of the expected shortfall and worst cases as well as the use of stress test scenarios. The VaR is based on static exposures during the time horizon of the analysis. However, the simulation of past market conditions is not predicting the future movement in foreign currency rates. Therefore, it does not represent actual losses. It only represents an indication of future foreign currency risks. As of August 31, 2023, the Group had a VaR of CHF 1.1 million (2022: CHF 0.4 million). The average VaR over the fiscal year 2022/23 was CHF 0.8 million (2021/22: CHF 0.3 million).

Value at Risk per main exposure currencies

as of August 31, Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies	2023	2022
Total Group	**1,082**	**383**
CHF	26	63
EUR	673	131
GBP	113	99
USD	830	582
Others	182	543
Diversification effect	**41 %**	**73 %**

3.7.3 Interest rate risks

The Group is exposed to changes in interest rates through its short- and long-term debt obligations. The Group's Treasury department manages and oversees the financing of the Group, and therefore the related interest rate risks. To the extent possible, it provides the necessary liquidity in the required functional currency for the companies of the Group. Consequently, the Group's debt obligations are adjusted with the real currency mix of the Group's liabilities in order to reflect the correct exposure to interest rates.

It is the Group's policy to manage its interest costs using an optimal mix of fixed and floating rate debt. This is achieved by entering into interest rate derivative instruments in which the Group exchanges at fixed and floating interest rates. To avoid volatility in the Consolidated Income Statement, cash flow hedge accounting is applied to those derivative instruments.

As described in the section "Foreign currency risks", the Group's Treasury department is supervised by the Group Finance Committee, which meets on a regular basis. The Group Finance Committee monitors the Group's interest rate risk and acts as a decision-taking body for the Group in this respect.

The Group's Treasury Policy also covers the management of interest rate risks. The VP Group Treasury & Tax reports the status periodically to the Group's CFO, who informs the AFRQCC in their quarterly meetings. The AFRQCC approves requests from the Group Finance Committee on important treasury matters, including interest rate risks, and provides recommendations to the Board of Directors, which is the highest approval authority for all Group treasury matters.

The following schedule provides an overview of all interest-bearing items per year-end closing:

as of August 31, in thousands of CHF	2023	2022
Fixed interest-bearing items		
Carrying amount of financial liabilities	1,229,912	1,621,166
Reclassification due to interest rate derivative	301,335	306,939
Net fixed interest position	**1,531,247**	**1,928,105**
Floating interest-bearing items		
Carrying amount of financial assets	(488,332)	(880,021)
Carrying amount of financial liabilities	567,099	457,891
Reclassification due to interest rate derivative	(301,335)	(306,939)
Net floating interest position	**(222,568)**	**(729,069)**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (bps) up and 10 bps down on the Group's equity and Consolidated Income Statement, net of tax. The calculation is performed on both, the portion of the outstanding debt (excluding the asset-backed securitization programs; see Note 2.5 "Trade receivables and other current assets") at floating interest rates and the outstanding derivatives exchanging floating into fixed interest rates at the respective year-end. This sensitivity analysis only indicates the potential impact for the respective fiscal year at the prevailing conditions in the financial markets. Consequently, it does not represent actual or future gains or losses, which are strictly managed and controlled, as stipulated by the Group's Treasury Policy.

as of August 31,				2023				2022
Impact on	Income statement			Equity	Income statement			Equity
in thousands of CHF	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease
Floating rate bearing items	1,668	(167)	—	—	5,470	(547)	—	—
Interest rate swaps	—	—	8,681	(892)	—	—	12,198	(1,261)
Total interest rate sensitivity	**1,668**	**(167)**	**8,681**	**(892)**	**5,470**	**(547)**	**12,198**	**(1,261)**

3.7.4 Credit risk and concentration of credit risk

Credit risk arising from customers, i.e. the risk of counterparties defaulting, is governed by the Group's Credit Management Policy. This policy defines the Group's credit management process such as the roles and responsibilities of the regional credit control organization, the initial customer account approval, setting and changing credit limits and payment terms, regular monitoring controls, collection effort process, credit insurance procedures, and credit allowances. System controls ensure a credit control assessment is conducted when accepting customers' new orders and before goods are dispatched whenever a customer's credit limit is exceeded due to outstanding or overdue open amounts.

The Group mitigates credit risk through the use of asset-backed securitization programs and factoring facilities (see Note 2.5 "Trade receivables and other current assets").

The Group has also has a credit risk insurance program whereby the majority of its customers with outstanding amounts larger than EUR 70,000 are insured as far as possible.

The Group's credit risk exposure also arises from derivative financial instruments, i.e. foreign exchange derivatives, interest rate derivatives, and commodity derivatives, which are entered into with financial institutions. The Group has foreign exchange and interest rate derivatives with financial institutions acting on an international scale and having sound credit ratings. In case of commodity derivatives, the Group enters into futures transactions deals in the New York and the London terminal markets through its brokers. The mark-to-market exposures in relation to these hedging contracts are regularly and substantially collateralized pursuant to margin agreements in place with such counterparties. Counterparty exposures towards such financial institutions are monitored through limit utilization on a regular basis by the Group's Treasury department and reported to the Group Finance Committee and the AFRQCC.

As of August 31, 2023, the largest customer represents 5% (2022: 10%) whereas the ten biggest customers represent 24% (2022: 36%) of trade receivables. The Group does not have a material credit risk concentration as it maintains a large, geographically diverse customer base. The extent of the Group's credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 2,290.1 million as of August 31, 2023 (2022: CHF 2,017.2 million).

All financial assets measured at amortized cost are first assessed for individual impairment. Subsequently, expected credit loss is calculated by applying either the annualized Credit Default Swap rates (CDS) of the country of product delivery (pro rated in line with average payment terms or, in the case of Cash and Cash Equivalents, pro rated to 7 days) and a premium of 25 basis points or, where available, the individual annualized CDS of the counterparty (pro rated in line with average payment terms or, in the case of Cash and Cash Equivalents, pro rated to 7 days). The net expenses representing additions to the allowance for impairment losses and releases of the unused allowance recognized according to the approach described above amounted to CHF 1.6 million in 2022/23 (2021/22: CHF 7.5 million).

The following table summarizes the expected credit losses on the Group's trade receivables at balance sheet date:

Aging of trade receivables

as of August 31,

in thousands of CHF	2023	2022
Total trade receivables measured at amortized cost, gross	**453,558**	**484,684**
of which:		
insured receivables	298,524	273,039
uninsured receivables with an individual balance over CHF 1 million	52,183	109,866
uninsured receivables with an individual balance below CHF 1 million	102,851	101,779
Less lifetime expected credit losses for trade receivables	(24,013)	(29,927)
Total trade receivables measured at amortized cost (Note 3.7.8)	**429,545**	**454,757**
of which:		
not overdue	412,828	415,385
lifetime expected credit losses for trade receivables not overdue	(9,454)	(5,719)
expected credit loss rate	2.29 %	1.38 %
past due less than 90 days	24,201	48,606
lifetime expected credit losses for trade receivables past due less than 90 days	(1,535)	(7,698)
expected credit loss rate	6.34 %	15.84 %
past due more than 90 days	16,529	20,693
lifetime expected credit losses for trade receivables past due more than 90 days	(13,024)	(16,510)
expected credit loss rate	78.80 %	79.78 %
Total trade receivables measured at amortized cost (Note 3.7.8)	**429,545**	**454,757**

Movements in allowance for impairment losses of financial assets

The movements in allowance for impairment losses of financial assets are as follows:

in thousands of CHF	Cash and cash equivalents	Deposits	Trade receivables	Other receivables	Other financial assets	Total
as of September 1, 2022	**1,456**	**16**	**29,927**	**7,047**	**52**	**38,498**
Changes to expected credit losses on financial assets	862	—	5,843	3,700	—	10,405
Write-offs	—	—	(196)	(731)	—	(927)
Unused amounts reversed	(450)	(4)	(6,212)	(2,181)	—	(8,847)
Currency translation adjustments	(461)	(2)	(5,332)	(512)	(17)	(6,324)
Reclassifications	—	—	(17)	(151)	—	(168)
as of August 31, 2023	**1,407**	**10**	**24,013**	**7,172**	**35**	**32,637**

in thousands of CHF	Cash and cash equivalents	Deposits	Trade receivables	Other receivables	Other financial assets	Total
as of September 1, 2021	**998**	**11**	**25,084**	**14,356**	**15**	**40,464**
Changes to expected credit losses on financial assets	2,249	5	11,399	2,013	37	15,703
Write-offs	(73)	—	(391)	(83)	—	(547)
Unused amounts reversed	(1,798)	—	(6,257)	(153)	(7)	(8,215)
Currency translation adjustments	80	—	34	(645)	7	(524)
Reclassifications[1]	—	—	58	(8,441)	—	(8,383)
as of August 31, 2022	**1,456**	**16**	**29,927**	**7,047**	**52**	**38,498**

1 Reclassification to impairment losses of non-financial assets CHF -8.4 million.

3.7.5 Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the Group's Treasury department.

Financing needs are covered through a combination of adequate credit lines with reputable financial institutions as well as through short-term and long-term debt capital market instruments (see Note 3.5 "Financial liabilities").

Contractual maturities

The table below provides an overview of undiscounted contractual maturities for financial liabilities and derivatives based on the earliest date on which the Group is obliged to pay:

as of August 31, 2023

in thousands of CHF	Carrying amount	In the first year	In the second to the fifth year	After five years	Contractual amount
Non-derivative financial liabilities					
Bank overdrafts	(152,787)	(152,787)	—	—	(152,787)
Short-term debt	(466,373)	(479,501)	—	—	(479,501)
Trade payables	(1,143,806)	(1,143,806)	—	—	(1,143,806)
Lease liabilities	(277,812)	(41,810)	(121,062)	(114,940)	(277,812)
Long-term debt	(900,040)	(14,631)	(810,035)	(128,902)	(953,568)
Other current liabilities	(412,650)	(412,650)	—	—	(412,650)
Derivatives					
Interest rate derivatives	27,735	6,863	10,657	11,933	29,453
Currency derivatives					
Inflow	59,741	788,052	58,162	—	846,214
Outflow	(79,450)	(1,333,307)	(59,498)	—	(1,392,805)
Commodity derivatives					
Inflow	(100,597)	2,949,276	199,802	—	3,149,078
Outflow	(511,431)	(2,664,064)	(1,243)	—	(2,665,307)
Total net	**(3,957,470)**	**(2,498,365)**	**(723,217)**	**(231,909)**	**(3,453,491)**

as of August 31, 2022

in thousands of CHF	Carrying amount	In the first year	In the second to the fifth year	After five years	Contractual amount
Non-derivative financial liabilities					
Bank overdrafts	(62,418)	(62,418)	—	—	(62,418)
Short-term debt	(449,967)	(449,967)	—	—	(449,967)
Trade payables	(1,202,076)	(1,202,076)	—	—	(1,202,076)
Lease liabilities	(264,645)	(42,141)	(103,965)	(118,539)	(264,645)
Long-term debt	(1,302,026)	(56,994)	(1,248,283)	(530,235)	(1,835,512)
Other current liabilities	(388,505)	(388,505)	—	—	(388,505)
Derivatives					
Interest rate derivatives	22,500	2,175	11,585	10,045	23,805
Currency derivatives					
Inflow	82,978	2,945,662	64,825	—	3,010,487
Outflow	(116,225)	(4,626,949)	(68,122)	—	(4,695,071)
Commodity derivatives					
Inflow	(121,955)	2,675,755	143,832	576	2,820,163
Outflow	38,963	(1,280,662)	313	—	(1,280,349)
Total net	**(3,763,374)**	**(2,486,120)**	**(1,199,815)**	**(638,153)**	**(4,324,088)**

3.7.6 Derivative financial assets and liabilities and hedge accounting

as of August 31,	2023		2022	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk	27,735	—	22,500	—
Commodity price risk	40,006	4,052	99	166
Foreign exchange risk	—	—	6	—
Fair value hedges				
Commodity price risk	657,600	1,305,928	241,905	333,073
Foreign exchange risk	58,086	24,842	87,414	140,776
No hedge accounting designation				
Commodity price risk	137,558	137,211	13,900	5,655
Foreign exchange risk	20,700	73,654	100,765	80,656
Total derivative financial assets	**941,685**	—	**466,589**	—
Total derivative financial liabilities	—	**1,545,687**	—	**560,326**

Derivative financial instruments consist of items used in a cash flow hedging model, items used in a fair value hedging model and derivative instruments measured at fair value, for which no hedge accounting is applied.

3.7.7 Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

as of August 31, 2023				Related amounts not set off in the balance sheet		
in thousands of CHF	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities/ assets set off in the balance sheet	Net amounts of financial assets/ liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
Derivative financial assets	2,808,899	(1,867,214)	941,685	(184,300)	(33,075)	724,310
Derivative financial liabilities	3,412,901	(1,867,214)	1,545,687	(184,300)	(159,817)	1,201,570

as of August 31, 2022				Related amounts not set off in the balance sheet		
in thousands of CHF	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities/ assets set off in the balance sheet	Net amounts of financial assets/ liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
Derivative financial assets	783,288	(316,700)	466,589	(20,593)	(63,073)	382,922
Derivative financial liabilities	877,026	(316,700)	560,326	(20,593)	(69,206)	470,527

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default, insolvency or bankruptcy or following other events predefined in the contract by the counterparty. The cash collateral received and deposited is reported on lines "Trade payables and other current liabilities" and "Trade receivables and other current assets" in the Consolidated Balance Sheet.

3.7.8 Classification and fair value of financial instruments

a) Classification, methods and assumptions

The carrying value of the following financial instruments approximates fair value because of the short period to maturity:

- Cash and cash equivalents
- Short-term deposits
- Trade receivables
- Other receivables representing financial instruments
- Bank overdrafts
- Short-term debt
- Trade payables
- Other payables representing financial instruments

Long-term debt

In calculating the fair value of long-term debt, future principal and interest payments are discounted at market interest rates. As of August 31, 2023, long-term debt has a fair value of CHF 811.2 million (2022: CHF 1,179.3 million).

Derivative financial assets and liabilities

The fair value measurement of some derivatives requires assumptions and management's assessment of certain market parameters. Whenever possible, fair valuation is based on market prices. If required, a valuation model which takes into consideration discounted cash flows, dealer and supplier quotes for similar instruments and recent arm's-length transactions is used. This valuation model takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield.

Classification and carrying amount of each class of financial assets and liabilities are presented in the table below:

as of August 31, 2023 in thousands of CHF	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount
Cash and cash equivalents	—	488,203	—	—	488,203
Short-term deposits	—	128	—	—	128
Trade receivables	103,003	429,545	—	—	532,548
Derivative financial assets	941,685	—	—	—	941,685
Accrued income	—	68,903	—	—	68,903
Loans and other receivables	—	228,218	—	—	228,218
Other current financial assets	—	26,634	—	—	26,634
Other non-current financial assets	—	3,775	—	—	3,775
Total financial assets	**1,044,688**	**1,245,406**	**—**	**—**	**2,290,094**
Bank overdrafts	—	—	—	152,787	152,787
Short-term debt	—	—	—	466,373	466,373
Short-term lease liabilities	—	—	—	41,810	41,810
Trade payables	—	—	—	1,143,806	1,143,806
Accrued expenses	—	—	—	213,505	213,505
Other payables	—	—	—	199,145	199,145
Derivative financial liabilities	—	—	1,545,687	—	1,545,687
Long-term debt	—	—	—	900,040	900,040
Long-term lease liabilities	—	—	—	236,002	236,002
Total financial liabilities	**—**	**—**	**1,545,687**	**3,353,468**	**4,899,155**

as of August 31, 2022 in thousands of CHF	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount
Cash and cash equivalents	—	878,197	—	—	878,197
Short-term deposits	—	1,824	—	—	1,824
Trade receivables	92,764	454,757	—	—	547,521
Derivative financial assets	466,589	—	—	—	466,589
Accrued income	—	40,251	—	—	40,251
Loans and other receivables	—	60,618	—	—	60,618
Other current financial assets	—	17,315	—	—	17,315
Other non-current financial assets	—	4,928	—	—	4,928
Total financial assets	**559,353**	**1,457,890**	**—**	**—**	**2,017,243**
Bank overdrafts	—	—	—	62,418	62,418
Short-term debt	—	—	—	449,967	449,967
Short-term lease liabilities	—	—	—	42,141	42,141
Trade payables	—	—	—	1,202,076	1,202,076
Accrued expenses	—	—	—	164,500	164,500
Other payables	—	—	—	224,005	224,005
Derivative financial liabilities	—	—	560,326	—	560,326
Long-term debt	—	—	—	1,302,026	1,302,026
Long-term lease liabilities	—	—	—	222,504	222,504
Total financial liabilities	**—**	**—**	**560,326**	**3,669,636**	**4,229,962**

b) Fair value hierarchy of financial instruments

The fair value measurements of financial assets and liabilities are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: The fair value is based on unadjusted, quoted prices in active markets which give the best possible objective indication for the fair value of a financial asset or liability. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

- Level 2: The estimation of the fair value is based on the results of a valuation model. The valuation model for commodity derivatives includes quoted prices in active markets, recent arm's-length transactions or dealer and supplier quotes adjusted for the specific characteristics of the underlying commodities such as the cost of carry, differentials for the properties and conversion yields. Observable market data is used for the valuation of foreign exchange and interest rate derivatives. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- Level 3: The valuation models used are based on parameters and assumptions not observable on the market.

The following table summarizes the levels applied with regard to financial assets and financial liabilities measured at fair value:

as of August 31, 2023

in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	—	—	103,003	**103,003**
Derivative financial assets	288,341	653,344	—	**941,685**
Derivative financial liabilities	917,495	628,192	—	**1,545,687**

as of August 31, 2022

in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	—	—	92,764	**92,764**
Derivative financial assets	78,508	388,081	—	**466,589**
Derivative financial liabilities	83,615	476,712	—	**560,326**

The Group maintains asset-backed securitization programs for trade receivables, transferring the contractual rights to the cash flow or third-party receivables. These receivables, where the contractual rights to cash flows have been transferred, are derecognized from the balance sheet. Trade receivables measured at fair value are receivables that are dedicated to the securitization programs, but not yet remitted to the asset-purchasing company. The receivables contained in the prior year balance have been fully sold at the disclosed value during the current financial year.

The value of the trade receivables measured at fair value was calculated using a discounted cash flow method based on the nominal value and the discount rates (mainly representing the risk-free rate and credit risk of the counterparty) between the Group and the purchasing party.

There have been no transfers between the fair value hierarchy levels during the fiscal years 2022/23 and 2021/22.

Notes to the Consolidated Financial Statements

3.7.9 Effect of hedge accounting on the financial position and performance

a) Impact of hedging instruments designated in hedging relationships

The impact of hedging instruments designated in hedging relationships as of August 31, 2023 on the Group's Consolidated Balance Sheet is as follows:

as of August 31, 2023 in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument Assets	 Liabilities	Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
Cash flow hedges				
Interest rate risk	301.3	27.7	—	5.1
Commodity risk	(34.2)	40.0	4.1	0.8
Foreign exchange risk	8.7	—	—	(1.2)
Fair value hedges				
Commodity risk	(832.1)	131.7	794.1	(509.4)
Foreign exchange risk				
Forward and futures contracts	(537.9)	32.7	4.1	7.4
Receivables	179.3	179.3	—	1.3
Payables	(278.6)	—	278.6	(2.4)
Debts	—	—	—	—
Cash instruments	10.4	10.4	—	(1.7)

as of August 31, 2022 in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument Assets	 Liabilities	Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
Cash flow hedges				
Interest rate risk	306.9	22.5	—	34.3
Commodity risk	11.4	0.1	0.2	(5.0)
Foreign exchange risk	—	—	—	(1.8)
Fair value hedges				
Commodity risk	(670.3)	69.2	80.4	(67.2)
Foreign exchange risk				
Forward and futures contracts	(1,675.9)	16.2	48.9	(15.6)
Receivables	204.3	197.7	—	(6.5)
Payables	(423.8)	—	423.8	22.0
Debts	—	—	—	(2.3)
Cash instruments	9.5	9.5	—	2.6

b) Impact of hedged items designated in hedging relationships

The impact of hedged items designated in hedging relationships as of August 31, 2023 on the Group's Consolidated Balance Sheet is as follows:

as of August 31, 2023 in CHF million	Carrying amount of the hedged item Assets	 Liabilities	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item Assets	 Liabilities	From the accumulated amount of fair value hedge adjustments: part related to hedged items that ceased to be adjusted for hedging gains or losses Assets	 Liabilities	Fair value changes of the hedged item used as a basis to calculate hedge ineffectiveness	Cash flow hedge reserve
Cash flow hedges								
Interest rate risk	n/a	n/a	n/a	n/a	n/a	n/a	(5.1)	17.0
Commodity price risk	n/a	n/a	n/a	n/a	n/a	n/a	(6.2)	25.4
Foreign exchange risk	n/a	n/a	n/a	n/a	n/a	n/a	—	(0.8)
Fair value hedges								
Commodity price risk								
Cocoa and chocolate stocks	1,811.9	n/a	564.7	n/a	—	n/a	233.4	n/a
Risk component of cocoa and chocolate purchase and sales contracts	525.9	511.8	525.9	511.8	1.2	0.1	236.4	n/a
Foreign exchange risk								
Firm purchase and sales commitments denominated in foreign currency	25.3	20.7	25.3	20.7	—	—	(2.1)	n/a

as of August 31, 2022	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item		From the accumulated amount of fair value hedge adjustments: part related to hedged items that ceased to be adjusted for hedging gains or losses		Fair value changes of the hedged item used as a basis to calculate hedge ineffectiveness	Cash flow hedge reserve
in CHF million	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
Cash flow hedges								
Interest rate risk	n/a	n/a	n/a	n/a	n/a	n/a	(34.3)	11.9
Commodity price risk	n/a	n/a	n/a	n/a	n/a	n/a	1.3	9.2
Foreign exchange risk	n/a	n/a	n/a	n/a	n/a	n/a	4.0	0.8
Fair value hedges								
Commodity price risk								
Cocoa and chocolate stocks	1,276.4	n/a	60.8	n/a	—	n/a	43.2	n/a
Risk component of cocoa and chocolate purchase and sales contracts	172.7	252.6	172.7	252.6	6.2	—	6.3	n/a
Foreign exchange risk								
Firm purchase and sales commitments denominated in foreign currency	71.2	91.9	71.2	91.9	—	—	14.8	n/a

c) Impact of the hedging relationships on the Consolidated Income Statement and other comprehensive income

The above hedging relationships affected the Consolidated Income Statement and other comprehensive income as follows:

Cash flow hedges

as of August 31, 2023 in CHF million	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedge ineffectiveness recognized in the Consolidated Income Statement	Amount reclassified from the cash flow hedge reserve to the Consolidated Income Statement	Line item in the Consolidated Income Statement impacted by the reclassification from cash flow hedge reserve
Interest rate risk	5.8	—	1.6	Finance expense
Commodity price risk	30.1	(5.4)	(5.4)	Cost of goods sold
Foreign exchange risk	(0.3)	(1.2)	(1.2)	Cost of goods sold

as of August 31, 2022 in CHF million	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedge ineffectiveness recognized in the Consolidated Income Statement	Amount reclassified from the cash flow hedge reserve to the Consolidated Income Statement	Line item in the Consolidated Income Statement impacted by the reclassification from cash flow hedge reserve
Interest rate risk	34.4	—	2.2	Finance expense
Commodity price risk	0.4	(3.7)	(3.7)	Cost of goods sold
Foreign exchange risk	(1.4)	2.2	2.3	Cost of goods sold

This table includes the changes in the fair value of the hedging instruments recognized in Other comprehensive income throughout the entire fiscal years 2022/23 and 2021/22 (including hedge accounting relationships ended during the fiscal year).

The table in section 3.7.9a “Impact of hedging instruments designated in hedging relationships” (refer to column “Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness”) includes the fair value changes of hedging instruments that are related to hedge accounting relationships, which were still active as at August 31, 2023.

Fair value hedges

as of August 31, 2023 in CHF million	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
Commodity price risk	(39.5)	Cost of goods sold
Foreign exchange risk	2.4	Cost of goods sold

as of August 31, 2022 in CHF million	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
Commodity price risk	(17.6)	Cost of goods sold
Foreign exchange risk	15.0	Cost of goods sold

Certain ineffectiveness can arise during the hedging process. The main sources of hedge ineffectiveness are considered to be timing differences between entering into the hedged items and into the hedging instruments and differences between the maturity profile of the hedged items and the hedging instruments.

The following table provides further information about the effect of cash flow hedges on equity:

in thousands of CHF	Commodity price risk	Foreign exchange risk	Interest rate risk	Total hedging reserve
as of September 1, 2021	**15,960**	**(15)**	**(15,663)**	**282**
Movements in the period:				
Gains/(losses) taken into equity	393	(1,380)	34,443	33,456
Transfer to initial carrying amount of the hedged item	(3,778)	(391)	—	(4,169)
Transfer to the Consolidated Income Statement for the period	(3,743)	2,326	2,250	832
thereof:				—
due to hedged cash flows that are no longer expected to occur/ineffectiveness	(3,677)	2,202	—	(1,474)
due to hedged item affected the Consolidated Income Statement	(67)	124	2,250	2,307
Tax effect on cash flow hedges	797	193	(9,173)	(8,183)
Currency translation adjustments	(477)	81	1	(395)
as of August 31, 2022	**9,152**	**814**	**11,858**	**21,823**
as of September 1, 2022	**9,152**	**814**	**11,858**	**21,823**
Movements in the period:				
Gains/(losses) taken into equity	30,130	(286)	5,768	35,612
Transfer to initial carrying amount of the hedged item	(1,023)	(296)	—	(1,319)
Transfer to the Consolidated Income Statement for the period	(5,351)	(1,234)	1,552	(5,033)
thereof:				
due to hedged cash flows that are no longer expected to occur/ineffectiveness	(5,351)	(1,234)	—	(6,585)
due to hedged item affected the Consolidated Income Statement	—	—	1,552	1,552
Tax effect on cash flow hedges	(7,087)	211	(1,830)	(8,706)
Currency translation adjustments	(456)	(13)	(337)	(806)
as of August 31, 2023	**25,365**	**(804)**	**17,011**	**41,572**

3.7.10 Timing, nominal amount and pricing of hedging instruments

The following table provides information about the maturity of the nominal amount and interest rates attached to the swaps held by the Group as of August 31, 2023 to hedge its interest rate risk:

			Period of maturity	
as of August 31, 2023	**First year**	**Second to fifth year**	**After five years**	**Total**
Nominal amount (CHF million)	—	301.3	—	301.3
Average interest rate	—	0.39 %	—	0.39 %

			Period of maturity	
as of August 31, 2022	**First year**	**Second to fifth year**	**After five years**	**Total**
Nominal amount (CHF million)	—	266.9	40.0	306.9
Average interest rate	—	0.35 %	0.21 %	0.33 %

The following table[2] provides information about the foreign exchange forwards and futures in case of the major foreign currency hedging pairs held by the Group as of August 31, 2023 to hedge its foreign exchange risk:

			Period of maturity	
as of August 31, 2023	**Current year**	**Next year**	**After next year**	**Total**
GBP exposure hedging against EUR				
Nominal amount (CHF million, long/(short))	269.0	(400.2)	0.9	(130.3)
Average foreign exchange rate (EUR/GBP)	0.875	0.874	0.892	n/a
USD exposure hedging against EUR				
Nominal amount (CHF million, long/(short))	(87.0)	(185.4)	5.0	(267.4)
Average foreign exchange rate (EUR/USD)	1.090	1.073	1.090	n/a
GBP exposure hedging against USD				
Nominal amount (CHF million, long/(short))	46.9	272.6	—	319.5
Average foreign exchange rate (USD/GBP)	0.799	0.810	—	n/a
USD exposure hedging against BRL				
Nominal amount (CHF million, long/(short))	(81.7)	(59.7)	—	(141.4)
Average foreign exchange rate (BRL/USD)	0.197	0.200	—	n/a

			Period of maturity	
as of August 31, 2022	**Current year**	**Next year**	**After next year**	**Total**
GBP exposure hedging against EUR				
Nominal amount (CHF million, long/(short))	99.3	(408.3)	—	(309.0)
Average foreign exchange rate (EUR/GBP)	0.857	0.862	—	n/a
USD exposure hedging against EUR				
Nominal amount (CHF million, long/(short))	(154.1)	(104.1)	(11.0)	(269.2)
Average foreign exchange rate (EUR/USD)	1.105	1.116	1.085	n/a
GBP exposure hedging against USD				
Nominal amount (CHF million, long/(short))	38.2	116.7	82.7	237.6
Average foreign exchange rate (USD/GBP)	0.781	0.790	0.840	n/a
USD exposure hedging against BRL				
Nominal amount (CHF million, long/(short))	(94.2)	—	—	(94.2)
Average foreign exchange rate (BRL/USD)	0.190	—	—	n/a

[2] In fiscal year 2021/22, this table presented the major foreign currency hedging pairs, limiting the information to entities with specific functional currencies. This limitation was discontinued, and the prior-year table adjusted accordingly.

Accounting policies

Derivative financial instruments

Derivative financial instruments are accounted for at fair value with fair value changes recognized in the Consolidated Income Statement.

As the Group also acts as a cocoa bean trader, certain cocoa bean purchase and sales contracts are net cash settled and therefore, contracts allocated to the same portfolio are treated as derivative contracts.

Additionally, the Group may apply the fair value option for its third-party executory forward purchase and sales contracts (available under IFRS 9 as an alternative to the off-balance sheet treatment). These exemptions are applied for those cocoa contracts where the measurement eliminates or significantly reduces an accounting mismatch that would otherwise occur on own use contracts.

Hedge accounting

The Group requires cocoa beans and semi-finished cocoa products for its operations. The Group is exposed to adverse cocoa price movements on the purchase side due to increasing cocoa prices, on the sales side and inventory held due to decreasing cocoa prices. The Group applies hedge accounting to hedge its cocoa price risk embedded in its chocolate inventories and sales contracts as well as in the cocoa inventories, purchase and sales contracts, and uses cocoa bean futures to manage cocoa price risks.

The Group is also exposed to increasing sugar prices with regard to its forecasted sugar purchases. The Group therefore applies cash flow hedge accounting when it hedges its sugar price risk embedded in its forecasted sugar purchases with sugar futures.

The Group enters into sales and purchase contracts denominated in various currencies. The foreign currency risks exposure arising from these firm commitments and highly probable transactions are hedged by the Group's Treasury department. The Group applies fair value hedge accounting to its firm commitments.

The Group's interest rate risk is managed with interest rate derivatives. Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relationship is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

The impact of hedging accounting is presented on the Group's Consolidated Balance Sheet as follows:

Hedging instrument/item	Line item on Consolidated Balance Sheet
Cash flow hedges:	
Interest rate swaps	Derivative financial assets and liabilities
Commodity futures contracts	Derivative financial assets and liabilities
Foreign exchange forward and future contracts	Derivative financial assets and liabilities
Fair value hedges:	
Cocoa and chocolate stocks	Inventories
Risk component of cocoa and chocolate purchase and sales contracts	Derivative financial assets and liabilities
Commodity futures contracts	Derivative financial assets and liabilities
Foreign exchange forward and future contracts	Derivative financial assets and liabilities
Firm purchase and sales commitments denominated in foreign currency	Derivative financial assets and liabilities
Receivables	Trade receivables and other current assets
Payables	Trade payables and other current liabilities
Debt	Short-term debt; long-term debt
Cash instruments	Cash and cash equivalents

Notes to the Consolidated Financial Statements

Fair value hedging – for commodity price risks and foreign currency exchange risks related to the contract business	To reflect the Group's activities of hedging its cocoa price risk exposure embedded in the cocoa and chocolate inventories and unrecognized firm commitments, the Group applies fair value hedge accounting. In this fair value hedge accounting relationship, the chocolate inventories and unrecognized firm sales commitments and the cocoa inventories, unrecognized firm purchase and sales commitments, respectively, are designated as hedged items whereby cocoa bean futures are designated as hedging instruments. When cocoa and chocolate inventory is designated as a hedged item, the subsequent cumulative change in the fair value of the inventory attributable to the hedged cocoa price risk is adjusting the carrying amount of the hedged item (change of inventory cost value) with a corresponding gain or loss in the Consolidated Income Statement. When unrecognized firm cocoa and chocolate commitments (purchase and sales contracts) are designated as hedged items, the subsequent cumulative change in the fair value of these contracts attributable to the hedged cocoa price risk is recognized as an asset or a liability (reported as "Derivative financial assets" and "Derivative financial liabilities") with a corresponding gain or loss in the Consolidated Income Statement. The hedging instrument is recorded at fair value under "Derivative financial assets" or "Derivative financial liabilities", and the changes in the fair value of the hedging instrument are also recognized in the Consolidated Income Statement. For foreign currency exchange risks related to firm purchase and sales commitments in certain entities, fair value hedge accounting is applied. The hedge relationship is between the unrecognized firm commitments (hedged items) and the foreign currency forward contracts and/or monetary items (hedging instruments). The changes in fair value of the hedging instruments (attributable to foreign currency exchange rate movements) are recognized in the Consolidated Income Statement. The cumulative change in the fair value of the hedged items (unrecognized firm commitments) attributable to the foreign currency risk is recognized as "Derivative financial assets" or "Derivative financial liabilities" with a corresponding gain or loss in the Consolidated Income Statement.
Accounting for cash flow hedges	For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. Gains or losses that are recognized in other comprehensive income are transferred to the Consolidated Income Statement in the same period in which the hedged exposure affects the Consolidated Income Statement. The ineffective part of any gain or loss is recognized immediately in the Consolidated Income Statement at the time hedge effectiveness is tested. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognized in other comprehensive income is kept in other comprehensive income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is immediately transferred to the Consolidated Income Statement.

Cash flow hedging – for commodity price risks (cocoa and sugar price risk) and foreign currency exchange risks arising from forecasted purchase and sales transactions	The Group enters into sugar futures to hedge the sugar price risk exposure embedded in certain forecasted sugar purchases, and into foreign exchange forwards and futures contracts to hedge the currency risk arising from these forecasted sugar purchases. The Group applies cash flow hedge accounting for these hedging relationships whereby the sugar futures and the foreign exchange forwards and futures are designated as hedging instruments to hedge the variability in cash flows attributable to the risk of sugar price movements and to the foreign currency risk, respectively, in the hedged forecasted sugar purchases. Where no firm commitments exist, the Group may enter into cocoa bean futures to hedge the cocoa price risk arising from forecasted sales, and into foreign exchange forwards and futures contracts to hedge the currency risk arising from forecasted sales transactions denominated in foreign currencies. The related entities apply cash flow hedge accounting whereby the cocoa bean futures and the foreign exchange forwards and futures are designated as hedging instruments to the underlying forecasted sales to hedge the variability in cash flow that is attributable to the risk of cocoa price movements and to the foreign exchange risk, respectively.
Cash flow hedging – for interest rate risks	The Group applies cash flow hedge accounting for interest rate derivatives, converting a portion of floating rate borrowings to fixed-rate borrowings.
No hedge accounting designation	The Group's purchasing and sourcing centers and the Group's Treasury department have derivative financial instruments that are measured at fair value without being assigned to a hedge accounting relationship.

3.8 Financial result

Composition of finance income

in thousands of CHF	2022/23	2021/22
Interest income	13,393	8,077
Total finance income	**13,393**	**8,077**

Composition of finance expense

in thousands of CHF	2022/23	2021/22
Interest expense	(116,369)	(99,876)
Amortization of structuring fees	(2,757)	(3,844)
Charges on undrawn portion of committed credit facilities	(1,964)	(2,178)
Net interest costs related to defined benefit plans (Note 4.2)	(2,526)	(2,716)
Total interest expense	**(123,616)**	**(108,614)**
Bank charges and other financial expense	(7,331)	(5,298)
Foreign exchange losses, net	(4,265)	(13,545)
Loss on interest rate derivative financial instruments	(2,249)	(2,374)
Total finance expense	**(137,461)**	**(129,831)**

Interest expenses include among other the cost of leasing and the cost of interest rate swaps resulting from paying fixed interest rates in exchange for receiving floating interest rates. All interest rate derivative financial instruments are in a cash flow hedge relationship where the effective portion of the changes in fair value are recognized in Other comprehensive income.

Structuring fees are mainly attributable to the amortization of fees capitalized for debt instruments referenced in the overview table of note 3.5.2 Long-term debt.

The foreign exchange gains are mainly attributable to price volatility in the global foreign currency markets.

4 Employees

4.1 Personnel expenses

in thousands of CHF	2022/23	2021/22
Wages and salaries	(624,088)	(598,281)
Compulsory social security contributions	(111,387)	(108,705)
Equity-settled share-based payments (Note 4.2)	(18,904)	(13,317)
Expenses related to defined benefit pension plans (Note 4.2)	(15,050)	(14,201)
Expenses related to other long-term benefit plans (Note 4.2)	(358)	1,345
Contributions to defined contribution plans (Note 4.2)	(17,154)	(15,900)
Total personnel expenses	**(786,941)**	**(749,059)**
Amounts capitalized as assets	17,332	22,394
Total personnel expenses recognized in Consolidated Income Statement	**(769,609)**	**(726,665)**

4.2 Employee benefits

Post-employment and other long-term employee benefits

The Group operates a number of independent defined benefit plans and other post-retirement or long-term benefit plans, in line with local legal and tax requirements.

The largest defined benefit pension plans (funded) are located in Switzerland, Belgium, the US and the UK. Together, these plans represent 97% (2022: 96%) of the Group's total gross defined benefit pension liabilities and 98% (2022: 98%) of the Group's total plan assets.

The amounts recognized in the Consolidated Balance Sheet are as follows:

	Defined benefit pension plans						Other long-term benefit plans	
as of August 31,			2023			2022	2023	2022
in thousands of CHF	Funded	Unfunded	Total	Funded	Unfunded	Total	Total	Total
Switzerland								
Weighted average duration in years	14	—		13	—		—	—
Present value of liabilities	112,978	—	112,978	97,605	—	97,605	—	—
Fair value of plan assets	(97,630)	—	(97,630)	(90,508)	—	(90,508)	—	—
Net plan liabilities (assets)	**15,348**	**—**	**15,348**	**7,097**	**—**	**7,097**	**—**	**—**
Belgium								
Weighted average duration in years	11	—		12	—		10	10
Present value of liabilities	83,979	—	83,979	79,205	—	79,205	7,737	7,870
Fair value of plan assets	(57,257)	—	(57,257)	(52,316)	—	(52,316)	—	—
Net plan liabilities (assets)	**26,722**	**—**	**26,722**	**26,889**	**—**	**26,889**	**7,737**	**7,870**
US								
Weighted average duration in years	9	—		9	—		3	3
Present value of liabilities	56,166	—	56,166	69,398	—	69,398	23	34
Fair value of plan assets	(44,366)	—	(44,366)	(52,168)	—	(52,168)	—	—
Net plan liabilities (assets)	**11,800**	**—**	**11,800**	**17,230**	**—**	**17,230**	**23**	**34**
UK								
Weighted average duration in years	13	—		15	—		—	—
Present value of liabilities	44,108	—	44,108	55,506	—	55,506	—	—
Fair value of plan assets	(69,342)	—	(69,342)	(77,170)	—	(77,170)	—	—
Net plan liabilities (assets)	**(25,234)**	**—**	**(25,234)**	**(21,664)**	**—**	**(21,664)**	**—**	**—**
Rest of the world								
Weighted average duration in years	16	8		13	8		20	18
Present value of liabilities	9,680	15,030	24,710	11,801	15,349	27,150	5,601	4,275
Fair value of plan assets	(4,372)	—	(4,372)	(4,729)	—	(4,729)	—	—
Net plan liabilities (assets)	**5,308**	**15,030**	**20,338**	**7,072**	**15,349**	**22,421**	**5,601**	**4,275**
Total								
Present value of liabilities	306,911	15,030	321,941	313,515	15,349	328,864	13,361	12,179
Fair value of plan assets	(272,967)	—	(272,967)	(276,890)	—	(276,890)	—	—
Net plan liabilities (assets)	**33,944**	**15,030**	**48,974**	**36,625**	**15,349**	**51,974**	**13,361**	**12,179**
Net balances recognized in the Consolidated Balance Sheet								
Net employee benefit assets	**—**	**—**	**(25,234)**	**—**	**—**	**(21,664)**	**—**	**—**
Net employee benefit liabilities	**—**	**—**	**74,208**	**—**	**—**	**73,638**	**13,361**	**12,179**

The changes in the present value of the employee benefit liabilities are as follows:

	Defined benefit pension plans		**Other long-term benefit plans**	
in thousands of CHF	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Present value of defined benefit liabilities as of September 1,	**328,864**	**405,378**	**12,179**	**15,621**
Currency translations	133	873	(16)	(73)
Current service cost	11,830	14,201	806	1,096
Past service cost	3,206	—	—	—
Remeasurement of other long-term employee benefits	—	—	(449)	(2,441)
Interest expense	9,588	4,645	593	430
Losses/(gains) on curtailment	13	—	—	—
Total recognized in income statement	**24,770**	**19,719**	**934**	**(988)**
Actuarial losses/(gains)	(13,611)	(70,886)	1,203	(1,146)
thereof:				
arising from changes in demographic assumptions	(763)	5	—	—
arising from changes in financial assumptions	(19,546)	(81,835)	706	(1,371)
arising from experience adjustments	6,698	10,944	497	225
Exchange differences on foreign plans	(9,689)	(15,282)	(368)	(743)
Total recognized in other comprehensive income	**(23,300)**	**(86,168)**	**835**	**(1,889)**
Reclassifications	—	3	—	(3)
Contribution by employees	4,728	4,534	—	—
Benefits received	5,712	11,366	—	—
Benefits paid	(18,833)	(25,968)	(587)	(562)
Total other	**(8,393)**	**(10,065)**	**(587)**	**(565)**
Present value of defined benefit liabilities as of August 31,	**321,941**	**328,864**	**13,361**	**12,179**
thereof:				
funded plans	306,911	313,515	—	—
unfunded plans	15,030	15,349	13,361	12,179

The Group expects to pay CHF 16.7 million in employer's contributions to defined benefit pension plans in the next fiscal year (2022/23: CHF 16.1 million).

Actuarial gains amounted to CHF 12.4 million for the current fiscal year (2021/22: actuarial gains of CHF 72.0 million), which is mainly related to changes in the financial assumptions such as the development of discount rates. The respective amounts were recognized in Other comprehensive income.

The movement in the fair value of plan assets is as follows:

	Defined benefit pension plans	
in thousands of CHF	**2022/23**	**2021/22**
Opening fair value of plan assets as of September 1,	**276,890**	**297,722**
Currency translations	173	873
Interest income	7,656	2,359
Total recognized in income statement	**7,829**	**3,232**
Return on plan assets excluding interest income	(15,461)	(20,861)
Exchange differences on foreign plans	(7,674)	(12,404)
Total recognized in other comprehensive income	**(23,135)**	**(33,265)**
Contributions by employer	18,263	17,532
Contributions by employees	4,728	4,534
Benefits received	5,712	11,368
Benefits paid	(17,320)	(24,233)
Total other	**11,383**	**9,201**
Fair value of plan assets as of August 31,	**272,967**	**276,890**

The plan assets consist of the following categories of securities:

as of August 31,	Defined benefit pension plans	
in thousands of CHF	**2023**	**2022**
Equities	59,776	77,967
Bonds	146,202	133,340
Insurance portfolio	11,565	11,300
Cash and other assets	55,424	54,283
Total fair value of plan assets	**272,967**	**276,890**

Most of the equity and debt securities have a quoted market price in an active market. Real estate and alternative investments, which include hedge funds, private equity, infrastructure and commodity investments, usually have a quoted market price or a regularly updated net asset value.

The plan assets do not include any ordinary shares issued by the Company nor any property occupied by the Group or one of its subsidiaries.

The amounts recognized in the Consolidated Income Statement are as follows:

	Defined benefit pension plans		Other long-term benefit plans	
in thousands of CHF	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Current service costs	11,830	14,201	806	1,096
Net interest expense	1,932	2,286	593	430
Net currency translations	(40)	—	(16)	(73)
Past service cost	3,206	—	—	—
Losses/(gains) on curtailments and settlements	13	—	—	—
Remeasurement	—	—	(449)	(2,441)
Total expenses related to defined benefit plans and other long-term benefit plans recognized in income statement	**16,941**	**16,487**	**934**	**(988)**

in thousands of CHF	**2022/23**	**2021/22**
Total defined contribution expenses recognized in income statement	**17,154**	**15,900**

The expenses related to defined benefit pension plans and other long-term benefit plans are recognized in the following line items in the Consolidated Income Statement:

in thousands of CHF	**2022/23**	**2021/22**
Cost of goods sold	4,216	3,501
Marketing and sales expenses	1,559	1,058
General and administration expenses	8,836	7,599
Research and development expenses	796	698
Personnel expenses	**15,407**	**12,856**
Interest expense	2,526	2,716
Foreign exchange gains/(losses)	(56)	(73)
Finance expense	**2,470**	**2,643**
Total expenses related to defined benefit plans and other long-term benefit plans recognized in income statement	**17,877**	**15,499**

Actuarial assumptions

Weighted average actuarial assumptions used are as follows:

	Defined benefit pension plans		Other long-term benefit plans	
	2022/23	**2021/22**	**2022/23**	**2021/22**
Discount rate	3.5 %	6.4 %	5.8 %	5.2 %
Expected rate of pension increase	0.5 %	1.7 %	0.0 %	0.0 %
Expected rate of salary increase	1.6 %	3.2 %	2.3 %	2.5 %

The applicable mortality tables in the Group's largest defined benefit plans and underlying longevity assumptions are summarized in the following table:

		Life expectancy at age 65 for a male member		Life expectancy at age 65 for a female member	
	Mortality table	**2023**	**2022**	**2023**	**2022**
Switzerland	LPP 2020	22	22	24	24
Belgium	MR / FR	23	21	26	25
UK	S3NMA / S3NFA	22	22	24	25
US	PRI-2012	21	21	23	23

Sensitivity analysis

Reasonable and possible changes at the reporting date to one of the relevant actuarial assumptions, with all other assumptions held constant, would have affected the defined benefit liabilities by the amounts shown below:

as of August 31,	Increase		Decrease	
in thousands of CHF	**2023**	**2022**	**2023**	**2022**
Discount rate (1% movement)	(35,042)	(36,145)	44,175	45,558
Expected rate of pension increase (1% movement)	13,586	13,760	(5,050)	(13,760)
Expected rate of salary increase (1% movement)	17,656	17,298	(17,656)	(17,298)
Life expectancy at age 65 (1 year)	5,039	5,721	(5,039)	(5,721)

Description of the defined benefit plans

The characteristics of the most significant defined benefit pension plans of the Group are further described as follows:

Defined benefit plans Switzerland

The retirement benefit plans for all Swiss Group entities are mainly defined benefit plans where contributions are expressed as a percentage of the insured actual salary. The employer is affiliated to a collective foundation with reinsurance of actuarial risks arising from the plan with an insurance company. Members benefit from a guaranteed minimum interest on accrued savings and conversion rates at retirement in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). This law defines the minimum pensionable salary and the minimum retirement credits. In addition to retirement benefits, the Swiss retirement benefit plans also provide for temporary partial or total disability benefits as well as for pre-retirement death benefits including widows' and orphans' benefits. The plan regulations in Switzerland were modified as of July 1, 2023 in order to adjust old age savings contributions to reflect market practice.

The benefit plans are outsourced to external insurance companies, which are responsible for the operation of the plan including the allocation of plan assets. The governance and the supervision as well as the responsibility to make changes in the plan lie with a Board of Trustees. It consists equally of employer and employee nominated representatives.

The applicable regulation requires the retirement benefit plans of all Swiss Group entities to be funded on the basis of employer and employee contributions, including risk premiums and savings contributions. In case of underfunding, recovery measures must be taken, such as the additional financing from the employer or from the employer and employees, or the reduction of benefits or a combination of both.

According to the plan regulation in Switzerland, certain components of the pension plans that meet the specific requirements are accounted for as defined contribution plans.

Defined benefit plans – Other countries

In the US, the Group maintains a retirement benefit plan only for pensioners and deferred pensioners related to a discontinued operation. Effective July 31, 2005, all benefits in the plan were closed for new entrances and further benefit accruals. The pension plan's funding is governed by ERISA and the applicable laws and regulations under Internal Revenue Code (IRC) sections 404, 412, and

430. Barry Callebaut is the plan sponsor and usually funds the minimum required contribution based on these regulations. The investment management is outsourced to investment management companies and the plan is governed by a Board of Trustees.

In Belgium, the Group operates defined benefit plans for events of retirement, temporary and permanent disability and death in service put in place by the employer in addition to legal retirement plans. These are company collective plans introduced on July 1, 1993. The retirement benefit plans are funded by a combination of employer and employee contributions as regulated by the Belgian Pension Act. The contributions are expressed as a percentage of the insured actual salary. The plans are fully insured. The funding of the defined benefit plans are externalized to an insurance company who is responsible for the operation of the plan including the allocation of plan assets. The governance and the supervision as well as the responsibility to make changes in the plan lie with a Board of Trustees. The legislation requires a minimum funding level. In the situation where the plan assets are not sufficient, the employer has to pay an additional contribution to the collective financing fund.

In the UK, the Group operates a defined benefit retirement scheme in which members receive benefits based on the final salary with the contributions paid by the employer on a balance of cost basis. Effective January 31, 2014, all benefits in the plan were closed for new entrances and further benefit accruals. The plan is run by the Board of Trustees in accordance with the Trust Deed & Rules and legislation. The Trustees are required by law to fund the plan on prudent funding assumptions under the Trust Deed & Rules of the plan. The contributions payable by the Company to fund the plan are set by the Trustees after consulting the Company. The investment management is outsourced to investment management companies.

Share-based payments

Share awards are granted to participants according to individual contracts and the current employee stock ownership program.

Long-Term Incentive Plan (LTIP)

The purpose of the LTIP is to provide the participants with an ownership interest in Barry Callebaut and to reward them for the long-term performance of the company. The LTIP thus aligns their interests to those of the shareholders.

The current LTIP has been in place since fiscal year 2016/17. The grant of share units under the LTIP is based on a target LTI amount determined individually for each plan participant. The individual LTI amount is divided by the average share price of the last three months of the preceding fiscal year in order to calculate the number of share units awarded.

As of fiscal year 2022/23, members of the Executive Committee are entitled to performance share units (PSU) only. The vesting period is three years (cliff), and the vesting will be conditional on forward-looking performance conditions (relative share price and ROIC), as outlined below. The maximum vesting level is 200%. Consequently, the overall vesting of the LTI award ranges from 0% to 200% of the initially determined number of share units granted (compared to 50% to 200% for grants until fiscal year 2021/22).

For all other plan participants, the share units vest in three tranches over three fiscal years, i.e. 25% on the first, 25% on the second and 50% on the third anniversary of the grant date. The first two tranches are restricted share units (RSU) that vest subject to the LTIP participant continuing to be employed by Barry Callebaut. The third tranche consists of performance share units (PSU) that vest subject to meeting two performance criteria over the three-year vesting period.

The first performance criterion, accounting for 50% of the respective PSU grant, is the relative share price development of Barry Callebaut versus a peer group of companies in the chocolate, ingredients and FMCG sector: AAK, Fuji Oil, Givaudan, Hershey, Kellogg's, Kerry, Lindt, Mondelez, Nestlé, Olam and Unilever. The objective (100% vesting) is to achieve median performance, e.g. to outperform half of the peer companies. There is no vesting for a performance below the first quartile of the peer group (threshold), and the vesting is capped newly at 200% (compared to 300% for grants until fiscal year 2021/22) for delivering the best performance in the peer group.

The second performance criterion, accounting for 50% of the relevant PSU grant, is ROIC. The ROIC criterion rewards the sustainable management of the Company's assets. The three-year ROIC target was set by the Board of Directors on the basis of the long-term strategic plan of the Company. The vesting also ranges from 0% to newly 200% of target (compared to 300% for grants until fiscal year 2021/22). Consequently, the overall vesting of the LTI award (including RSU and PSU) ranges from 50% and newly 150% of the initially determined number of share units granted (compared to 200% for grants until fiscal year 2021/22).

The Board of Directors reserves the right to suspend or adjust the vesting of the share units in case of a negative result from continuous operations of the Barry Callebaut Group. Once the shares are vested and transferred, they are free of any sales restrictions. Any award granted under the LTIP is subject to clawback and malus provisions. In case of a material misstatement of financial results or a serious reputational damage to Barry Callebaut due to fraud of willful intent, or of a gross misconduct which would qualify as a cause for termination, the Board of Directors may forfeit or claim back vested or unvested share units, within a period of two years after the vesting of the award.

The share awards granted entitle the participants to full shareholders rights upon vesting of the share units (RSU/PSU) and their conversion into shares. In case of resignation or dismissal for cause during the vesting period (which ranges between one and three years), the initially granted, but not yet vested share units are forfeited.

The fair value of the RSU granted (no performance condition) is estimated by taking the market price at grant date less the present value of the expected dividends that will not be received on these RSU during the vesting period. 777 share awards were granted in fiscal year 2022/23 with an average fair value of CHF 1,972 (in fiscal year 2021/22: 1,971 share awards with an average fair value of CHF 2,295). RSU have been granted to senior management only, excluding members of Executive Committee.

The fair value of the PSU, of which the vesting is conditional upon the relative share price performance, is assessed as per grant date based on a valuation performed by external experts applying the "Monte Carlo simulation" method. The most relevant parameters relating to Barry Callebaut and the relevant peer group are the risk-free interest rate, annualized volatility, the share price and the dividend yields. The risk-free rates reflect three-year government bonds of the country of origin of the respective company and range from –0.19% to +1.83%. The volatilities and correlations are based on daily returns of a company's share at its respective exchange of origin over a three-year period preceding the start of the vesting cycle (the annualized volatility for Barry Callebaut and its peer group ranges from 18.1% to 28.0%). The dividend yields are based on dividends paid over a three-year period preceding the start of the vesting cycle and range from +0.7% to +4.6%. The share prices are denominated in their respective currency and retrieved for the specified point in time. The base share price taken into account for Barry Callebaut is the share price at grant date and amounted to CHF 2,004.

The fair value of PSU, of which the vesting is conditional upon the Group's ROIC performance, is taken at fair value of the Barry Callebaut share at grant date discounted for dividends until the vesting. As this part is based on the Group's performance relating to ROIC, the relative value is adjusted periodically during the vesting period, based on an estimation of the ROIC performance at vesting date.

In fiscal year 2022/23, 2,201 PSU were granted to members of the ExCo with an average fair value of CHF 1,920 (in fiscal year 2021/22: 1,174 share awards with an average fair value of CHF 2,857). To the other plan participants, 786 PSU with an average fair value of CHF 1,920 per share were awarded in fiscal year 2022/23 (in fiscal year 2021/22: 714 share awards with an average fair value of CHF 2,857).

In fiscal year 2022/23, 2,296 sign-on shares were granted to multiple plan participants at the average amount of CHF 1,961 per share.

Board of Directors

The Board of Directors receives share awards annually for the respective service period. These share awards are not part of the share plans described above and are determined by the Nomination and Compensation Committee (NCC) as a monetary amount to be delivered for the respective service period in shares. The total number of shares awarded for the service period amounted to 1,610 with an average fair value of CHF 1,902 per share (2021/22: 1,278 share awards with an average fair value of CHF 2,180 per share).

Recognition in financial statements

The fair value of the share awards at grant date is recognized over the vesting period as a personnel expense under either of these share plans. For 2022/23, the amount thus recognized (before taxes) was CHF 18.9 million with a corresponding increase in equity (2021/22: CHF 13.3 million). Of the amount recognized in 2022/23, CHF 15.9 million related to the LTIP (2021/22: CHF 10.6 million) and CHF 3.0 million to the Board of Directors plan (2021/22: CHF 2.7 million).

Accounting policies

Employee benefit liabilities/post-employment benefits	The Group operates a number of independently defined benefit plans and other post-retirement or long-term benefit plans, which conform to local legal and tax requirements. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, applying the discount rate and deducting the fair value of any plan assets. The calculation of defined benefit liabilities is performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurement of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling are recognized immediately in Other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The Group's employee benefit schemes are exposed to changes in legislation and to investment return and matching risks, longevity risks and solvency risks. These risks may all require additional contributions and are therefore reviewed on a regular basis by the companies' management or by the relevant Board of Trustees as follows: ▪ Changes in legislation: monitoring of country-specific legislation changes ▪ Investment return risk: analysis and optimization of the allocation and performance of assets as well as monitoring of compliance with investment guidelines ▪ Investment matching risk: analysis and optimization of asset-liability matching and periodic fair valuation of assets and liabilities ▪ Longevity risk: analysis of mortality assumptions and monitoring of demographic development ▪ Solvency risk: monitoring of solvency of external solution providers
Defined contribution plans	Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Group has no further payment obligations once the contributions have been paid.

Post-employment benefits other than pensions	Certain subsidiaries provide health care and insurance benefits for a portion of their retired employees and their eligible dependents. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is also included in the position "Other long-term benefit plans".
Other long-term employee benefits	Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations (including jubilee plans and other long-service award plans). That benefit is discounted to determine its present value. Related remeasurement costs are recognized in the Consolidated Income Statement. The related liability is included in the position "Other long-term benefit plans".
Termination benefits	Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for restructuring.
Long-Term Incentive Plan	For the LTIP, Barry Callebaut AG shares are purchased on the market and passed on to satisfy the awards. In accordance with IFRS 2, the compensation costs relating to share awards granted under this deferred share plan are recognized in the Consolidated Income Statement over the vesting period at their fair value as at the grant date.

5 Group Structure and Related Parties

5.1 Acquisitions

Acquisitions in 2022/23

There were no acquisitions completed in fiscal year 2022/23.

Acquisitions in 2021/22

ECC Group

On June 24, 2021, Barry Callebaut announced the acquisition of two related companies, Europe Chocolate Company NV, a privately owned manufacturer of chocolate specialties and decorations, and Flanders Quality Machines NV, a privately owned manufacturer of machinery for chocolate specialties and decorations. The companies began manufacturing specialty chocolate ingredients in 1993 in Malle, Belgium. The transaction was successfully closed on September 1, 2021, and the Group acquired 100% of outstanding shares of the two companies.

This strategic acquisition expanded the Group's value-adding specialties capabilities, allowing Barry Callebaut to cater to the increasing demand for highly customized specialty chocolate and decorations and expanded its specialized chocolate molding capabilities by allowing the Group to offer tailor-made solutions thanks to the advanced in-house developed technology.

The fair value of the purchase consideration amounts to CHF 39.2 million, of which CHF 22.4 million paid in cash at the acquisition date. The payment was made on September 1, 2021 and was subject to customary purchase price adjustments of CHF 0.6 million, paid on November 9, 2021. On May 18, 2022 the remaining CHF 16.2 million was paid out to the previous shareholders upon the achievement of performance conditions.

The total acquisition-related costs amounted to CHF 0.4 million, of which CHF 0.2 million were expensed and included in “Other expense” in fiscal year 2021/22 and CHF 0.2 million were already expensed in fiscal year 2020/21, also included in “Other expense”.

in thousands of CHF	**2021/22**
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	980
Trade receivables and other current assets and Inventories	9,402
Property, plant and equipment, Right-of-use assets, Intangible assets and other non-current assets	12,349
Trade payables and other current liabilities	(6,209)
Other non-current liabilities	(2,100)
Deferred tax liabilities	(1,749)
Total identifiable net assets	**12,673**
Goodwill	26,510
Total consideration at fair value	**39,183**
thereof:	
Cash paid	22,978
Contingent Consideration	16,205

The goodwill of CHF 26.5 million arising from the acquisition is attributable to strengthening Barry Callebaut’s presence in the high-growth specialties & decorations market as well as synergies and leverage achieved by the integration of the business into the Group’s footprint. The goodwill has been allocated to Region EMEA and its amortization is not deductible for income tax purposes.

Since the first time consolidation as of September 1, 2021, the acquired business contributed CHF 50.1 million to Revenue from sales and services and CHF 1.1 million to net profit of fiscal year 2021/22.

5.2 Discontinued operations and disposal

The Group did not have any discontinued operations or disposals in 2022/23 and 2021/22.

5.3 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2023, are as follows:

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Switzerland	Barry Callebaut Cocoa AG	Zürich	100	EUR	81,515
	Barry Callebaut Management Services AG	Zürich	100	CHF	100,000
	Barry Callebaut Re AG	Zürich	100	CHF	3,000,000
	Barry Callebaut Schweiz AG	Dübendorf	100	CHF	4,600,000
	Barry Callebaut Sourcing AG	Zürich	100	CHF	2,000,000
	Cabosse Naturals Switzerland AG	Zürich	100	CHF	1,000,000
Australia	GKC Foods (Australia) Pty Ltd	Melbourne	100	AUD	100,000
Belgium	Barry Callebaut Belgium N.V.	Lebbeke-Wieze	100	EUR	261,521,544
	Barry Callebaut Manufacturing Halle BV	Halle	100	EUR	15,488,952
	Barry Callebaut Services N.V.	Lebbeke-Wieze	100	EUR	929,286,000
	Cabosse Naturals N.V.	Halle	100	EUR	1,161,148
	Europe Chocolate Company NV	Malle	100	EUR	136,116
	International Business Company Belgium BV	Kortrijk (Heule)	100	EUR	65,000
Brazil	Barry Callebaut Brasil Indústria e Comércio de Produtos Alimentícios Ltda.	São Paulo	100	BRL	451,750,810
Cameroon	Barry Callebaut Cameroon SA	Douala	100	XAF	10,000,000
	Société Industrielle Camerounaise des Cacaos SA	Douala	81	XAF	1,959,531,000
Canada	Barry Callebaut Canada Inc.	St.-Hyacinthe	100	CAD	142,000,000
Chile	Barry Callebaut Chile SpA	Santiago	100	CLP	27,988,650,000
China	Barry Callebaut (Suzhou) Chocolate Co., Ltd.	Suzhou	100	CNY	219,137,532
	Barry Callebaut (Suzhou) Chocolate R&D Center Co., Ltd.	Suzhou	100	CNY	13,970,504
Côte d'Ivoire	Barry Callebaut Négoce SA	Abidjan	100	XOF	3,700,000,000
	Société Africaine de Cacao SA	Abidjan	100	XOF	25,695,651,316
	Societe Ivoirienne de Services Agricoles SA	Abidjan	100	XOF	10,000,000
Czech Republic	Barry Callebaut Czech Republic s.r.o.	Prague	100	CZK	200,000
Denmark	Barry Callebaut Denmark ApS	Hostebro	100	DKK	500,000
Ecuador	Barry Callebaut Ecuador SA	Guayaquil	100	USD	20,750,000
France	Barry Callebaut France SAS	Hardricourt	100	EUR	67,900,000
	Barry Callebaut Manufacturing France SAS	Hardricourt	100	EUR	6,637,540
	Barry Callebaut Nord Cacao SAS	Gravelines	100	EUR	3,037,000
Germany	Barry Callebaut Cocoa Germany GmbH	Hamburg	100	EUR	25,000
	Barry Callebaut Deutschland GmbH	Cologne	100	EUR	52,000
	Barry Callebaut Manufacturing Norderstedt GmbH & Co. KG	Norderstedt	100	EUR	50,100
	C.J. van Houten & Zoon Holding GmbH	Norderstedt	100	EUR	72,092,155
	Tagungs- und Seminarzentrum Schloss Marbach GmbH	Öhningen	100	EUR	3,600,000
Ghana	Barry Callebaut Ghana Ltd.	Tema	100	USD	9,204,219
	Nyonkopa Cocoa Buying Ltd.	Kumasi	100	GHS	4,250,000
	BC Farm Services Ltd.	Kumasi	100	GHS	2,850,000
Great Britain	Barry Callebaut (UK) Ltd	Banbury	100	GBP	3,200,000
	Barry Callebaut Beverages UK Ltd	Chester	100	GBP	40,000
	Barry Callebaut Manufacturing (UK) Ltd	Banbury	100	GBP	15,467,852
Greece	Barry Callebaut Hellas Single Member SA	Athens	100	EUR	25,000
Hong Kong	Barry Callebaut Hong Kong Limited	Hong Kong	100	HKD	2
India	Barry Callebaut Cocoa & Chocolate Ingredients India Private Limited	Pune	100	INR	512,020,770
Indonesia	P.T. Barry Callebaut Indonesia	Bandung	100	IDR	66,213,000,000
	P.T. Papandayan Cocoa Industries	Bandung	100	USD	40,000,000

Notes to the Consolidated Financial Statements

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Israel	Barry Callebaut Israel Ltd	Tel Aviv	100	ILS	71,212
Italy	Barry Callebaut Italia S.p.A.	Milano	100	EUR	104,000
	Barry Callebaut Manufacturing Italia S.p.A.	Milano	100	EUR	2,646,841
	Dolphin S.r.l.	Milano	100	EUR	110,000
	D'Orsogna Dolciaria S.r.l.	San Vito Chietino	100	EUR	5,000,000
Japan	Barry Callebaut Japan Ltd.	Takasaki	100	JPY	835,000,000
Korea	Barry Callebaut Chocolate Asia Pacific Pte. Ltd., Korea Branch	Seoul	100	KRW	—
Malaysia	Barry Callebaut Malaysia Sdn Bhd	Petaling Jaya	100	USD	11,119,936
	Barry Callebaut Manufacturing Malaysia Sdn Bhd	Johor Bahru	100	USD	10,000,000
	Barry Callebaut Services Asia Pacific Sdn Bhd	Petaling Jaya	100	MYR	500,000
Mexico	Barry Callebaut Cocoa Management Services SA de CV	Mexico City	100	MXN	100,000
	Barry Callebaut Mexico Distributors SA de CV	Escobedo N.L.	100	MXN	109,000,000
	Barry Callebaut Mexico, S. de R.L. de CV	Monterrey	100	MXN	13,030,200
	DCMX Cocoa, SA de CV	Mexico City	100	MXN	1,304,967
Morocco	Barry Callebaut Maroc SARLAU	Casablanca	100	MAD	280,000
Nigeria	BC Nigeria Cocoa & Chocolate Limited	Lagos	100	NGN	10,000,000
Philippines	Cocoa Ingredients (Philippines) Inc.	Makati City	100	USD	200,000
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	Łódź	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	Łódź	100	PLN	50,000
	Barry Callebaut SSC Europe Sp. z o.o.	Łódź	100	PLN	2,000,000
Russia	Barry Callebaut NL Russia LLC	Moscow-Chekhov	100	RUB	864,510,182
	CJSC Inforum-Prom	Kasimov	100	RUB	100,000
	Barry Callebaut Kaliningrad LLC	Kaliningrad	100	RUB	100,000
Serbia	Barry Callebaut South East Europe d.o.o.	Belgrade	100	RSD	1'185'539
Singapore	Barry Callebaut Chocolate Asia Pacific Pte. Ltd	Singapore	100	USD	80,121,785
	Barry Callebaut Cocoa Asia Pacific Pte Ltd	Singapore	100	USD	558,130,230
South Africa	Barry Callebaut South Africa (Pty) Ltd	Johannesburg	100	ZAR	—
Spain	Barry Callebaut Ibérica SLU	Barcelona	100	EUR	25,000
	Barry Callebaut Manufacturing Ibérica SA	Gurb	100	EUR	987,600
	La Morella Nuts SA	Reus	100	EUR	344,553
Sweden	ASM Foods AB	Mjölby	100	SEK	2,000,000
	Barry Callebaut Sweden AB	Kågeröd	100	EUR	11,428
Tanzania	Biolands International Ltd.	Moshi	100	TZS	40,000,000
Thailand	Barry Callebaut Thailand Company Ltd	Bangkok	100	THB	125,000,000
The Netherlands	Barry Callebaut Cocoa Netherlands B.V.	Zundert	100	EUR	18,000
	Barry Callebaut Decorations B.V.	Zundert	100	EUR	18,242
	Barry Callebaut Nederland B.V.	Zundert	100	EUR	21,435,000
	Dings-Decor B.V.	Nuth	70	EUR	22,689
	Hoogenboom Benelux B.V.	Zundert	100	EUR	18,152
Türkiye	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	Istanbul	100	TRY	383,000,000
Uganda	Barry Callebaut East Africa Ltd	Kampala	100	UGX	70,000,000
United Arab Emirates	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti., Dubai Branch	Dubai	100	AED	—
USA	Barry Callebaut North America Holding Inc.	Wilmington, DE	100	USD	1,003
	Barry Callebaut USA Holding Inc.	Wilmington, DE	100	USD	1,001
	Barry Callebaut U.S.A. LLC	Wilmington, DE	100	USD	—
	Barry Callebaut USA Service Company Inc.	Wilmington, DE	100	USD	1,000

1 The following subsidiaries are inactive or in liquidation: Bio United Ltd, GOR Trade LLC, Barry Callebaut Holdings (UK) Ltd., BC Chocodesign Participacoes Ltda., Barry Callebaut Produktions Deutschland GmbH, Barry Callebaut Nigeria Ltd., Biopartenaire SA, Barry Callebaut Cocoa USA Inc., Barry Callebaut (Australia) Pty Ltd and P.T. Barry Callebaut Comextra Indonesia.

Accounting policies

Scope of consolidation/ subsidiaries

The Consolidated Financial Statements of the Group include all the assets, liabilities, income and expenses of Barry Callebaut AG and the companies which it controls. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Non-controlling interests are shown as a component of equity in the balance sheet, and the share of the net profit attributable to non-controlling interests is shown as a component of the net profit for the year in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the acquisition method. Subsidiaries disposed of are included up to the effective date of disposal.

All intragroup balances and unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

5.4 Significant shareholders and related parties

Significant shareholders

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

as of August 31,	2023	2022
Jacobs Holding AG	30.1 %	30.1 %
Renata Jacobs	5.0 %	5.0 %
BlackRock Inc.[1]	3.1 %	3.1 %
T. Rowe Price Associates Inc.[1]	3.0 %	3.0 %
UBS Fund Management (Switzerland) AG[1]	3.0 %	3.0 %

1 Based on notifications through the electronic publication platform of the SIX Swiss Exchange.

Related parties

Significant transactions and balances between the Group and related parties are as follows:

in thousands of CHF	Nature of cost/ revenue	2022/23	2021/22
Other operating expenses charged by related parties		**(250)**	**(250)**
Jacobs Holding AG	Management services	(250)	(250)

as of August 31, in thousands of CHF		2022/23	2021/22
Other payables to related parties		**67**	**63**
Jacobs Holding AG		67	63

Compensation of key management personnel

The key management personnel is defined as the Board of Directors and the Executive Committee. Key management compensation consists of the following:

in million CHF	2022/23	2021/22
Short-term employee benefits	14.5	13.1
Post-employment benefits	2.6	2.3
Share-based payments	11.7	8.5
Total	**28.8**	**23.8**

Further details related to the requirements of the Swiss Transparency law (Art. 663bbis and 663c Swiss Code of Obligations) are disclosed in Notes 2.8, 3.4 and 3.5 in the Financial Statements of Barry Callebaut AG and in the Remuneration Report.

6 Taxes

6.1 Income taxes

Income tax expense

in thousands of CHF	2022/23	2021/22
Current income tax expenses	(138,572)	(92,600)
Deferred income tax expenses	46,425	21,808
Total income tax expenses	**(92,147)**	**(70,792)**

Reconciliation of income taxes

in thousands of CHF	2022/23	2021/22
Profit before income taxes	535,282	431,732
Expected income tax expenses at weighted average applicable tax rate	(118,395)	(88,866)
Non-tax deductible expenses	(10,076)	(10,735)
Tax-deductible items not qualifying as an expense under IFRS	38,467	35,638
Tax-exempt income	23,675	23,764
Income recognized for tax declarations purposes only	(13,579)	(3,233)
Prior-period-related items	(9,609)	(11,710)
Changes in tax rates	(938)	1,169
Losses carried forward not yet recognized as deferred tax assets	(13,589)	(22,879)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	11,897	6,060
Total income taxes	**(92,147)**	**(70,792)**

For the reconciliation above the weighted average applicable tax rate was 22.1% in 2022/23 (2021/22: 20.6%).

The weighted average applicable tax rate has, year-on-year, slightly increased mainly due to changes in the country mix of profit before taxes and by modified corporate tax rates in certain tax jurisdictions. The application of the Swiss tax reform, which became effective as of January 1, 2020, has resulted in the recognition of a deferred tax income of CHF 15.4 million in 2022/23 (2021/22: CHF 17.2 million).

The Group's effective tax rate in 2022/23 is 17.2% (2021/22: 16.4%).

The tax relief on losses carried forward previously not recognized as deferred tax assets of CHF 11.9 million (2021/22: CHF 6.1 million) consists of CHF 11.6 million tax relief of utilization on tax losses carried forward previously not recognized (2021/22: CHF 4.9 million) and CHF 0.3 million of tax losses recognized for the first time in 2022/23 (2021/22: CHF 1.2 million).

6.2 Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

in thousands of CHF	Inventories	Property, plant, equipment/ intangible assets and goodwill	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
as of September 1, 2021	**2,731**	**(139,292)**	**52,305**	**(790)**	**40,922**	**34,998**	**(9,126)**
Charged to the income statement	3,102	(3,484)	71,821	308	(52,823)	2,884	21,808
Recognized in other comprehensive income	625	—	(738)	—	(18,897)	—	(19,010)
Application of hyperinflation accounting (IAS 29), deferred tax impact	—	(3,383)	—	—	—	—	(3,383)
Effect of acquisitions	(89)	(1,660)	—	—	—	—	(1,749)
Effect of disposals	—	(251)	966	—	(40)	—	675
Currency translation effects	834	2,020	1,427	308	(3,047)	(465)	1,077
as of August 31, 2022	**7,203**	**(146,050)**	**125,781**	**(174)**	**(33,884)**	**37,417**	**(9,708)**
as of September 1, 2022	**7,203**	**(146,050)**	**125,781**	**(174)**	**(33,884)**	**37,417**	**(9,708)**
Charged to the income statement	(5,727)	13,020	(49,566)	(767)	94,940	(5,475)	46,425
Recognized in other comprehensive income	—	—	(6,727)	—	(1,541)	—	(8,268)
Application of hyperinflation accounting (IAS 29), deferred tax impact	—	(112)	—	—	—	—	(112)
Effect of acquisitions	—	—	—	—	—	—	—
Effect of disposals	—	—	—	—	8	—	8
Currency translation effects	732	9,607	(4,362)	108	(915)	(2,791)	2,380
as of August 31, 2023	**2,208**	**(123,535)**	**65,126**	**(833)**	**58,608**	**29,151**	**30,725**

For fiscal year 2022/23, deferred tax expense recognized in other comprehensive income amounted to CHF 8.3 million (2021/22: deferred tax expense CHF 19.0 million), and this relates to deferred tax income on remeasurement of defined benefit plans of CHF 0.4 million (2021/22: deferred tax expense of CHF 10.8 million) and to deferred tax expense on cash flow hedging reserves CHF 8.7 million (2021/22: deferred tax expense of CHF 8.2 million).

Recognized deferred tax assets and liabilities

The recognized deferred tax assets and liabilities, without set off of balances within the same tax jurisdiction, are attributable to the following:

as of August 31,			**2023**			**2022**
in thousands of CHF	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Inventories	14,371	(12,163)	2,208	18,891	(11,689)	7,202
Property, plant and equipment/Intangible assets and goodwill/Right of use assets	6,295	(129,830)	(123,535)	12,706	(158,756)	(146,050)
Other assets	77,871	(12,745)	65,126	134,648	(8,867)	125,781
Provisions	887	(1,720)	(833)	2,264	(2,438)	(174)
Other liabilities	79,952	(21,344)	58,608	60,249	(94,133)	(33,884)
Tax losses carried forward	29,151	—	29,151	37,417	—	37,417
Tax assets/(liabilities)	**208,527**	**(177,802)**	**30,725**	**266,175**	**(275,883)**	**(9,708)**
Setoff within same tax jurisdiction	(90,593)	90,593	—	(168,892)	168,892	—
Reflected in the balance sheet	**117,934**	**(87,209)**	**30,725**	**97,283**	**(106,991)**	**(9,708)**

For fiscal year 2022/23, deferred tax assets amounting to CHF 2.2 million (2021/22: CHF 11.5 million) were recognized that are depending on future taxable profits in excess of existing taxable temporary differences for entities which suffered fiscal losses in the current period.

Tax losses carried forward excluded from recognition of related deferred tax assets

Tax losses carried forward not recognized as deferred tax assets have the following expiry dates:

as of August 31, in thousands of CHF	2023	2022
Expiry:		
Within 1 year	—	3,431
After 1 up to 2 years	—	1,022
After 2 up to 3 years	—	1,188
After 3 up to 10 years	25,124	15,683
After 10 years	—	995
Unlimited	414,047	459,345
Total unrecognized tax losses carried forward	**439,171**	**481,664**

Tax losses carried forward utilized during the year 2022/23 were CHF 60.8 million (2021/22: CHF 19.0 million). The related tax relief amounted to CHF 16.1 million, of which CHF 4.5 million were already recognized as a deferred tax asset in the previous year (2021/22: CHF 6.1 million of which CHF 0.4 million were already recognized as a deferred tax asset in the previous year) and CHF 11.6 million that were previously not recognized (2021/22: CHF 5.7 million).

As at August 31, 2023, the Group had unutilized tax losses carried forward of approximately CHF 553.3 million (2021/22: approximately CHF 628.9 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 114.1 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 29.2 million (2021/22: CHF 147.2 million recognized resulting in a deferred tax asset of CHF 37.4 million). The net decrease of CHF 8.2 million in the deferred tax asset on recognized tax losses carried forward consists of CHF 0.3 million first time recognition of prior year tax losses carried forward, CHF 4.5 million decrease resulting from utilization of tax losses already recognized as a deferred tax asset in prior year, CHF 1.2 million decrease relating to disposal of prior year tax losses carried forward and CHF 2.8 million decrease relating to currency translation adjustments.

Accounting policies

Taxes	Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on management fees and royalties received or paid are reported under "Other expenses". Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen. Income taxes are calculated in accordance with the tax regulations in effect in each country. Current and deferred tax liabilities and assets for uncertain tax positions according to IFRIC 23 are considered based on the probability of the related uncertain tax positions and measured based on the single most probable outcome or the weighted average expected outcome of the uncertain tax positions. The Group determines the expected income tax rate by weighing the applicable tax rates in the jurisdictions concerned based on the profit before taxes per jurisdiction. The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for the respective fiscal year. Deferred income taxes are recognized using the balance sheet liability method. Deferred income tax applies to all temporary differences arising between the tax values of assets and liabilities and their values in the Consolidated Financial Statements. The Group will be in scope of OECD pillar two income taxes and is in progress of analyzing the impacts to the financial statements. The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and deferred tax liabilities related to the OECD pillar two income taxes according to the Amendments to IAS 12 concerning the International Tax Reform - Pillar Two Model Rules. The recoverability of deferred tax assets is assessed based on the availability of sufficient fiscal profitability in the future to absorb the future tax deduction of the related temporary differences or the related tax losses carried forward. Deferred tax liabilities related to the investments in subsidiaries and joint ventures are not recognized to the extent the Group is able to control the timing of the reversal of these temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

7 Other Disclosures

7.1 Other accounting policies

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the reporting date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as Cost of goods sold. Otherwise, foreign currency gains and losses are classified as Finance income and Finance expense.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs at reporting date rates of exchange. Income statement and cash flow statement are translated at the average rates of exchange for the period. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in other comprehensive income. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve is reclassified to the Consolidated Income Statement as part of the gain or loss on disposal.

Since year 2021/22 the provision of IAS 29 "Financial Accounting in Hyperinflationary Economies", are applied to one legal entity in Türkiye. The financial information of the Turkish subsidiary have been restated into current purchasing power before being translated and included in the consolidated financial statement of the Group. The consumer price index provided by the Turkish Statistical Institute has been used in applying IAS 29. Gains on net monetary items in year 2022/23 amount to CHF 0.3 million (2021/22: CHF 2.3 million).

Major foreign exchange rates

	2022/23		2021/22	
in alphabetical order	Closing rate	Average rate	Closing rate	Average rate
BRL	0.1805	0.1813	0.1919	0.1793
EUR	0.9581	0.9788	0.9760	1.0333
GBP	1.1158	1.1234	1.1351	1.2221
MXN	0.0524	0.0500	0.0485	0.0461
RUB	0.0091	0.0122	0.0160	0.0128
USD	0.8771	0.9227	0.9744	0.9391
XOF/XAF (unit 1,000)	1.4607	1.4922	1.4878	1.5750

Government grants

Provided there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of property, plant and equipment and thus recognized in the Consolidated Income Statement on a straight-line basis over the useful life of the asset.

Other grants that compensate the Group for expenses incurred are deferred and recognized in the Consolidated Income Statement over the period necessary to match them with the costs they are intended to compensate.

7.2 Subsequent events

On September 6, 2023, the Group announced the launch of BC Next Level, a strategic investment program through to 2025. With this program, the Group will move decision-making closer to its markets and customers while fostering simplicity and digitalization to advance its well-recognized innovation and sustainability approach to deliver additional value for all its stakeholders. In the new operating model the number of regions increase from three to five and a Customer Supply and Development organization is established. The Executive Committee is reduced from nine to six members.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on October 30, 2023, and are subject to approval by the Annual General Meeting of Shareholders on December 6, 2023. There are no subsequent events that would require any modification of the value of the assets and liabilities or additional disclosures.

Statutory Auditor's Report

To the General Meeting of Barry Callebaut AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Barry Callebaut AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 August 2023 and the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 61 to 131) give a true and fair view of the consolidated financial position of the Group as at 31 August 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Valuation of Inventory

Derivative Financial Instruments for commodity price risks and Hedge Accounting

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventory

Key Audit Matter

Inventory forms a significant part of the Group's assets, amounting to CHF 2,925.7 million as of 31 August 2023.

Inventory consists of physical items and is managed globally by using own capacities, third party warehouses and logistics services providers.

Inventory is measured at the lower of cost and net realisable value, except for inventory that qualifies as the hedged item in a fair value hedge relationship (cocoa and non-cocoa commodities, semi-finished and finished products). These inventories are measured at cost, adjusted for the hedging gain or loss on the hedged item.

We focused on this area because of its size, the assumptions used in the valuation, volatility of raw material prices and the complexity of the supply chain, which are relevant when determining the amounts recorded, including the elimination of unrealized profits on inventory.

Our response

We have, amongst others, performed the following audit procedures:

— Obtaining an understanding over the valuation process and testing selected key controls over the recognition and measurement of inventory;

— Testing on a sample basis the accuracy of cost for inventory by verifying purchase prices and actual production costs, and testing the net realisable value by comparing actual cost with relevant market data;

— Testing the application and accuracy of hedge accounting and the underlying fair values;

— Evaluating the adequacy of the intercompany profit elimination on inventory and related derivative financial instruments by assessing the methodology applied based on our knowledge and understanding of the Group;

— Testing the model and recalculating the amounts used in determining the amounts of unrealised profits to be eliminated from inventory and related derivative financial instruments.

For further information on Inventory refer to the following:

— Notes to the Consolidated Financial Statements – 2.4 Inventories (page 80 to 81)

KPMG

Derivative Financial Instruments for commodity price risks and Hedge Accounting

Key Audit Matter

The Group reports derivative financial assets at fair value of CHF 941.7 million of which CHF 835.2 million relate to commodity price risks and derivative financial liabilities at fair value of CHF 1,545.7 million of which CHF 1,447.2 million relate to commodity price risks as of 31 August 2023.

Derivative financial instruments are used to manage and hedge commodity price risks. These instruments are typically designated in a fair value or cash flow hedge relationship and measured accordingly. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value.

The fair value of the derivative financial instruments is based on quoted prices in active markets or on valuation models using observable input data.

We focused on this area because of the number of contracts and the complexity related to their measurement and related to hedge accounting.

Our response

We have performed, amongst other audit procedures, the following test work:

— Obtaining an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments;

— Reconciling derivative financial instruments data to third party confirmations;

— Comparing input data used in the Group's valuation models to independent sources and externally available market data;

— Comparing valuation of derivative financial instruments with market data or results from alternative, independent valuation models;

— Testing the application and accuracy of hedge accounting;

— Considering the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.

For our audit procedures in connection with eliminating unrealised profits on inventory and related derivative financial instruments, we refer to the Key Audit Matter "Valuation of Inventory".

For further information on Derivative Financial Instruments and Hedge Accounting refer to the following:

— Notes to the Consolidated Financial Statements – 3.7 Financial risk management (pages 92 to 109)

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Regula Tobler
Licensed Audit Expert

Zurich, 30 October 2023

Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year

in thousands of CHF	2022/23	2021/22
Income		
Dividend income	100,000	100,000
License income	76,231	68,944
Management fees	67,984	46,853
Other finance income	1,901	1,550
Other operating income	601	1,992
Total income	**246,717**	**219,339**
Expenses		
Finance expense	(30,275)	(32,226)
Personnel expenses	(58,413)	(43,127)
Other operating expense	(60,485)	(40,901)
Depreciation / impairment of property, plant and equipment	(1,434)	(1,341)
Amortization / impairment of intangible assets	(17,139)	(342)
Total expenses	**(167,746)**	**(117,937)**
Profit before income tax	**78,971**	**101,402**
Income tax expense	—	(552)
Net profit for the year	**78,971**	**100,850**

Available earnings

in thousands of CHF	2022/23	2021/22
Available earnings as of September 1,	**1,385,010**	**1,437,627**
Dividends to shareholders (gross)	(153,595)	(153,467)
Net profit for the year	78,971	100,850
Available earnings as of August 31,	**1,310,386**	**1,385,010**

Balance Sheet

Assets

as of August 31, in thousands of CHF	2023	2022
Current Assets		
Cash and cash equivalents	37	3,205
Other current receivables		
Other current receivables from third parties	962	816
Other current receivables from Group companies	58,271	32,291
Current interest-bearing receivables from Group companies	—	14
Prepaid expenses	1,420	1,299
Total current assets	**60,690**	**37,625**
Non-Current Assets		
Investments in Group companies	2,518,407	2,521,909
Property, plant and equipment	7,758	9,135
Intangible assets		
Trademarks	—	2
Patents/R&D Development projects	1,086	1,334
Other	81	145
Other non-current assets	1,449	785
Total non-current assets	**2,528,781**	**2,533,310**
Total assets	**2,589,471**	**2,570,935**

Liabilities and shareholders' equity

as of August 31, in thousands of CHF	2023	2022
Current Liabilities		
Current interest-bearing loans from Group companies	563,656	480,453
Other current payables		
to third parties	15,508	8,602
to Group companies	22,882	13,654
to shareholders	67	—
Provisions	11,966	19,641
Accrued expenses		
to third parties	16,749	15,653
to Group companies	9,441	4,737
to shareholders	—	63
Total current liabilities	**640,269**	**542,803**
Non-Current Liabilities		
Non-current interest-bearing loans from Group companies	639,211	639,211
Provisions	91	49
Total non-current liabilities	**639,302**	**639,260**
Total liabilities	**1,279,571**	**1,182,063**
Shareholders' Equity		
Share capital	110	110
Legal capital reserves		
Reserves from capital contributions	39	39
Legal retained earnings		
Legal retained earnings in the narrower sense	25,600	25,600
Treasury shares	(26,235)	(21,886)
Available Earnings		
Profit brought forward	1,231,415	1,284,159
Net profit for the year	78,971	100,850
Total shareholders' equity	**1,309,900**	**1,388,872**
Total liabilities and shareholders' equity	**2,589,471**	**2,570,935**

Notes to the Financial Statements

1 Principles

1.1 General aspects

These financial statements have been prepared in accordance with the provisions of the Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Due to rounding, the figures presented in the tables may not add up precisely.

1.2 Investments

Investments are stated at historical costs less any allowance for impairment.

1.3 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the date of acquisition. In case of a resale of treasury shares, the gain or loss is recognized through the income statement as other finance income or finance expense.

1.4 Share-based payments

Should treasury shares be used for share-based payment programs for Board members and employees, the difference between the original acquisition cost and any consideration paid by the employees at grant date is recognized as personnel expenses.

1.5 Current interest-bearing loans

Current interest-bearing loans are recognized on the balance sheet at nominal value.

1.6 Non-current interest-bearing loans

Non-current interest-bearing loans are recognized on the balance sheet at nominal value.

1.7 Revenue recognition for management fees and license income

Management fees and license income are recorded as revenue when realized.

1.8 Foregoing a cash flow statement and additional disclosures in the notes

As Barry Callebaut AG has prepared its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS), the Company elected to forego presenting additional information on interest-bearing loans and audit fees in the notes as well as a cash flow statement in accordance with the law.

2 Information on balance sheet and income statement items

2.1 Prepaid expenses

Short-term prepaid expenses mainly consist of prepayments for future events, annual subscriptions and social security.

2.2 Investments

as of August 31,					Percentage of ownership[1]	
Name and domicile	**Municipality of registration**		**Share capital**	**Purpose**	**2023**	**2022**
Barry Callebaut Belgium N.V., Belgium	BE-Lebbeke-Wieze	EUR	261,521,544	Production, sales	100 %	100 %
Barry Callebaut Services N.V., Belgium	BE-Lebbeke-Wieze	EUR	929,286,000	Centralized treasury, management services	100 %	100 %
Cabosse Naturals N.V., Belgium	BE-Halle	EUR	1,161,148	Research and development	100 %	100 %
Barry Callebaut Manufacturing Halle B.V., Belgium	BE-Halle	EUR	15,488,952	Production, sales	100 %	100 %
Barry Callebaut Sourcing AG, Switzerland	CH-Zürich	CHF	2,000,000	Sourcing	100 %	100 %
Barry Callebaut Schweiz AG, Switzerland	CH-Dübendorf	CHF	4,600,000	Production, sales	100 %	100 %
Cabosse Naturals Switzerland AG, Switzerland	CH-Zürich	CHF	1,000,000	Research and development	100 %	100 %
Barry Callebaut Management Services AG, Switzerland	CH-Zürich	CHF	100,000	Management services	100 %	100 %
Barry Callebaut Cocoa AG, Switzerland	CH-Zürich	EUR	81,515	Production, sales	100 %	100 %
Barry Callebaut Re AG, Switzerland	CH-Zürich	CHF	3,000,000	Captive Re-Insurance	100 %	100 %
C.J. van Houten & Zoon Holding GmbH, Germany	DE-Norderstedt	EUR	72,092,155	Holding	100 %	100 %
Tagungs- und Seminarzentrum Schloss Marbach GmbH, Germany	DE-Öhningen	EUR	3,600,000	Conference and training center	100 %	100 %
Barry Callebaut Nederland B.V., The Netherlands	NL-Zundert	EUR	21,435,000	Sales	100 %	100 %
Barry Callebaut Decorations B.V., The Netherlands	NL-Zundert	EUR	18,242	Production, sales	100 %	100 %
Barry Callebaut Nigeria Ltd., Nigeria	NG-Lagos	NGN	10,000,000	Dormant	1 %	1 %

1 Capital rights (percentage of ownership) correspond with voting rights.

Barry Callebaut AG controls all entities of the Barry Callebaut Group either directly or indirectly through the above listed companies. All principal subsidiaries are listed in Note 5.3 – "Group entities" to the Consolidated Financial Statements of Barry Callebaut AG.

2.3 Current interest-bearing loans from Group companies

as of August 31,				
in thousands of CHF	**Maturity**	**Interest**	**2023**	**2022**
Short-term loan from Group companies	9/20/2022	1.079 %	—	480,000
Short-term loan from Group companies	9/20/2023	1.904 %	563,500	—
Bank overdraft from Group companies	n/a	1.710 %	156	453
Total			**563,656**	**480,453**

2.4 Accrued expenses

Accrued expenses mainly consist of personnel expenses, legal and consulting fees and interest to Group companies.

2.5 Non-current interest-bearing loans from Group companies

as of August 31, in thousands of CHF	Maturity	Interest	2023	2022
Loan from Group companies	7/28/2025	3.0010 %	15,000	15,000
Loan from Group companies	7/28/2025	1.2811 %	18,216	18,216
Loan from Group companies	2/13/2026	1.3890 %	69,000	69,000
Loan from Group companies	2/13/2026	1.5390 %	115,000	115,000
Loan from Group companies	1/27/2027	1.2642 %	50,534	50,534
Loan from Group companies	1/27/2027	1.7679 %	5,000	5,000
Loan from Group companies	2/13/2027	1.4550 %	21,000	21,000
Loan from Group companies	2/13/2027	1.9965 %	67,000	67,000
Loan from Group companies	7/27/2028	1.6466 %	48,424	48,424
Loan from Group companies	2/13/2029	2.0379 %	13,000	13,000
Loan from Group companies	11/22/2031	4.3710 %	217,037	217,037
Total			**639,211**	**639,211**

2.6 Lease commitments

for the fiscal year in thousands of CHF	2022/23	2021/22
Future lease commitments		
within the next 5 years	7,013	8,089
more than 5 years	3,339	3,229
Total future lease commitments	**10,352**	**11,318**

2.7 Share capital and authorized capital

Share capital in the amount of CHF 109,777 consists of 5,488,858 registered shares at a par value of CHF 0.02 each.

2.8 Treasury shares

	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
as of September 1, 2021	—	—	—	—	**7,873**
Purchase	14	1,993	2,250	2,182	7,767
Allocations to Management	7	—	—	1,998	(4,079)
Allocations to Board members	1	—	—	1,981	(1,266)
Inventory as of August 31, 2022	—	—	—	—	**10,295**
Purchase	17	1,576	1,850	1,688	14,000
Allocations to Management	5	—	—	2,123	(7,801)
Allocations to Board members	1	—	—	2,126	(1,278)
Inventory as of August 31, 2023	—	—	—	—	**15,216**

As at balance sheet date, acquisition costs for directly held treasury shares amounted to CHF 26.2 million (2021/22: CHF 21.9 million).

2.9 Dividend income

In the reporting year, dividend income amounted to CHF 100.0 million (previous year: CHF 100.0 million). The amount in this year was fully related to the dividend distributed by Barry Callebaut Sourcing AG, Switzerland for fiscal year 2021/22.

2.10 Other finance income

Other finance income consists mostly of foreign exchange and hedging gains.

2.11 License income

License income contains royalties from Group companies that are related to the usage of brands and trademarks.

2.12 Management fees

Barry Callebaut AG provides a wide variety of business support services for the benefit of its Group companies, such as management support services, information management services (i.e. information-technology-related services), accounting and finance, human resources, consulting, tax, and legal services.

2.13 Finance expense

for the fiscal year in thousands of CHF	2022/23	2021/22
Bank interest and charges	(139)	(193)
Interest to Group companies	(22,411)	(14,740)
Foreign exchange losses	(7,725)	(17,293)
Total	**(30,275)**	**(32,226)**

2.14 Other operating expense

for the fiscal year in thousands of CHF	2022/23	2021/22
Legal and consulting fees	(23,830)	(14,428)
Other expenses third parties	(7,976)	(7,665)
Assistance fees related parties	(250)	(250)
Assistance fees Group companies	(28,430)	(18,558)
Total	**(60,486)**	**(40,901)**

3 Other information

3.1 Full-time equivalents

In line with prior fiscal year, the average number of employees (full-time equivalents) of Barry Callebaut AG exceeded 50, but did not exceed 250.

3.2 Liens, guarantees and pledges in favor of third parties

- The Company is a co-debtor for bank loans of max. EUR 900.0 million (CHF 862.3 million; 2021/22: CHF 878.4 million) obtained by Barry Callebaut Services N.V., Belgium, on October 20, 2021, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,284.2 million less 35% withholding tax).
- The Company is also a co-debtor to the Senior Notes of EUR 450.0 million (CHF 431.2 million; 2021/22: CHF 439.2 million) disbursed by Barry Callebaut Services N.V., Belgium, on May 24, 2016, as well as to Schuldscheindarlehen of EUR 467.0 million (CHF 447.5 million; 2021/22: 455.8 million) and CHF 21.0 million disbursed by Barry Callebaut Services N.V., Belgium, on February 13, 2019, as well as to Schuldscheindarlehen of EUR 377.0 million (CHF 361.2 million; 2021/22: CHF 367.9 million) and CHF 20.0 million disbursed by Barry Callebaut Services N.V., Belgium, on July 27, 2020. Finally the Company is a co-debtor for a EUR 52.3 million long term loan agreement with the European Bank for Reconstruction and Development, disbursed by Barry Callebaut South East Europe d.o.o. Serbia, on April 18, 2023. The maximal liability is limited to the freely distributable retained earnings (CHF 1,284.2 million less 35% withholding tax).
- The Company issued several guarantees for various credit facilities granted to direct and indirect subsidiaries for an amount of up to CHF 1,556.7 million (2021/22: CHF 1,605.0 million).

3.3 Significant shareholders

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

as of August 31,	2023	2022
Jacobs Holding AG	30.1 %	30.1 %
Renata Jacobs	5.0 %	5.0 %
BlackRock Inc.[1]	3.1 %	3.1 %
T. Rowe Price Associates Inc.[1]	3.0 %	3.0 %
UBS Fund Management (Switzerland) AG[1]	3.0 %	3.0 %

1 Based on notifications through the electronic publication platform of the SIX Swiss Exchange.

3.4 Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31,

Name	Function	2023	2022
Patrick De Maeseneire	Chairman	2,843	2,523
Markus R. Neuhaus	Vice-Chairman; Chairman of the AFRQCC	803	643
Fernando Aguirre	Member of the NCC	1,211	1,097
Angela Wei Dong	Member of the AFRQCC	571	457
Thomas Intrator	Member of the AFRQCC	—	n/a
Nicolas Jacobs[1]	Member of the AFRQCC	11,906	18,703
Elio Leoni Sceti	Member of the NCC	751	637
Tim Minges	Chairman of the NCC; member of the AFRQCC	1,606	1,492
Antoine de Saint-Affrique	Member of the NCC	2,815	2,006
Yen Yen Tan	Member of the NCC	238	124
Total shares held by Board of Directors		**22,744**	**27,682**

1 Excluding the 30.1% participation held by Jacobs Holding AG (see Note 3.3 "Significant shareholders").

Shareholdings of the Executive Committee

Number of shares as of August 31,

Name	Function	2023	2022
Peter Feld	Chief Executive Officer (as of April 4, 2023)	2,000	n/a
Ben De Schryver	Chief Financial Officer	588	588
Steven Retzlaff	President Global Cocoa	910	1,076
Massimo Selmo	Chief Procurement Officer	310	100
Rogier van Sligter	President EMEA	366	185
Jo Thys	President APAC	440	339
Masha Vis-Mertens	Chief Human Resources Officer	140	70
Steve Woolley	President Americas	68	22
Peter Boone	Chief Executive Officer (until April 3, 2023)	n/a	553
Olivier Delaunay	Chief Operations Officer (until December 31, 2022)	n/a	419
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet (until January 31, 2023)	n/a	740
Total shares held by Executive Committee		**4,822**	**4,092**

3.5 Shares granted to the Board of Directors and employees

	2022/23		2021/22	
	Quantity	**Value (CHF)**	**Quantity**	**Value (CHF)**
Granted to members of the Board	1,610	3,062,220	1,278	2,786,040
Granted to employees[1] of Barry Callebaut AG and subsidiaries	6,060	11,770,408	3,859	9,918,158

1 Employees include all participants in the share plan of the Group including employees on the payroll of subsidiaries of which Barry Callebaut AG is the ultimate parent.

3.6 Significant events after the balance sheet date

On September 6, 2023, the Group announced the launch of BC Next Level, a strategic investment program through to 2025. With this program, the Group will move decision-making closer to its markets and customers while fostering simplicity and digitalization to advance its well-recognized innovation and sustainability approach to deliver additional value for all its stakeholders. In the new operating model the number of regions increase from three to five and a Customer Supply and Development organization is established. The Executive Committee is reduced from nine to six members

On September 7, 2023, Barry Callebaut AG injected CHF 16.8 million of additional capital into the subsidiary Barry Callebaut Re AG, Switzerland. The transaction was approved by the Board of Directors on August 21, 2023.

There are no other significant events that would require any modification of the value of the assets and liabilities or additional disclosures after the balance sheet date.

3.7 Proposed appropriation of available earnings

in thousands of CHF	
Balance carried forward as of September 1, 2022	**1,385,010**
Dividend to shareholders (gross)[1]	(153,595)
Net profit	78,971
Voluntary retained earnings as of August 31, 2023	**1,310,386**
Treasury shares	(26,235)
Available retained earnings as of August 31, 2023	**1,284,151**
Proposed appropriation of available earnings by the Board of Directors	
Dividend of CHF 29.00 per share[2]	(159,177)
Balance carry forward	**1,124,974**

1 Resolution of the General Meeting of Shareholders as of December 14, 2022; payment excludes dividends on treasury shares.
2 The total dividend amount is calculated based on all outstanding registered shares (while payment of dividend for treasury shares held by the Group on payment date will be excluded).

The Board of Directors proposes to the 2023 Annual General Meeting a dividend of CHF 29.00 per share.

The dividend will be paid to shareholders on, or around, January 10, 2024.

KPMG

Statutory Auditor's Report

To the General Meeting of Barry Callebaut AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Barry Callebaut AG (the Company), which comprise the balance sheet as at 31 August 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 137 to 145) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Regula Tobler
Licensed Audit Expert

Zurich, 30 October 2023

Governance

Corporate Governance Report

This Corporate Governance Report provides information on the Group's structure and shareholders, the Company's Board of Directors and its committees as well as the Executive Committee.

Barry Callebaut AG (the "Company" or "Barry Callebaut") and its subsidiaries (together the "Group") are committed to a high standard of corporate governance.

The principles and rules of corporate governance practiced by Barry Callebaut are laid down in the Articles of Incorporation, the Organizational Regulations of the Board of Directors and the Charters of the Board Committees. These are reviewed regularly by the Board of Directors (the "Board") and adapted as needed.

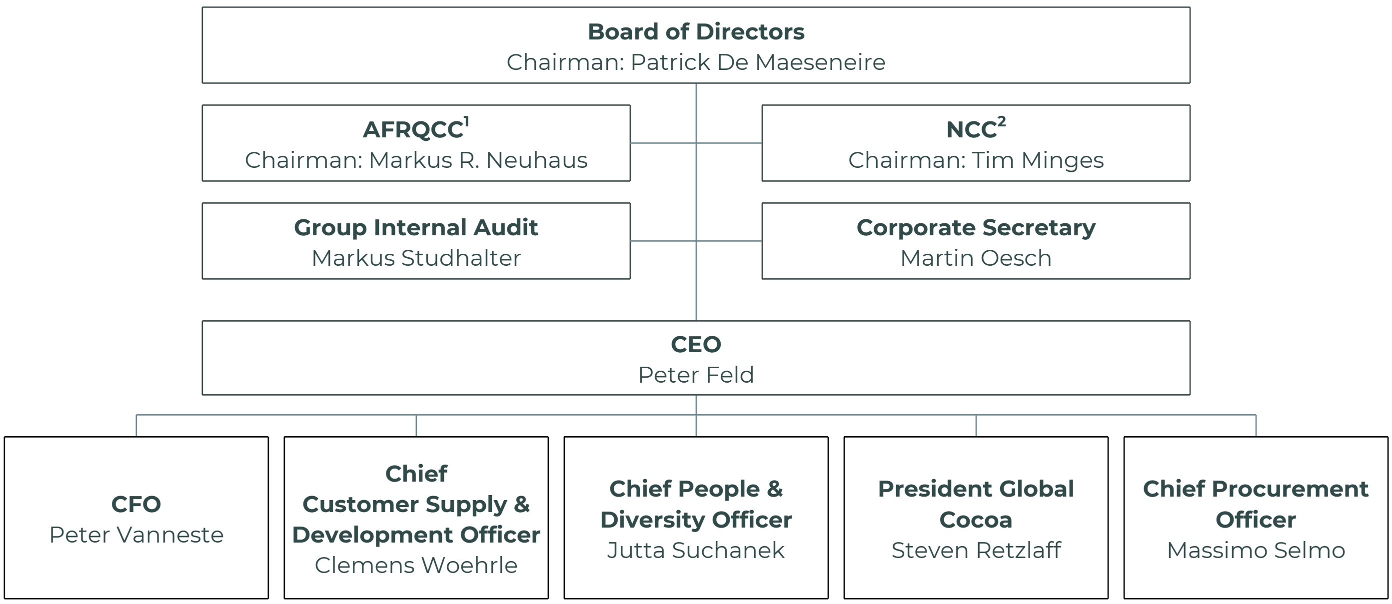
This Corporate Governance Report adheres to the SIX Directive on Information Relating to Corporate Governance (DCG).

Group structure and shareholders

In the year under review, the Group was organized into three different geographic Regions: Region EMEA (Europe, Middle East and Africa), Region Americas and Region Asia Pacific. The globally managed Global Cocoa organization is reported as a separate segment, like a Region. The amounts reported under the respective Regions show all chocolate sales, while the amounts reported under Global Cocoa show all sales of cocoa products to third-party customers globally, i.e. in all geographic regions.

The Group's business can also be separated into three different product groups: Food Manufacturers, Gourmet & Specialties and Cocoa Products.

Organizational Chart as of the publication date of this Annual Report 2022/23



1 Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC).
2 Nomination and Compensation Committee (NCC).

Barry Callebaut is incorporated under Swiss law and has its head offices at Hardturmstrasse 181, Zurich, Switzerland. The Company's shares are listed on the SIX Swiss Exchange in Switzerland (ISIN number: CH0009002962). As of August 31, 2023, the total number of issued shares in the Company was 5,488,858 and the market capitalization based on issued shares was CHF 8,464 million (2022: CHF 11,000 million).

The principal subsidiaries of the Company are listed in Note 5.3 to the Consolidated Financial Statements. The significant shareholders of the Company are listed in Note 5.4 to the Consolidated Financial Statements, with Jacobs Holding AG as the reference shareholder holding 30.1% of the issued share capital (2022: 30.1%).

The Company is not aware of any cross-shareholding agreements exceeding 5% of its capital or voting rights on both sides.

Capital structure

The information required by the DCG regarding the Company's capital structure is provided in Note 3.2 to the Consolidated Financial Statements. The Company has no convertible bonds outstanding.

The issued share capital is divided into 5,488,858 registered shares with a nominal value of CHF 0.02 each. All of the issued shares are fully paid up and are not subject to calls for additional payments of any kind.

The Company has one class of shares, which carries no right to a fixed dividend. There are no participation certificates or dividend-right certificates.

The Company does not have authorized or conditional share capital.

Board of Directors

The Board has the ultimate responsibility of directing, supervising and controlling the Company and the Group as well as their management and for supervising their compliance with applicable laws, rules and regulations. The Board establishes the strategic direction and the organizational and financial policies to be followed. It appoints the Executive Committee, to which it has delegated the operational management of the Company. Besides its non-transferable and inalienable duties pursuant to Swiss corporate law, the Board has retained certain responsibilities as set forth in the Company's Organizational Regulations, which are available on the website of Barry Callebaut (www.barry-callebaut.com/about-us/investors/corporate-governance/functioning-board). Pursuant to the Company's Articles of Incorporation, no member of the Board may hold more than 15 additional mandates, of which no more than five may be in stock-exchange-listed companies.

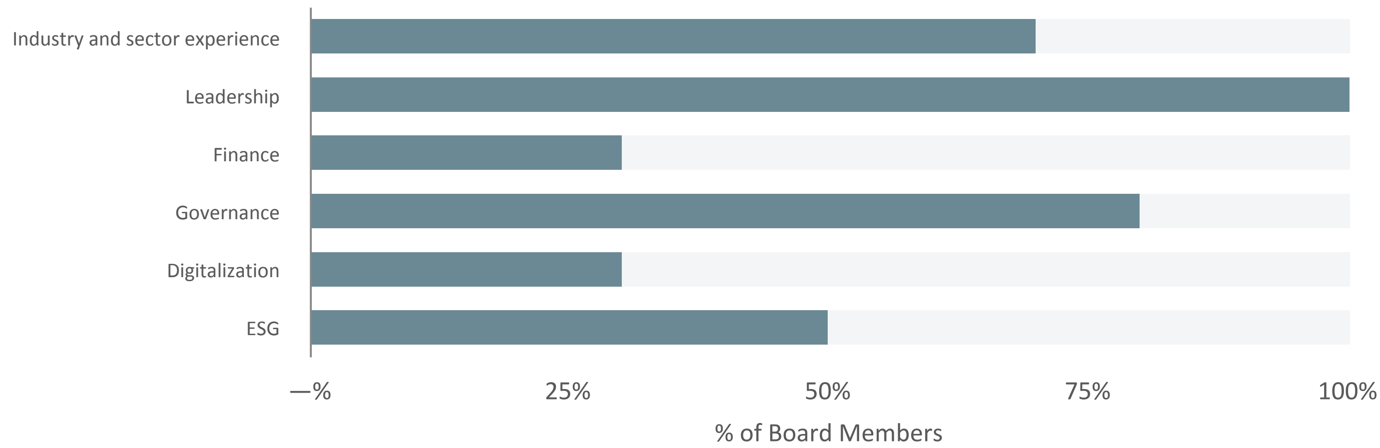
As of August 31, 2023, the Board consisted of ten non-executive members. Each member of the Board is elected by the shareholders of the Company at the Annual General Meeting of Shareholders for a term of office of one year and may be re-elected for successive terms.

The composition of the Board of the Company as of August 31, 2023, was as follows:

Name	Nationality	Member since	Function	AFRQCC	NCC
Patrick De Maeseneire	Belgian	2015	Chairman		
Markus R. Neuhaus	Swiss	2018	Vice-Chairman	Chairman	
Fernando Aguirre	US/Mexican	2013	Director		Member
Angela Wei Dong	Chinese	2018	Director	Member	
Thomas Intrator	Swiss	2022	Director	Member	
Nicolas Jacobs	Swiss	2012	Director	Member	
Elio Leoni Sceti	Italian	2017	Director		Member
Tim Minges	US	2013	Director	Member	Chairman
Antoine de Saint-Affrique	French	2021	Director		Member
Yen Yen Tan	Singaporean	2020	Director		Member

The below matrix sets out the key skills of the Board based on internal assessment.

Skills matrix



Patrick De Maeseneire

Chairman,
1957, Belgian national

Patrick De Maeseneire joined the Board of Barry Callebaut in 2015 as Vice-Chairman and was elected Chairman in 2016.

He started his career in 1980 at Arthur Andersen and subsequently held senior positions at Wang, Apple Computer and Sun International before joining the Adecco Group in 1998, where he held high-ranking positions in both Europe and the US. From 2002 to 2009, Patrick De Maeseneire was CEO of Barry Callebaut before returning to Adecco to become CEO of the Group in 2009, a position he held until August 2015.

In November 2015, he was appointed CEO of Jacobs Holding AG, the reference shareholder of Barry Callebaut AG, where he remained until April 2023.

In May 2023, he became Chairman and CEO of Colosseum Dental, the leading European dental care provider owned by Jacobs Holding AG.

He is also Chairman of Cognita, a leading K-12 school group, which is majority-owned by Jacobs Holding AG. Patrick De Maeseneire holds a Master's degree in Commercial Engineering from the Solvay Business School of the University of Brussels (VUB), Belgium and a special license in Marketing Management from the Vlerick Business School, Gent/Belgium. Patrick De Maeseneire also studied Business Management at London Business School and INSEAD, Fontainebleau/France. In 2007, Patrick De Maeseneire was awarded the title of Baron by King Albert II of Belgium.

Markus R. Neuhaus

Vice-Chairman,
1958, Swiss national

Markus R. Neuhaus joined the Board of Barry Callebaut in 2018 as Vice-Chairman.

He started his career in 1985 with the audit and advisory firm PwC, to which he remained loyal for almost his entire career, ultimately becoming Chairman of the Board of PwC Switzerland (2012 - 2019) and a member of the Supervisory Board of PwC Europe SE (2013 - 2019). Throughout his career, he held various leadership positions within the PwC Network, including CEO of the Swiss firm from 2003 to 2012.

Markus R. Neuhaus is also Chairman of Galenica AG and a member of the Board of Directors of Bâloise Holding AG and Jacobs Holding AG. He also plays an active role on the boards of various non-profit organizations, such as Avenir Suisse, Economiesuisse, ETH Zurich, the stars Foundation and the Zurich Chamber of Commerce.

Markus R. Neuhaus studied law at the University of Zurich and received his doctorate in 1988. He obtained his second qualification as a Certified Tax Consultant in 1990 and completed various management courses at international business schools (Harvard, INSEAD, IMD).

Fernando Aguirre

Director,
1957, Mexican and US national

Fernando Aguirre joined the Board of Barry Callebaut in 2013.

From 2004 to 2012 he was Chairman and CEO of Chiquita Brands International, Inc., a leading international food company. Prior to Chiquita, Fernando Aguirre spent more than 23 years with Procter & Gamble Company in various leadership roles, including President of several businesses and divisions.

In November 2018, Fernando Aguirre became a member of the Board of Directors of CVS Health and was elected to the Board of Directors of Synchrony Financial in July 2019.

He previously served on the boards of Aetna, Inc. (2011 to 2018), Levi Strauss & Co. (2010 to 2014) and Coca-Cola Enterprises (2005 to 2010). He has also been involved in philanthropy as a member of the International Board of Directors of the Juvenile Diabetes Research Foundation (2006 to 2012) and is currently the owner and CEO of the Erie Sea Wolves professional baseball team.

He holds a Bachelor of Science in Business Administration from Southern Illinois University Edwardsville and earned Harvard Business School graduate status in 2009.

Angela Wei Dong

Director,
1973, Chinese national

Angela Wei Dong joined the Board of Barry Callebaut in 2018.

She has worked for and developed the Chinese business for a variety of international consumer brands, which has given her deep expertise in finance, marketing, and branding strategies for consumer goods in China, as well as how to build meaningful collaborations with large Chinese e-business companies. Angela Wei Dong was appointed Global Vice President and General Manager of Greater China of Nike China in 2015, a company she joined in 2005 as Finance Controller, after which she was progressively promoted to more senior roles.

Prior to her time at Nike China, she held senior positions at Coca-Cola, British American Tobacco, and Procter & Gamble.

In July 2022, Angela was elected to the Board of Directors of The Estée Lauder Companies Inc. and also joined the company's Audit Committee.

Over the past few years, the leading Chinese business magazine Fortune China has regularly named Angela Wei Dong as one of the top businesswomen and most influential business leaders in China.

Angela Wei Dong obtained a bachelor's degree in China and an MBA degree from the Kellogg School of Management, Northwestern University/USA.

Thomas Intrator

Director,
1959, Swiss national

Thomas Intrator joined the Board of Barry Callebaut in 2022.

He has extensive board and operational experience in leading complex global organizations and has worked with customers and business teams across Europe, Asia and North America.

Thomas Intrator currently serves on the boards of Argus Media, a leading commodity price reporting agency, Marquard & Bahls, an independent energy supply, trading and logistics company, and MacSteel Holdings, a leading steel trading and distribution company and a major dry bulk shipping company. Previously, he was a board member of Norden, one of Denmark's oldest international shipping companies, Polymateria, a developer of biodegradable plastics, the Swiss-American Chamber of Commerce and the Swiss-based Groupement des Enterprises Multinationales.

Thomas Intrator has spent more than 32 years with the US food company Cargill, where he was CEO of Cargill International and President of its Energy, Transportation and Metals Trading businesses until 2015. Prior to that, he was president of Cargill's ocean transportation business and also served on a number of corporate committees, providing oversight and guidance on a broad range of strategic management issues.

Thomas Intrator holds a first class double honors Bachelor of Arts degree in Economics and Politics from the University of Warwick/UK, and participated in the International Economics Masters Programme at the Graduate Institute of International Relations in Geneva/ Switzerland.

Nicolas Jacobs

Director,
1982, Swiss national

Nicolas Jacobs has served as a Board member of Barry Callebaut since 2012. Previously, he was Managing Director of Barry Callebaut's cocoa and chocolate business in South America.

Nicolas Jacobs is Executive Co-Chairman of Jacobs Holding AG, a professional investment company and reference shareholder of Barry Callebaut.

He is also a member of the Board of Cognita, a leading K-12 school group, which is majority-owned by Jacobs Holding AG. He is the Chairman of ARC Investors, an entrepreneurial investment company.

Nicolas Jacobs started his career in banking and later held the position of Senior Director for Global M&A and Development at Restaurant Brands International, Inc. (RBI). Nicolas Jacobs holds a Master of Law from the University of Zurich, a Master of Finance from London Business School and a Master of Business Administration from INSEAD in Fontainebleau/France.

Elio Leoni Sceti

Director,
1966, Italian national

Elio Leoni Sceti joined the Board of Barry Callebaut in 2017.

He has more than 30 years of experience in the consumer goods and media sectors. Elio Leoni Sceti is co-founder, chairman and chief crafter of The Craftory, an investment house for mission-driven challenger brands in consumer goods, chairman of LSG Holdings and an independent non-executive director of Kraft Heinz Inc and previously of beverage and brewing company Anheuser Busch InBev.

He is also a Trustee and Advisor of One Young World and Chairman of the UK Board of Room to Read, an education and gender equality charity. Previous roles include CEO of Iglo Birdseye (until June 2015) and EMI Music (2008 - 2010) and senior roles at Procter & Gamble and Reckitt Benckiser, where he was CMO, Global Head of Innovation and later Head of European Operations.

Elio Leoni Sceti was educated in Lausanne/Switzerland before returning to Rome/Italy to study economics at LUISS University, where he also completed postgraduate studies to become a Dottore Commercialista (Chartered Accountant).

Tim Minges

Director,
1958, US national

Tim Minges joined the Board of Barry Callebaut in 2013. He has spent his entire career in the food industry, including 32 years at PepsiCo, where he retired in 2016. Until then, Tim Minges was Executive Vice President Chief Customer Officer, PepsiCo North America Beverages, and a member of PepsiCo's Executive Committee. Prior to 2013, he was President and CEO of PepsiCo's operations in Greater China and President of PepsiCo Foods Asia Pacific, and had been a Chartered Accountant with Alexander Grant & Co, now Grant Thornton.

Tim Minges is an early stage investor in a number of food and beverage start-ups in the Americas and is a co-founder and board member of Taokaenoi USA, a joint venture with Thailand's leading seaweed snack brand. He is also a board member of Tupperware Brands and Master Kong (Tingyi) Beverages, China's largest beverage company.

Tim Minges holds a Bachelor of Science in Accounting from Miami University, Oxford, Ohio/USA, and is a graduate of the PepsiCo Executive Development Program at the Yale School of Management.

Antoine de Saint-Affrique

Director,
1964, French National

Antoine de Saint-Affrique joined the Board of Barry Callebaut in 2021. Effective September 2021, he was appointed Chief Executive Officer of Danone and became a member of Danone's Board of Directors in April 2022. Between 2015 and 2021 he was already at the service of Barry Callebaut as the Group's CEO.

Previously, Antoine de Saint-Affrique was President of Unilever Foods and a member of the Unilever Group Executive Committee (2011 - 2015). Prior management functions include the position as Executive Vice President of Unilever's skin category as well as the responsibility for the company's Central and Eastern Europe region.

Antoine de Saint-Affrique has held assignments in Africa, the US, Hungary, the Netherlands, Russia, Switzerland, and the United Kingdom. Effective January 1, 2023, he has been nominated as President & Chairman of the Board as well as Board member of Livelihoods Fund for Family Farming, a social impact organization that promotes sustainable ecosystems for rural communities. Antoine de Saint-Affrique is also a non-Executive Director at Burberry PLC, a FTSE 100 company. He has a degree in Business Administration from ESSEC

Business School and a qualification in executive education from Harvard Business School.

Between 1987 and 1988, he served as a reserve naval officer.

Yen Yen Tan

Director,
1965, Singaporean national

Yen Yen Tan joined the Board of Barry Callebaut in 2020.

She has more than ten years of experience as an independent director and a career spanning more than 30 years as a senior executive in multinational technology and telecommunications companies based in Singapore and Europe. She is currently a director of ams OSRAM AG, OCBC Bank, Jardine Cycle & Carriage Ltd, InCorp Global (non-public) and EdgeConnex (non-public). She was President Asia Pacific for the Vodafone Group. Prior to this, she held senior management and regional roles with SAS Institute, Oracle Asia Pacific and Hewlett-Packard Singapore (HP). Yen Yen Tan plays an active role in Singapore's InfoComm industry, where she mentors early-stage start-ups through her fund, TNF Ventures. She also volunteers and holds several independent non-profit advisory positions to support causes close to her heart, such as STEM education (science, technology, engineering and mathematics), sports excellence and gender diversity.

In recognition of her contributions and distinguished services, she was appointed a Justice of the Peace by the President of the Republic of Singapore in 2018 and awarded the prestigious Public Service Medal PBM in 2020.

Yen Yen Tan holds a degree in Computer Science from the National University of Singapore and an Executive MBA from the Helsinki School of Economics.

Functioning of the Board

The Board constitutes itself at its first meeting subsequent to the Company's Annual General Meeting of Shareholders, with the exception of the Chairman and the members of the Nomination and Compensation Committee (NCC), who are elected by the Annual General Meeting of Shareholders pursuant to the Articles of Incorporation and Swiss corporate law. The Board appoints the Vice-Chairman. It meets as often as business requires, but at least four times per fiscal year. The meetings usually take place in Zurich. If possible, the Board of Directors meets once per year at one of the Group sites and combines this meeting with a visit to the local operations. Typically, Board meetings last one full day.

During fiscal year 2022/23, the Board met seven times. Three meetings were held by way of a video conference without physical attendance. The average attendance rate at the meetings of the Board of Directors was approximately 95% and varied between 85% and 100% for the individual members.

The Chairman invites the members of the Board to the meetings in writing, indicating the agenda and the motions for resolution. The invitations are sent out at least ten business days prior to the meeting. Each member of the Board can request that the Chairman calls for a meeting without undue delay. In addition to the materials for Board meetings, the members of the Board receive monthly financial reports.

At the request of a member of the Board, members of the Executive Committee and the Management can be invited to attend Board meetings. The Board can determine that other third parties, for example external consultants, may attend part or all of the meetings. In the fiscal year under review, the Chief Executive Officer, the Chief Financial Officer and, depending on the agenda items, other members of the Executive Committee and Management of the Company were present at Board meetings and/or Committee meetings.

Resolutions are adopted by a simple majority of the members of the Board being present. Resolutions can also be adopted by unanimous circular decision. Resolutions adopted at Board meetings are documented through written minutes.

The Board is regularly informed of the course of business of the Company and the Group and about material events affecting the Company and the Group by the Chief Executive Officer. At meetings of the Board, every Board member may request information concerning all matters pertaining to the Company and the Group. Outside of meetings, any request for information by a member of the Board shall be submitted to the Chairman.

The Board has formed the following Committees:

Audit, Finance, Risk, Quality & Compliance Committee

Markus R. Neuhaus (Chairman), Angela Wei Dong, Nicolas Jacobs, Tim Minges and Thomas Intrator

The role of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is to assist the Board in carrying out its responsibilities and make recommendations regarding the Group's accounting policies, financial reporting, internal controls, legal and regulatory compliance, internal audit and quality management. The Board has not delegated any decision-making power to the AFRQCC.

In addition, the AFRQCC reviews the basic risk management principles and guidelines, the hedging and financing strategies as well as the bases upon which the Board determines risk tolerance levels and limits for the Company's raw material exposure. For details on the financial risk management, see Note 3.7 to the Consolidated Financial Statements.

The AFRQCC further assists the Board in overseeing the external auditors. The AFRQCC recommends the external auditors for election, reviews the quality of their work, their qualifications and independence, the audit fees, the external audit coverage, the reporting to the Board and the AFRQCC, and assesses the additional non-audit services as well as the annual financial statements and the notes thereto. The external auditors attended five out of six meetings of the AFRQCC in fiscal year 2022/23; furthermore, the Chairman of the AFRQCC met the lead external auditor five times outside of AFRQCC meetings.

The Company's Group Internal Audit Department reports to the Chairman of the AFRQCC. The AFRQCC reviews the performance of Group Internal Audit. The scope of Group Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's risk management processes and the internal control system as well as compliance with laws, regulations, policies and procedures.

Key findings are presented and reviewed in the AFRQCC meetings. The AFRQCC reviews and approves the annual plan. In the last fiscal year, the Group Internal Audit Department was supported on four projects by third-party experts.

Pursuant to the Group's "Compliance Committee and Whistleblowing Policy", the Compliance Committee, chaired by the Group Compliance Officer, evaluates and, as the case may be, investigates alleged violations of the Code of Conduct and the Group's policies under the supervision of the Chairman of the AFRQCC. Group Compliance reports all pending cases to the AFRQCC on a regular basis.

The AFRQCC meets as often as business requires but at least three times per fiscal year. The meetings usually take place in Zurich. In the last fiscal year, the Committee met six times, of which two times by video conference. The attendance rate at the meetings of the AFRQCC was 100%. The meetings lasted two to three hours each.

Nomination and Compensation Committee

Tim Minges (Chairman), Fernando Aguirre, Elio Leoni Sceti, Antoine de Saint-Affrique and Yen Yen Tan

The Company's Nomination and Compensation Committee (NCC) is elected by the Annual General Meeting of Shareholders and advises the Board in determining and verifying the compensation strategy and regulations of the Group as well as in preparing the motions for the attention of the Annual General Meeting of Shareholders regarding the compensation of the Board and the Executive Committee. It also assists the Board in defining and monitoring the performance criteria, and it makes recommendations to the Board with respect to the selection, nomination, compensation, evaluation, and, when necessary, the replacement of key executives. The Board has not delegated any decision-making power to the NCC. The NCC establishes, jointly with the Chief Executive Officer, a general succession planning and development policy. The NCC reviews and recommends the remuneration to be paid to members of the Board and the Executive Committee. The NCC also ensures a transparent Board and Executive Committee nomination process and evaluates potential conflicts of interest involving Management and members of the Board. The NCC monitors developments in the regulatory framework for compensation of the top Management and the Board on an ongoing basis and prepares recommendations for the respective adaptations of the Group's compensation system.

The NCC meets as often as business requires but at least three times per fiscal year. The meetings usually take place in Zurich. Last year, the NCC met five times, of which two times by video conference. The attendance rate at the meetings of the NCC was 100%. The meetings lasted two hours each.

Executive Committee

The Executive Committee is headed by the Chief Executive Officer and until August 31, 2023 consisted of nine members. As of September 1, 2023, the Executive Committee was reduced from nine to six members. The tables below set out the composition of the Executive Committee as of the publication date of this Annual Report 2022/23 and as of August 31, 2023.

No member of the Executive Committee may hold more than five additional mandates, of which no more than two may be in stock-exchange-listed companies.

Executive Committee as of the publication date of this Annual Report 2022/23

Name	Nationality	Appointment date	Function
Peter Feld	German	April 4, 2023	Chief Executive Officer
Peter Vanneste	Belgian	November 1, 2023	Chief Financial Officer
Steven Retzlaff	US/Swiss	January 1, 2008	President Global Cocoa
Massimo Selmo	Swiss/Italian	October 1, 2021	Chief Procurement Officer
Jutta Suchanek	German	October 1, 2023	Chief People & Diversity Officer
Clemens Woehrle	German	October 1, 2023	Chief Customer Supply & Development Officer

Executive Committee as of August 31, 2023

Name	Nationality	Appointment date	Function
Peter Feld[1]	German	April 4, 2023	Chief Executive Officer
Ben De Schryver[2]	Belgian	January 1, 2021	Chief Financial Officer
Vamsi Mohan Thati[3]	Indian	April 1, 2023	President Asia Pacific
Steven Retzlaff	US/Swiss	January 1, 2008	President Global Cocoa
Massimo Selmo	Swiss/Italian	October 1, 2021	Chief Procurement Officer
Jo Thys[4]	Belgian	January 1, 2023	Chief Operations Officer
Rogier van Sligter[5]	Dutch	October 1, 2021	President EMEA
Masha Vis-Mertens[6]	Dutch	October 1, 2021	Chief Human Resources Officer
Steve Woolley[7]	US	September 1, 2021	President & CEO Americas

1 Replaced Peter Boone as Chief Executive Officer
2 Until October 31, 2023; replaced by Peter Vanneste as Chief Financial Officer and member of the Executive Committee as of November 1, 2023; as of the same date, Ben De Schryver assumed the role of President North America and member of the Extended Leadership Team
3 Until August 31, 2023; Vamsi Mohan Thati assumed the role of President Asia Pacific, Middle East & Africa and member of the Extended Leadership Team
4 Until September 30, 2023, before President Asia Pacific until December 31, 2022; Jo Thys assumed the role as President Operations Strategy & Innovation and member of the Extended Leadership Team
5 Until August 31, 2023
6 Until August 31, 2023; replaced by Jutta Suchanek as Chief People & Diversity Officer and member of the Executive Committee as of October 1, 2023
7 Until August 31, 2023

Members of the Executive Committee as of the publication date of this Annual Report 2022/23

Peter Feld

Chief Executive Officer since April 4, 2023 and President of the Executive Committee
1965, German national

Peter Feld was appointed CEO of Barry Callebaut effective April 4, 2023.

He was previously CEO of Jacobs Holding AG and has extensive leadership experience in B2C and B2B companies on almost every continent.

Prior to joining the reference shareholder of Barry Callebaut, Peter Feld was CEO of GfK SE (2017 - 2022) and WMF AG (2013 - 2016). In both companies he achieved significant shareholder value creation by driving profitable growth through increased customer centricity and step-changed digitalization across the business, and transformed cultures and capabilities to be more agile, diverse and hence future-ready.

Prior to that, Peter was Executive Board Member for Europe and North America at Beiersdorf AG (2010 – 2013) and held various senior executive positions at Johnson & Johnson (2004 - 2010) as well as Procter & Gamble.

Peter became a Member of the Board of Shark Ninja (NYSE: SN) in August 2023 and is a former Vice President of the German Brands Association.

He holds a Master's degree in Mechanical Engineering from RWTH Aachen/Germany.

Peter Vanneste

Chief Financial Officer since November 1, 2023 and member of the Executive Committee
1971, Belgian national

Peter Vanneste was appointed Chief Financial Officer effective November 1, 2023. He joins from Ontex, a personal care group listed on Euronext Brussels, where he had been CFO since May 2021. Peter Vanneste has extensive experience in financial management of public and private consumer goods companies and general management, including more than 15 years at Jacobs Douwe Egberts, a leading pure-play coffee and tea company, where he served as Group CFO for the last two years of his tenure.

Peter Vanneste holds a degree in Industrial Engineering from KU Leuven/Belgium and an MBA from the University of Chicago/USA.

Steven Retzlaff

President Global Cocoa since January 1, 2008 and member of the Executive Committee
1963, US and Swiss national

Steven Retzlaff was appointed President of the Global Cocoa division and member of the Executive Committee of Barry Callebaut in January 1, 2008.

He joined Barry Callebaut in 1996 and has since held various senior finance and general management positions within the company. Since September 2022, he has also been in charge of the Group's sustainability strategy. Prior to joining Barry Callebaut, Steven Retzlaff worked for JMP Newcor AG as Director of European Finance and Operations.

Steven Retzlaff is a member of the Board of the European Cocoa Association and the World Cocoa Foundation and holds a Bachelor of Arts degree in Economics from Whitman College, Washington/USA.

Massimo Selmo

Chief Procurement Officer since October 1, 2021 and member of the Executive Committee
1965, Swiss and Italian national

Massimo Selmo was appointed Chief Procurement Officer and Member of the Executive Committee of Barry Callebaut effective October 1, 2021.

He started his professional career in 1992 with KPMG in Italy as Senior Auditor before joining Barry Callebaut Italia as CFO in 1996. In 1999, he assumed the role of Head of Global Sourcing, building a global multicultural team responsible for all direct costs, such as ingredients for production, as well as indirect expenses. He also initiated the creation of a market analysis team and led a dedicated team to source sustainable ingredients.

Massimo has also been on the Board of Directors of startup accelerator MassChallenge Switzerland and Aloja Starkelsen, a leading provider of sustainable ingredient solutions for the food and feed manufacturing industry.

He holds a Master of Business Administration from Università Commerciale Luigi Bocconi Milan/Italy and is a graduate of the LEAP Leadership Executive Advanced Program of INSEAD Singapore and a registered chartered statutory auditor.

Jutta Suchanek

Chief People & Diversity Officer since October 1, 2023 and member of the Executive Committee
1976, German national

Jutta Suchanek was appointed Chief People & Diversity Officer effective October 1, 2023.

She joins from GfK, where she was Chief Human Resources and Diversity Officer since 2017. Previous positions include Chief HR Officer at WMF (2014 - 2017) and at Syngenta (2007 - 2014), a leading provider of agricultural science and technology, where she held various HR and People and Organizational Development roles based in Basel and Singapore, where she gained extensive global transformation experience across all HR, talent and culture dimensions.

Jutta Suchanek holds a degree in Economics and Education from the Ludwig-Maximilian University in Munich/Germany, and has completed numerous training programs focusing on HR strategy and leadership development and has earned diplomas in auditing and banking.

Clemens Woehrle

Chief Customer Supply & Development Officer since October 1, 2023 and member of the Executive Committee
1966, German national

Clemens Woehrle has been appointed Chief Customer Supply & Development Officer and Member of the Executive Committee of Barry Callebaut, effective October 1, 2023.

He joins from WMF, where he served as Chief Operating Officer COO since 2014. Before that, he held several senior roles in operations at Beiersdorf AG and Reckitt Benckiser, extending his deep insights and expertise in transformation, leadership and end-to-end supply chain management in both global FMCG and B2B companies.

Clemens Woehrle holds a PhD in Organic Chemistry from the University of Freiburg i.Br./Germany.

Previous members of Executive Committee

Peter Boone

1970, Dutch national

Peter F. Boone was Chief Executive Officer of the Group from September 1, 2021 until April 3, 2023.

He had been a member of Barry Callebaut's Executive Committee since 2012, when he joined the Group as Chief Innovation & Quality Officer. He took on additional responsibilities for Quality Assurance and Sustainability before being appointed President and CEO of the Americas in 2017.

Peter F. Boone holds a degree in Business Administration from Erasmus University in Rotterdam/ The Netherlands.

Ben De Schryver

1974, Belgian national

Ben De Schryver has been appointed Chief Financial Officer effective January 1, 2021, and has been a member of the Executive Committee of Barry Callebaut since September 2017.

He started his career with Barry Callebaut in Belgium in 1999 as an accountant. In 2002, he moved to Singapore as Chief Financial Officer of the Asia Pacific region and in 2007 to Canada as Director Pricing & Customer Services. In 2009, he relocated to the company's new regional headquarters in Chicago, where he served as Chief Financial Officer Americas before being appointed President Asia Pacific in September 2016.

Ben De Schryver holds a bachelor's degree in accounting from Hogeschool Gent/Belgium.

Olivier Delaunay

1963, French national

Olivier Delaunay has been appointed Chief Operations Officer and member of the Executive Committee effective September 1, 2019.

He joined Barry Callebaut in 2012 as Vice President OSCO (Operations and Supply Chain Organization) for Barry Callebaut's largest Region EMEA (Europe, Middle East, Africa). He previously worked for the Group from 1987 to 1994: from 1987 to 1990 as Maintenance Manager at SIC Cacaos, the company's subsidiary in Cameroon, then from 1990 to 1994 as Project Manager in France, the Netherlands and the United States. Before returning to Barry Callebaut in 2012, Olivier Delaunay worked at Danone and Mondelez in different operation and supply chain roles.

Olivier Delaunay holds a Master of Mechanical Engineering from ICAM in Lille, France, and is certified non-executive Director from INSEAD.

Vamsi Mohan Thati

1971, Indian national

Vamsi Mohan Thati has been appointed President AMEA (Asia Pacific, Middle East, and Africa) and Member of the Executive Committee of Barry Callebaut effective April 1, 2023.

He has spent most of his career at The Coca-Cola Company, which he joined in 1998, and has held various leadership and management roles across multiple geographies, including serving as President of Coca-Cola's Greater China and Mongolia (2020 - 2023) and South Pacific (2018 - 2020) business units. He also served as an independent Board Director of the publicly listed Coca-Cola Bottlers Japan Inc. from 2021 to 2023. Vamsi Mohan Thati is also a Director and Trustee of the Swadha Foundation, an Indian non-profit educational organization.

He holds a bachelor's degree in Electronics and Communication Engineering and a master's degree in Business Administration from the Indian Institute of Management, Calcutta. He has also completed the Advanced Management Program at Harvard Business School/USA.

Jo Thys

1972, Belgian national

Jo Thys has been appointed President Region Asia Pacific and member of the Executive Committee effective June 1, 2021.

Jo Thys started his career at Barry Callebaut as a graduate trainee in 1997. He then held several positions in Operations in Region EMEA before moving to the US in 2006 as Vice President Operations and Supply Chain for Region Americas. He returned to Europe in 2010, where he assumed the role of as Vice President Operations and Supply Chain Global Cocoa.

Jo Thys was appointed Vice President Cocoa Africa in September 2017 and had assumed additional responsibility for Africa, Middle East and Türkiye in September 2020.

Jo Thys holds an electromechanical engineering degree from Group T University College of Leuven/Belgium.

Rogier van Sligter

1973, Dutch national

Rogier van Sligter has been appointed President EMEA (Europe, Middle East, Africa) effective October 1, 2021.

He joined Barry Callebaut in 2004 as Account Manager for the Benelux region and has since taken on increasing roles and management responsibilities, leading, and driving the Group's continued expansion in what has become Barry Callebaut's largest region.

He was further appointed Co-President EMEA and Member of the Executive Committee in May 2020.

Rogier van Sligter holds a bachelor's degree in International Management from Haarlem Business School/The Netherlands.

Masha Vis-Mertens

1971, Dutch national

Masha Vis-Mertens has been appointed Chief Human Resources Officer and Member of the Executive Committee of Barry Callebaut effective October 1, 2021.

She joined Barry Callebaut in Brussels/Belgium, in 2012 after more than 12 years with Cargill in a variety of supply chain roles. After holding positions in Account Management Operations and Supply Chain in both Belgium and Switzerland, she was appointed Vice President Human Resources EMEA (Europe, Middle East, Africa) in 2017, where she focused on improving onboarding processes, talent development and retention, including through building a collaborative culture.

Prior to her current role, she held the position of Vice President Operations and Supply Chain EMEA (2019 - 2021).

Masha Vis-Mertens holds a bachelor's degree in French and Russian and a master's degree in European Studies from the University of Amsterdam/The Netherlands, and an Executive Master's degree in International Supply Chain Management from the University of Louvain-la-Neuve/Belgium.

Steve Woolley

1968, US national

Steve Woolley has been appointed President & CEO Americas and member of the Executive Committee effective September 1, 2021.

Steve Woolley has been with Barry Callebaut in a variety of sourcing and sales roles since 2006. In 2012 he was appointed Vice President Sourcing for Region Americas and he assumed additional responsibility for strategic initiatives in 2017. In 2018 Steve Woolley was appointed Vice President & General Manager Global Accounts, responsible for the partnerships with the Group's largest customers in North America.

Before joining Barry Callebaut, he worked at Russell Stover Chocolates, the third largest American chocolate manufacturer.

Steve Woolley is a Board Member of the Executives' Club of Chicago/USA.

Steve Woolley holds a Bachelor of Business Administration from the University of Missouri-Kansas City/USA.

Shareholder participation

Each share of the Company carries one vote at the General Meetings of Shareholders. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights.

Shareholders may register their shares in the name of a nominee approved by the Company and may exercise their voting rights by giving instructions to the nominee to vote on their behalf. However, a nominee holding more than 3% of the share capital will be registered as nominee for shareholders with voting rights only if it discloses the identity of each beneficial owner of shares claiming 0.5% or more of the share capital. No nominee holding more than 8% of the share capital may be registered as a shareholder with respect to the excess shares. The Board may, however, on a case-by-case basis, permit some or all of the excess shares to be registered with voting rights. In the last fiscal year, no such exception was requested.

A resolution passed at the General Meeting of Shareholders with a majority of at least two thirds of the shares represented at such meeting is required to change the restrictions on the transferability of registered shares. Shareholders may be represented at the General Meeting of Shareholders by their respective legal representative, another shareholder or the independent proxy pursuant to the Swiss Code of Obligations (CO). The Articles of Incorporation follow the majority rules and the provisions on convocation prescribed by the Swiss Code of Obligations concerning general meetings of shareholders. Shareholders with registered voting rights who together represent at least 0.25% of the share capital or of the votes may call for the inclusion of an item on the agenda. Such request for inclusion must be made in writing at least 60 days prior to the date of the General Meeting of Shareholders setting forth the items to be included on the agenda and the motions put forward by the shareholders.

Notice of the General Meeting of Shareholders is given by way of one-time publication in the Company's official publication organ (Swiss Official Gazette of Commerce, "Schweizerisches Handelsamtsblatt"). Shareholders registered in the share register with voting rights at the date specified in the invitation may additionally receive an invitation to the General Meeting of Shareholders in writing. Furthermore, the Company offers its shareholders the opportunity to register with the online platform SISVote and thus the possibility to submit their voting instructions to the independent proxy in an efficient manner.

The published disclosures on significant shareholders of the Company are accessible via the disclosure platform of SIX Exchange Regulation: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

Change of control and defense measures

According to the Swiss Stock Exchange and Securities Trading Act, an investor who acquires 33 ⅓% or more of all voting rights in the Company has to submit a take-over offer for all shares outstanding. The Company has not elected to change or opt out of this rule.

There are no change of control clauses in the appointment letters of the members of the Board or in the employment contracts of the Executive Committee.

Blackout periods

The Company's regular blackout periods commence on the first day of a month following the end of a fiscal quarter (i.e. December 1, March 1, June 1 and September 1) and last until and including the date of publication of the Group's respective financial results (i.e. 3-Month Key Sales Figures, Half-Year Results, 9-Month Key Sales Figures and Full-Year Results). The blackout periods apply to all members of the Board and the Executive Committee as well as to all members of the Management and Group employees who have access to and/or are involved in the preparation of the consolidated Group financial results and reports, including but not limited to certain employees within Group Finance.

External auditors

At the Annual General Meeting of Shareholders of the Company held on December 14, 2022, the shareholders voted to re-elect KPMG, Zurich, as statutory auditors.

The statutory auditors are appointed annually by the General Meeting of Shareholders for a term of office of one year. Pursuant to the Swiss Code of Obligations, the lead auditor in charge may exercise her/his role for a maximum of seven years. A new lead auditor was appointed as of fiscal year 2021/22.

For fiscal year 2022/23, the remuneration for the audit of the accounting records and the financial statements of the Company, the audit of local statutory financial statements and the audit of the Group's Consolidated Financial Statements amounted to CHF 2.7 million. The remuneration was evaluated and determined to be reasonable by the AFRQCC in view of the scope and the complexity of the Group. The performance of the auditors is monitored by the AFRQCC, to which the auditors present a detailed report on the result of the audit of the Group. Prior to the presentation to the AFRQCC, the lead auditor in charge reviews the audit findings with the Chairman of the AFRQCC without the presence of any members of the Management.

KPMG received a total amount of CHF 0.1 million for additional services, i.e. for transaction and other advisory services (including due diligence). Adequate measures for the avoidance of potential conflicts of interests between the different services provided by KPMG were observed.

Information policy

The Company is committed to continuous and open communication with its shareholders, potential investors and other stakeholders based on the principles of transparency and equal treatment, i.e. simultaneous provision of price-sensitive information and no selective disclosure.

The Group provides detailed information on its business activities and financial performance in its quarterly reports and press releases, at conferences for media and financial analysts as well as at the Annual General Meeting of Shareholders. Further, representatives of the Group regularly meet (current and potential) investors in personal meetings and present the Company and the Group at industry events and investor conferences.

Presentations are also made available on the Group's website, which is updated continuously. The financial calendar for fiscal year 2023/24 and related contacts are published on page 190.

The published media releases of Barry Callebaut are accessible via: www.barry-callebaut.com/en/group/media/news-stories

To subscribe to the Group's electronic news alerts, please go to: https://www.barry-callebaut.com/en/group/media/subscribe-news

Remuneration Report

Dear Shareholders,

On behalf of the Nomination and Compensation Committee (NCC), I am pleased to share with you the Remuneration Report for the fiscal year 2022/23. This Remuneration Report has been prepared in accordance with the "Ordinance against Excessive Compensation in listed Companies" (OaEC), Art. 663c paragraph 3 of the Swiss Code of Obligations and the Corporate Governance Directive issued by SIX Exchange Regulation, and the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse.

In fiscal year 2022/23, the Group saw a slight sales volume decline of -1.1%; volumes were negatively affected by the overhang from prior year's salmonella incident in Wieze, as well as weaker customer demand in the increasing raw material price environment. Operating profit (EBIT) amounted to CHF 659.4 million, representing a growth by +12.2% in local currencies (+5.6% in CHF) compared to prior-year EBIT recurring[1], and up +26.6% in local currencies (19.1% in CHF) compared to prior year reported EBIT. Net profit amounted to CHF 443.1 million, up +9.6% in local currencies (+3.4% in CHF) compared to prior year net profit recurring[1], and up +30.1% in local currencies (+22.8% in CHF) compared to prior year Net profit reported. Free cash flow was heavily impacted by increases in raw material prices and declined to CHF 113.0 million, compared to a strong prior year (CHF 266.2 million).

This report explains how the performance in the reporting year impacted the compensation paid to the Executive Committee under the incentive plans.

During the reporting year, changes to the Executive Committee entailed the nomination of Peter Feld as the new Chief Executive Officer as of April 4, 2023, succeeding Peter Boone, who left the Company; on January 1, 2023, Jo Thys, former President Asia Pacific, was appointed as Chief Operations Officer, succeeding Olivier Delaunay. On April 1, 2023, Vamsi Mohan Venkata Thati was appointed President Asia Pacific.

With regard to the remuneration programs, as announced last year, the long-term incentive plan for the Executive Committee is now awarded exclusively in the form of Performance Share Units (PSU). The NCC believes that this change strengthens the alignment with the interests of the shareholders.

The NCC performed its regular activities throughout the year, such as the succession planning for the positions on the Board of Directors and the Executive Committee, the performance goal setting at the beginning of the financial year and the performance assessment at financial year end for the Executive Committee members, the determination of the remuneration of the members of the Board of Directors and the Executive Committee, as well as the preparation of the Remuneration Report and the say-on-pay vote at the Annual General Meeting of Shareholders.

You will find further information on the activities of the NCC and on Barry Callebaut's remuneration programs on the following pages.

At the 2023 Annual General Meeting of Shareholders, we will request your approval of the maximum aggregate remuneration amount to be awarded to the Board of Directors for the period until the following Annual General Meeting of Shareholders, the maximum aggregate amount of fixed remuneration to be awarded to the Executive Committee in fiscal year 2024/25, and the maximum aggregate amount of variable remuneration awarded to the Executive Committee in fiscal year 2022/23. Additionally, you will have the opportunity to express your opinion on this Remuneration Report in a consultative vote. You will find in the report that the remuneration awarded to the Board of Directors for the compensation period ending with the 2023 Annual General Meeting of Shareholders and the fixed remuneration awarded to the Executive Committee in 2022/23 are within the limits approved at the 2022 Annual General Meeting of Shareholders and the 2021 Annual General Meeting of Shareholders.

We will continue to assess and review our compensation programs to ensure that they are still fulfilling their purpose in the evolving context in which the company operates and we will pursue an open and active dialogue with our shareholders as we continue to enhance the compensation system.

Tim Minges
Chairman of the NCC

[1] Refer to page 189 for the detailed recurring results reconciliation.

Remuneration at a glance

Summary of current remuneration system Board of Directors

In order to ensure their independence in the exercise of their supervisory function, members of the Board of Directors receive only fixed remuneration in the form of cash and restricted share units (RSU) settled in shares and blocked for three years. The remuneration system for the Board of Directors does not contain any performance-related components.

Annual compensation

(amount in CHF)	Cash	RSUs
Chairman	400,000	700,000
Vice-Chairman	200,000	350,000
Member	100,000	250,000
Committee Chair	40,000	
Committee Member	25,000	

Summary of current remuneration system Executive Committee

The remuneration of the Executive Committee consists of fixed and variable elements.

- The annual base salary forms the fixed remuneration.
- Variable remuneration drives and rewards best-in-class performance based on ambitious and stretched targets. It consists of short-term and long-term elements and benefits.

Base salary	Pay for the function
Benefits	Cover retirement, death and disability risks, attract & retain
Short-Term Incentive (STI)	Drive and reward annual performance, attract & retain
Long-Term Incentive (LTI)	Drive and reward long-term performance, align with shareholders' interests, retain

Executive Committee members are subject to minimum shareholding requirements (CEO 300%, other members 200% of annual base salary).

Remuneration Board of Directors

The remuneration awarded to the Board of Directors from AGM 2021 to AGM 2022 is within the limits approved by the shareholders at the Annual General Meeting of Shareholders (AGM):

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2021 – AGM 2022	CHF 5,000,000	CHF 4,797,942
AGM 2022 – AGM 2023	CHF 6,200,000	To be determined*

* The compensation period is not yet completed; a definitive assessment will be provided in the Remuneration Report for fiscal year 2023/24.

Changes from 2023 onwards (subject to AGM approval)

The remuneration for the Chairman is proposed to be reduced as of AGM 2023 as follows: Cash CHF 330,000 and RSUs CHF 570'000.

Remuneration in 2022/23 Executive Committee

The fixed remuneration awarded to the Executive Committee in fiscal year 2022/23 is within the limits approved by the shareholders at the Annual General Meetings of Shareholders (AGM):

Compensation period	Approved amount (CHF)	Effective amount (CHF)
Fiscal year 2022/23	6,500,000	6,300,000

Short-term performance achievement fiscal year 2022/23

CEO: 100.0% of target; other current members of the Executive committee in the range of 73.6% to 104.4% of target.

Changes from fiscal year 2023/24 onwards

The short-term incentive KPIs are currently under review in order to ensure alignment with the BC Next Level strategic investment program. Details will be disclosed in the Remuneration Report for the fiscal year 2023/24.

Remuneration policy and principles

In order to ensure the company's success and to maintain its position as market leader, it is critical to attract, develop and retain the right talents. Barry Callebaut's remuneration programs are designed to support this fundamental objective and are based on the following principles:

- We reward performance and share the Company's success;
- We act with fairness and transparency;
- We offer competitive remuneration;
- We share responsibility with our employees;
- We encourage employee development.

Compensation governance

- Authority for decisions related to remuneration are governed by the Articles of Incorporation of Barry Callebaut AG.
- The maximum aggregate amounts of remuneration of the members of the Board of Directors and of the Executive Committee are subject to a binding vote at the Annual General Meeting.
- In addition, the Remuneration Report for the preceding period is subject to a consultative vote at the Annual General Meeting.
- The Board of Directors is supported by the NCC in preparing all compensation-related decisions regarding the Board of Directors and the Executive Committee.

This Remuneration Report describes the fundamental principles of the remuneration system at Barry Callebaut as well as the governance framework related to remuneration decisions. The report provides details on the remuneration of the members of the Board of Directors and the Executive Committee related to fiscal year 2022/23. Shareholdings of the members of the Board of Directors and the Executive Committee are also disclosed (reproduction of Note 3.4 to the Financial Statements of Barry Callebaut AG).

This Remuneration Report has been prepared in accordance with the "Ordinance against Excessive Compensation in listed Companies" (OaEC), Art. 663c paragraph 3 of the Swiss Code of Obligations and the Corporate Governance Directive issued by SIX Exchange Regulation, and the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse.

Remuneration philosophy and principles

The remuneration philosophy and principles are laid out in the Total Reward Policy that was adopted by the Board of Directors in fiscal year 2014/15. Reward programs strengthen the Group's ability to attract and retain talented individuals and support the employees' on-going career development within the Company. Barry Callebaut believes that the commitment and performance of its executives, managers and employees should be rewarded, balancing both the success of Barry Callebaut as a Company and the individual's contribution. Barry Callebaut fosters a performance-oriented culture and uses an annual Performance Management and Development Process (PMDP) to monitor and assess the contributions of all employees to the achievement of business results as well as to their personal and professional development.

The remuneration principles are summarized below:

We reward performance and share the Company's success…	… by balancing a mix of short-term and long-term remuneration components as rewards for Company results, individual performance and long-term success.
We act with fairness and transparency…	… by taking remuneration decisions on the basis of the scope of the function rather than personal attributes, and thus by ensuring internal equity.
We offer competitive remuneration…	… by considering relevant market benchmarks when taking remuneration decisions.
We share responsibility with our employees…	… by providing risk benefits including retirement and health care insurances, in line with the local regulations and market practice.
We encourage employee development…	… by offering challenging work assignments and Company-sponsored training and education.

Governance related to remuneration

Pursuant to the OaEC as implemented in the Company's Articles of Incorporation (Article 30), the Annual General Meeting of Shareholders votes on the total remuneration of the members of the Board of Directors and the Executive Committee. The Annual General Meeting of Shareholders votes on the motions of the Board of Directors on an annual basis and with binding effect with regard to:

a) The aggregate maximum amount of the remuneration of the Board of Directors for the forthcoming term of office.

b) The aggregate maximum amount of the fixed remuneration of the Executive Committee for the forthcoming fiscal year.

c) The aggregate maximum amount of the variable remuneration of the Executive Committee for the past fiscal year.

The Annual General Meeting of Shareholders votes separately on the aggregate remuneration of the Board of Directors and the Executive Committee.

The Board of Directors reports to the Annual General Meeting of Shareholders on the remuneration system and the actual remuneration for the past fiscal year in the Remuneration Report. The Remuneration Report is subject to a consultative vote by the Annual General Meeting of Shareholders.

Further, the Articles of Incorporation include the remuneration principles applicable to the Board of Directors and to the Executive Committee. Those provisions can be found and downloaded as a PDF under: https://www.barry-callebaut.com/en/group/investors/corporate-governance and include:

- Principles of remuneration of the Board of Directors (Articles 32 and 33);
- Principles of remuneration of the Executive Committee (Articles 32 and 34);
- Additional amount for new members of the Executive Committee (Article 31);
- Credits and loans (Article 35).

The Board of Directors of Barry Callebaut entrusted the NCC with providing support in evaluating and reviewing the remuneration strategy and plans, in proposing the individual remuneration packages for the Board of Directors, the members of the Executive Committee and other key members of the Management and in preparing the remuneration proposals to the Annual General Meeting of Shareholders. The Board of Directors has not delegated any decision-making power to the NCC; therefore, remuneration decisions are taken by the full Board of Directors based on recommendations of the NCC.

In the reporting year, the NCC met five times according to the standard annual meeting schedule below.

NCC	Standard agenda items	Sept	Nov	Dec	Apr	July
Compensation	Confirmation of relevant benchmarking peer group			x		
	Benchmarking analysis of ExCo compensation (every 2nd year)					x
	Determination of individual LTI grants of ExCo and all other participants					x
	Determination of performance and vesting level of LTI	x	x			
	Determination of individual ExCo target compensation	x				
	Determination of performance achievement under STI plan and related payouts for CEO and ExCo members		x			
	Determination of performance criteria for STI for ExCo		x			
	Benchmarking analysis of Board compensation (every 2nd year)					x
	Determination of Board compensation for following term					x
Nomination	Review of talent management ExCo: calibration, succession planning, individual development plans					x
	Update on personnel changes in key positions	x	x	x	x	x
	Update on key human resources initiatives (diversity, engagement)	x	x	x	x	x
	Review of structure & composition of the Board (profiles, skills sets) and review of potential candidates to the Board	x	x			
Governance	Preparation and review of compensation report, review of shareholders' feedback post-AGM and considerations for future disclosure	x	x		x	
	AGM preparation: preparation of say-on-pay votes		x			
	NCC self-evaluation			x		
	Annual governance and legislative update			x		
	Review of NCC charter and determination of NCC agenda items for term of office				x	

In the reporting year, the NCC performed its regular activities throughout the year, such as the determination of the remuneration of the Board of Directors and Executive Committee as well as the preparation of the Remuneration Report and of the say-on-pay motions for submission to the Annual General Meeting of Shareholders.

The Chairman of the NCC reports to the Board of Directors after each meeting on the activities of the NCC. The minutes of the NCC meetings are available to all members of the Board of Directors. As a general rule, the Chairman of the Board of Directors and the CEO attend the meetings in an advisory capacity. To mitigate any potential conflicts of interest, they do not attend the meeting when their own compensation and/or performance are being discussed.

The NCC may decide to consult an external advisor from time to time for specific compensation matters. In the reporting year, a company specialized in executive compensation in Swiss listed companies was engaged to provide independent advice on specific compensation and governance matters. This company provides other services to Barry Callebaut and there are clear rules in place to ensure the independence of consultants involved..

For further details on the NCC, please refer to the section "Functioning of the Board" in the Corporate Governance Report.

The General Meeting of Shareholders of December 2022 elected the following members to the NCC:

Name	Nationality	Member of the NCC since
Tim Minges (Chairman)	US	2018
Fernando Aguirre	Mexican/US	2013
Elio Leoni Sceti	Italian	2018
Antoine de Saint-Affrique	French	2022
Yen Yen Tan	Singaporean	2020

Remuneration of the Board of Directors

In order to reinforce the independence of the Board in exercising its supervisory duties towards executive management, the remuneration of its members is not linked to any performance criteria.

The remuneration of the Board of Directors is reviewed annually and determined at the discretion of the Board of Directors. The last benchmarking analysis was conducted in the fiscal year 2022/23 on the basis of Swiss listed companies of similar size and complexity including the following companies: Adecco, Clariant, DKSH, Dufry, Emmi, Georg Fischer, Givaudan, Kühne + Nagel, Lindt, Logitech, Lonza, Schindler, SGS and Sika.

The remuneration of the Board of Directors consists of fixed compensation in cash and a grant of Barry Callebaut AG shares blocked for a period of three years after vesting. The fixed compensation in cash amounts to CHF 400,000 for the Chairman of the Board of Directors, CHF 200,000 for the Vice-Chairman, CHF 140,000 for members chairing a Board Committee, CHF 125,000 for members participating in a Board Committee and CHF 100,000 for the other members. The compensation in cash is paid out in quarterly instalments. The remuneration in restricted share units (RSU) is allocated based on a monetary amount of CHF 700,000 for the Chairman, CHF 350,000 for the Vice Chairman and CHF 250,000 for the other members of the Board of Directors. The number of RSU to be granted is calculated by dividing the monetary amount by the 3-month average share price preceding the beginning of the term of office; the RSU are granted at the beginning and vest at the end of the term of office. The resulting shares are allocated at the end of the term of office and are blocked for three years.

The remuneration of the Board of Directors is summarized below.

Annual compensation (AGM 2022 - AGM 2023)

	Cash (net amount in CHF)	Shares (net amount in CHF)
Chairman	400,000	700,000
Vice-Chairman	200,000	350,000
Member	100,000	250,000
Committee Chair	40,000	
Committee Member	25,000	

For the next term of office, the Board proposes to the Annual General Meeting of Shareholders in December 2023, to reduce the remuneration of the Chairman of the Board and to keep the compensation for all other members of the Board of Directors unchanged. Hence the proposal of the remuneration of the Board of Directors will be submitted as follows:

Annual compensation (AGM 2023 to AGM 2024; subject to AGM approval)

	Cash (net amount in CHF)	Shares (net amount in CHF)
Chairman	330,000	570,000
Vice-Chairman	200,000	350,000
Member	100,000	250,000
Committee Chair	40,000	
Committee Member	25,000	

At the Annual General Meeting of Shareholders in December 2021, the shareholders approved a maximum aggregate amount of CHF 5,000,000 for the remuneration in cash and in RSU for the Board of Directors for the period from the Annual General Meeting of Shareholders in December 2021 until the Annual General Meeting of Shareholders in December 2022. The remuneration paid for this term of office amounts to CHF 4,797'942 and is therefore within the limit approved by the shareholders.

At the Annual General Meeting of Shareholders in December 2022, the shareholders approved a maximum aggregate amount of CHF 6,200,000 for the remuneration in cash and in RSU for the Board of Directors for the period from the Annual General Meeting of Shareholders in December 2022 until the Annual General Meeting of Shareholders in December 2023.

The remuneration effectively paid for the portion of this term of office included in this Remuneration Report (that is, from January 1, 2023 until August 31, 2023) is within the limit approved by the shareholders.

A conclusive assessment for the entire period will be included in the Remuneration Report 2023/24.

During fiscal year 2022/23, no compensation was paid to former members of the Board of Directors. No compensation was paid to parties closely related to members or former members of the Board of Directors.

During fiscal year 2022/23, no loans or credits were granted to members of the Board of Directors, former members of the Board of Directors nor to related parties. As of August 31, 2023, there were no outstanding loans or credits to members of the Board of Directors, to former members nor to related parties.

Board members do not receive any lump-sum payments for expenses. The remuneration of the members of the Board of Directors is subject to the mandatory social security contributions. The company pays for both, the employer and the employee contributions to social security, where applicable. Pursuant to the Articles of Incorporation, the members of the Board of Directors may in principle be eligible for pension fund contributions by the Company. However, in fiscal year 2022/23 no such contributions were made.

Remuneration of the Board of Directors for fiscal year 2022/23 (audited figures)

in CHF	Fixed compensation	Other compensation[1]	Total cash-related remuneration	Number of RSU[2]	Value of RSU[3]	Total remuneration 2022/23
Board Member						
Patrick De Maeseneire Chairman/Delegate	400,000	144,373	544,373	353	707,805	1,252,178
Markus R. Neuhaus Vice-Chairman Chairman of the AFRQCC[4]	240,000	78,071	318,071	177	354,547	672,618
Fernando Aguirre Member of the NCC[5]	125,000	—	125,000	126	252,856	377,856
Angela Wei Dong Member of the AFRQCC[4]	125,000	53,792	178,792	126	252,856	431,648
Thomas Intrator[6] Member of the AFRQCC[4]	83,334	33,478	116,812	88	170,016	286,828
Nicolas Jacobs Member of the AFRQCC[4]	125,000	53,792	178,792	126	252,856	431,648
Elio Leoni Sceti Member of the NCC[5]	125,000	—	125,000	126	252,856	377,856
Tim Minges Chairman of the NCC[5] Member of the AFRQCC[4]	165,000	—	165,000	126	252,856	417,856
Antoine de Saint-Affrique Member of the NCC[5]	116,667	73,905	190,572	126	252,856	443,428
Yen Yen Tan Member of the NCC[5]	125,000	53,792	178,792	126	252,856	431,648
Total remuneration Board of Directors	**1,630,001**	**491,203**	**2,121,204**	**1,500**	**3,002,360**	**5,123,564**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; Grants to the BoD are based on the service period between Annual General Meetings of Shareholders.
3 Value defined as grant value at the beginning of the term of office.
4 Audit, Finance, Risk, Quality & Compliance Committee.
5 Nomination & Compensation Committee.
6 Member of the Board and member of the AFRQCC as of December 14, 2022.

Remuneration of the Board of Directors for fiscal year 2021/22 (audited figures)

in CHF	Fixed compensation	Other compensation[1]	Total cash-related remuneration	Number of RSU[2]	Value of RSU[3]	Total remuneration 2021/22
Board Member						
Patrick De Maeseneire Chairman/Delegate	400,000	148,466	548,466	330	693,080	1,241,546
Markus R. Neuhaus Vice-Chairman Chairman of the AFRQCC[4]	240,000	80,043	320,043	165	346,867	666,910
Fernando Aguirre Member of the NCC[5]	125,000	—	125,000	118	247,347	372,347
Angela Wei Dong Member of the AFRQCC[4]	125,000	57,685	182,685	118	247,347	430,032
Nicolas Jacobs Member of the AFRQCC[4]	125,000	60,759	185,759	118	247,347	433,106
Elio Leoni Sceti Member of the NCC[5]	125,000	—	125,000	118	247,347	372,347
Tim Minges Chairman of the NCC[5] Member of the AFRQCC[4]	165,000	—	165,000	118	247,347	412,347
Antoine de Saint-Affrique[6] Member of the Board	66,667	46,469	113,136	76	165,680	278,816
Yen Yen Tan Member of the NCC[5]	125,000	57,685	182,685	118	247,347	430,032
Total remuneration Board of Directors	**1,496,667**	**451,107**	**1,947,774**	**1,279**	**2,689,709**	**4,637,483**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; Grants to the BoD are based on the service period between Annual General Meetings of Shareholders.
3 Value defined as closing share price at the beginning of the term of office.
4 Audit, Finance, Risk, Quality & Compliance Committee.
5 Nomination & Compensation Committee.
6 Member of the Board as of December 8, 2021.

Remuneration of the Executive Committee

The individual remuneration of the members of the Executive Committee is reviewed annually and determined at the discretion of the Board of Directors, based on the proposal of the NCC, in accordance with the principles set out in the Executive Total Reward Policy, market information and data, scope and level of responsibility of the position, and profile of the incumbents in terms of qualification, experience and skills set.

The remuneration structure for the Executive Committee of Barry Callebaut consists of four main remuneration elements: a fixed annual base salary, an annual short-term cash bonus pursuant to the Company's Short-Term Incentive Plan, share-based long-term incentives pursuant to the Company's Long-Term Incentive Plan and other benefits.

Base salary (fixed)	Annual gross base salary	• Determined at the discretion of the Board of Directors based on various criteria such as market value of the role, scope of the position and profile (experience, skills) of the incumbent • Target weight in % of total remuneration: CEO 25%–40%, Executive Committee 25%–40%
Annual cash bonus (variable)	Barry Callebaut Short-Term Incentive Plan (STIP)	• Target 100% of annual base salary for the Chief Executive Officer and all other members of the Executive Committee • Based on the achievement of financial and strategic targets • Maximum payout: 200% of target • Payout in cash annually after release of full-year results • Target weight in % of total remuneration: CEO 25%–40%, Executive Committee 25%–40%
Share based awards (variable)	Barry Callebaut Long-Term Incentive Plan (LTIP)	• Individual grant values approved by the Board of Directors; number of shares determined by dividing the grant value by the average share price over three months prior to the grant • Cliff vesting at the end of the third year, subject to performance criteria • Performance criteria: 50% relative performance of the Barry Callebaut share price compared to peer companies and 50% ROIC performance of the Company over the three-year vesting period • Target weight in % of total remuneration: CEO 20%–50%, Executive Committee 20%–50%
Other benefits	Risk benefits and perquisites	• Social security contributions by employer • Post-employment and retirement benefits • Health care and medical insurances • Executive perquisites such as company car, relocation costs, etc.

The last benchmarking analysis of the remuneration of the Executive Committee was conducted in fiscal year 2021/22 with the support of an external independent consultant. The analysis was based on a peer group of Swiss multinational companies of the industry sector listed on the SIX Swiss Exchange. The peer group consisted of Adecco, Clariant, DKSH, Dufry, Emmi, Georg Fischer, Givaudan, Kühne+Nagel, Lindt, Logitech, Lonza, Schindler, SGS and Sika. For Executive Committee members who are employed under a foreign employment contract, the general industry compensation data of the country of employment were used. This analysis showed that while annual base salaries are positioned according market, incentive opportunities are above market levels, in line with the pay-for-performance philosophy of Barry Callebaut and resulting in a competitive positioning overall.

The NCC consider the results of this analysis in making decisions related to the remuneration of the Executive Committee members.

Base salary

The annual base salary is defined at the discretion of the Board of Directors on the basis of various criteria, such as market value of the role, scope of the position, and profile of the incumbent in terms of skill set and professional experience.

Short-Term Incentive Plan (STIP)

The STIP is designed to reward the performance of the Company, its Regions/functions and the individual contributions of the participants over a time horizon of one year.

in CHF million	Market capitalization Dec 31, 2022 (timing of analysis)	Revenue Dec 31, 2022 (timing of analysis)	Headcount Dec 31, 2022 (timing of analysis)
Barry Callebaut (figures as of Aug 31, 2022)	11,000	8,091	13,418
1st quartile	5,207	3,874	13,655
Median	17,162	5,056	17,168
3rd quartile	25,225	19,949	31,835

The short-term incentive (STI) target is expressed as percentage of the fixed annual base salary and amounts to 100% for the CEO and all other members of the Executive Committee.

For each participant, the STI is based on a Collective Performance Factor (CPF) and an Individual Performance Factor (IPF) weighted 60% and 40%, respectively. For the members of the Executive Committee, the CPF is based on the performance of Barry Callebaut as a Group, measured as follows:

- Group sales volume: 20%
- Group EBIT: 40%
- Group Free cash flow: 30%
- Sustainability (ESG): 10%

Those performance criteria have been chosen because they reflect the business strategy of profitable growth and they encompass the commitment to sustainability matters.

A performance assessment is provided ex post in the Remuneration Report in order to inform the shareholders on the link between pay and performance. However, specific performance targets are not disclosed for confidentiality reasons.

The sustainability (ESG) metric is focused to making sustainable chocolate the norm. It is based on two targets, reflecting the percentage of cocoa and chocolate products sold that contain 100% sustainable cocoa or chocolate as well as the percentage of sustainable non-cocoa ingredients sourced. In this financial year, 48.5% of our products sold contained 100% sustainable cocoa or chocolate and 80% of our non-cocoa ingredients were sustainably sourced.

The IPF (40% of STI) is based on the performance of the unit under responsibility, e.g., the respective Region or function. The objectives are primarily financial in nature and support the strategy of profitable growth. They are grouped in three categories:

- Growth objectives for the Region/function, including financial objectives such as sales volume, or other quantifiable goals that support the growth of the Region/function;
- Profitability objectives for the Region/function, including financial objectives such as EBIT or cost savings, or other quantifiable goals that increase the profitability of the Region/function (operations, processes);
- Strategic initiatives that are key for the success of the Region/function and a leadership objective related to talent management and succession planning.

The weightings assigned to growth, profitability and strategic objectives in the IPF depend on the nature of the function.

For each financial objective, an expected level of performance ("target") is defined, corresponding to a payout factor of 100%. A threshold level of performance, below which there is no payout, and a maximum level of performance, above which the payout is capped at 200% of the target, have also been defined.

The CEO proposes the relevant performance criteria for the CPF and for the IPF of the Executive Committee members to the NCC. The Chairman of the Board of Directors proposes the performance objectives of the IPF for the CEO. The NCC reviews and submits the recommendations to the Board of Directors for approval.

The STI is paid out in cash.

Long-Term Incentive Plan (LTIP)

The purpose of the LTIP is to provide the participants with an ownership interest in Barry Callebaut and to reward them for the long-term performance of the Company. The LTIP thus aligns their interests with those of the shareholders.

The grant of PSU under the LTIP is based on a long-term incentive (LTI) target amount determined individually for each plan participant. The individual LTI amount is divided by the average share price of the last three months of the preceding fiscal year in order to calculate the number of share units awarded. The PSU vest on the 3rd anniversary of the grant date, subject to the LTIP participant continuing to be employed by the Company and to the achievement of two performance criteria over the three-year vesting period.

The first performance criterion, accounting for 50% of the respective PSU grant, is the relative share price development of Barry Callebaut versus a peer group of companies in the chocolate, ingredients and FMCG sector: AAK, Fuji Oil, Givaudan, Hershey, Kellogg, Kerry, Lindt, Mondelēz, Nestlé, Olam and Unilever. The objective (100% vesting) is to achieve median performance, e.g., to outperform half of the peer companies, with a 100% vesting for ranking 6 or 7. There is no vesting for a performance below the first quartile of the peer group (threshold), and the vesting is now capped at 200% for delivering the best performance in the peer group.

The second performance criterion, accounting for 50% of the relevant PSU grant, is Return on Invested Capital (ROIC). The ROIC criterion rewards the sustainable management of the Company's assets. The three-year ROIC target was set by the Board of Directors on the basis of the long-term strategic plan of the Company. The vesting also ranges from 0% to newly 200% of target. Consequently, the overall vesting of the LTI award ranges from 0% to 200% of the initially determined number of PSU granted (compared to 0% to 300% for grants until financial year 2022/23).

The Board of Directors reserves the right to suspend or adjust the vesting of all share units in case of a negative result from continuous operations of the Barry Callebaut Group. Once the shares are vested and transferred, they are free of any sales restrictions.

For the CEO, the individual LTI target value amounts to 150.0% of annual base salary, for the other members of the Executive Committee, it amounts to 81.72% of the annual base salary on average in fiscal year 2022/23. The unvested PSU and RSU forfeit in case of termination for cause or voluntary resignation. In other circumstances, such as a termination of employment by the company without cause, retirement, disability or death, the unvested PSU and RSU may be subject to a pro-rata vesting at the regular vesting date, except in the event of death, in which case vesting will be accelerated. In case of change of control, the unvested awards are subject to an immediate vesting subject to the achievement level as determined by the Board of Directors in its reasonable discretion.

Further, any award granted under the LTIP is subject to clawback and malus provisions. In case of a material misstatement of financial results or a serious reputational damage to Barry Callebaut due to fraud of willful intent, or of a gross misconduct which would qualify as a cause for termination, the Board of Directors may forfeit or claim back vested or unvested share units, within a period of two years after the vesting of the award.

Other benefits

Other benefits include risk benefits that provide for a reasonable level of income in case of retirement, death or disability. Those consist of social security contributions, post-employment benefits, pension contributions and insurance. The members of the Executive Committee with a Swiss employment contract participate in the occupational pension plan offered to all employees in Switzerland. Members of the Executive Committee under foreign employment contract are insured commensurately with market conditions and with their position. Each plan varies, but is in line with the local competitive and legal environment and is in accordance with the legal requirements of the respective country.

Members of the Executive Committee are also provided with certain executive perquisites such as relocation allowances, housing or other cost of living allowances, car allowances, and gross-up for tax equalization of certain benefits. The benefits for each member of the Executive Committee are subject to their specific situation, the typical market practice and other factors after consideration of the total value of their individual remuneration package.

The monetary value of these benefits is disclosed in the remuneration tables at their fair value.

Share ownership guidelines

Members of the Executive Committee are required to own a minimum multiple of their annual base salary in Barry Callebaut AG shares within five years of their appointment to the Executive Committee.

Role	Minimum shareholding requirement
CEO	300% of annual base salary
Other ExCo members	200% of annual base salary

To calculate whether the minimum holding requirement is met, all privately owned shares, either directly or indirectly, and all shares vested under the LTIP are considered, regardless of whether they are blocked or not. However, unvested awards such as RSU and PSU are excluded. The NCC will review compliance with the share ownership guidelines on an annual basis.

Employment contracts

The members of the Executive Committee are employed under employment contracts of unlimited duration and subject to a notice period of one year. They are not contractually entitled to severance payments or to change of control provisions.

Special contractual agreements

No special contractual arrangements are in force.

Remuneration of the Executive Committee for fiscal year 2022/23 (audited figures)

in CHF	Compensation fixed	Compensation variable[2]	Post-employment benefits[3]	Other compensation[4]	Total cash-related remuneration	Number of shares[5]	Value of shares[6]	Total remuneration 2022/23
Remuneration Executive Committee[1]	6,300,000	5,726,009	2,126,289	868,090	15,020,388	4,456	8,652,571	**23,672,959**
Highest individual remuneration within Executive Committee: Peter Feld, CEO Barry Callebaut Group	666,667	666,667	447,873	36,210	1,817,417	2,528	4,939,771	**6,757,188**

1 Disclosure relates to the Executive Committee including all members during fiscal year 2022/23, i.e.: Peter Boone, Ben De Schryver, Olivier Delaunay, Peter Feld, Pablo Perversi, Steven Retzlaff, Massimo Selmo, Jo Thys, Rogier van Sligter, Vamsi Mohan Venkata Thati, Masha Vis-Mertens and Steve Woolley.

2 Based on best estimate of expected payout for fiscal year 2022/23 (accrual principle).

3 Including social security and pension contributions.

4 Includes international relocation costs, assignment related benefits such as tax equalization, schooling costs as well as international insurance coverage.

5 Number of shares granted in relation to the fiscal year 2022/23 as follows:
CEO: Sign-on bonus amounting to 2,000 restricted shares (RS), blocked for 3 years; Executive Committee: sign-on bonus amounting to 255 restricted share units (RSU) vesting over three years.
LTIP CEO: 264 ROIC-dependent performance share units and 264 share price dependent performance share units; LTIP for all other members of the Executive Committee: 838 ROIC-dependent performance share units and 835 share price-dependent performance share units.

6 The value of the RS and RSU is defined as fair value at grant date (CHF 1,963). The value of the ROIC-dependent PSU is the market price at grant date (CHF 1,934) discounted for dividends until the vesting. For share price-dependent PSU, the fair value is established based on a valuation performed by external experts applying the “Monte Carlo simulation” method (CHF 1,906) excluding the net present value of expected dividends.

Remuneration of the Executive Committee for fiscal year 2021/22 (audited figures)

in CHF	Compensation fixed	Compensation variable[2]	Post-employment benefits[3]	Other compensation[4]	Total cash-related remuneration	Number of shares[5]	Value of shares[6]	Total remuneration 2021/22
Remuneration Executive Committee[1]	5,645,596	5,180,201	1,839,642	734,481	13,399,920	2,250	5,769,138	**19,169,058**
Highest individual remuneration within Executive Committee: Peter Boone, CEO Barry Callebaut Group	1,050,000	1,065,960	322,533	34,000	2,472,493	565	1,455,228	**3,927,721**

1 Disclosure relates to the Executive Committee including all members during fiscal year 2021/22, i.e.: Peter Boone, Ben De Schryver, Olivier Delaunay, Isabelle Esser, Andrew Fleming, Masha Vis-Mertens, Pablo Perversi, Steven Retzlaff, Massimo Selmo, Jo Thys, Rogier van Sligter and Steve Woolley.

2 Based on best estimate of expected payout for fiscal year 2021/22 (accrual principle).

3 Including social security and pension contributions.

4 Includes international relocation costs, assignment related benefits such as tax equalization, schooling costs as well as international insurance coverage.

5 Number of shares granted in relation to the fiscal year 2021/22; vesting subject to meeting service and/or performance conditions. For the Executive Committee, the amount includes 1,273 RSU, 587 ROIC-dependent performance share units and 587 share-price dependent performance share units.

6 The value of shares is defined as fair value at grant date. The fair value of the RSU and ROIC-dependent PSU is the market price at grant date (CHF 2,247) discounted for dividends until the vesting. For share price-dependent PSU, the fair value is established based on a valuation performed by external experts applying the “Monte Carlo simulation” method (CHF 3,467) excluding the net present value of expected dividends.

Comments on the remuneration tables

The deviation in remuneration compared to the previous fiscal year is mainly due to the following factors:

- Changes in the composition of the Executive Committee: Peter Feld was appointed as CEO as of April 4, 2023, succeeding Peter Boone, who left the Company; on January 1, 2023, Jo Thys, former President Asia Pacific, was appointed as Chief Operations Officer, succeeding Olivier Delaunay. On April 1, 2023, Vamsi Mohan Venkata Thati was appointed President Asia Pacific.
- For the other members of the Executive Committee, the individual fixed remuneration was adjusted due to the change in LTI design while target STI remained unchanged.
- The overall payout under the STIP was comparable to the previous year. The achievement levels of the various STI related KPIs reflect a mixed picture: Volume decreased slightly by -1.1% and amounted to 2.3 million tonnes, the operating profit (EBIT) reached CHF 659.4 million (+26.6% in local currencies) and a Free cash flow of CHF 113.0 million was generated, which has been heavily affected by rising raw material prices, namely for Cocoa. Related to the sustainability target, 48.5% of our products sold contained 100% sustainable cocoa or chocolate and 80% of our non-cocoa ingredients were sustainably sourced.
- The STI achievement for Peter Feld and Vamsi Mohan Venkata Thati, joining 5 months prior the fiscal year end, were contractually agreed to be at 100% for the fraction of the first year.
- Consequently, the ratio of fixed versus variable remuneration amounts to 23.5% versus 76.5% for the CEO and 34.6% versus 65.4% in average for the other members of the Executive Committee. These ratios are calculated excluding the sign-on bonus.

The PSU granted under the LTIP in 2020 vested at the end of the reporting year. Under the plan rules of the 2020 LTIP, the vesting of the first half of the PSU was conditional upon the share price evolution of Barry Callebaut compared to the average share price evolution of peer companies. The share price of Barry Callebaut decreased by 12.38% during the plan period, which ranks Barry Callebaut as number nine among twelve companies and translates into a vesting level of 20%. The vesting of the other half of PSU related to the ROIC target translated into a vesting level of 300.0%. The aggregate vesting level of the PSU related to the grants in FY 2020/21 thus amounts to 160.0%.

The aggregate amount of remuneration for the Executive Committee is subject to the approval of the Annual General Meeting of Shareholders. A maximum aggregate amount of fixed remuneration of CHF 6,500,000 was approved by the Annual General Meeting of Shareholders in December 2021 prospectively for fiscal year 2022/23. Accordingly, the fixed remuneration of CHF 6,300,000 effectively paid is within the approved limits. The aggregate remuneration amount for the variable compensation for fiscal year 2022/23 will be submitted to a shareholder vote at the upcoming Annual General Meeting of Shareholders in December 2023.
During fiscal year 2022/23, non-compete payments were made to one former member of the Executive Committee amounting to CHF 881,289 including social charges.

During fiscal year 2022/23, no loans or credits were granted to members of the Executive Committee, former members of the Executive Committee or to related parties. As of August 31, 2023, there were no outstanding loans or credits to members of the Executive Committee, to former members or to related parties.

Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31,

Name	Function	2023	2022
Patrick De Maeseneire	Chairman	2,843	2,523
Markus R. Neuhaus	Vice-Chairman; Chairman of the AFRQCC	803	643
Fernando Aguirre	Member of the NCC	1,211	1,097
Angela Wei Dong	Member of the AFRQCC	571	457
Thomas Intrator	Member of the AFRQCC	—	n/a
Nicolas Jacobs[1]	Member of the AFRQCC	11,906	18,703
Elio Leoni Sceti	Member of the NCC	751	637
Tim Minges	Chairman of the NCC; member of the AFRQCC	1,606	1,492
Antoine de Saint-Affrique	Member of the NCC	2,815	2,006
Yen Yen Tan	Member of the NCC	238	124
Total shares held by Board of Directors		**22,744**	**27,682**

1 Excluding the 30.1% participation held by Jacobs Holding AG (see Note 3.3 to the Financial Statements of Barry Callebaut AG).

Shareholdings of the Executive Committee

Number of shares as of August 31,

Name	Function	2023	2022
Peter Feld	Chief Executive Officer (as of April 4, 2023)	2,000	n/a
Ben De Schryver	Chief Financial Officer	588	588
Steven Retzlaff	President Global Cocoa	910	1,076
Massimo Selmo	Chief Procurement Officer	310	100
Rogier van Sligter	President EMEA	366	185
Jo Thys	President APAC	440	339
Masha Vis-Mertens	Chief Human Resources Officer	140	70
Steve Woolley	President Americas	68	22
Peter Boone	Chief Executive Officer (until April 3, 2023)	n/a	553
Olivier Delaunay	Chief Operations Officer (until December 31, 2022)	n/a	419
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet (until January 31, 2023)	n/a	740
Total shares held by Executive Committee		**4,822**	**4,092**

Equity overhang and dilution

As of August 31, 2023, the equity overhang, defined as the total number of share units and blocked shares outstanding as calculated in the Dilution Potential (9,243 units) divided by the total number of outstanding shares (5,488,858 registered shares), amounts to 0.2%.

The company's "burn rate", defined as the number of equities (shares and share units) granted in the reporting year (7,670 units) divided by the total number of outstanding shares, is 0.1%. These disclosures reflect the entire Long-Term-Incentive Plan including non-key management personnel.

Report of the Statutory Auditor

To the General Meeting of Barry Callebaut AG, Zurich

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Barry Callebaut AG (the Company) for the year ended 31 August 2023. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 179 and 183 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the attached Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the Remuneration Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Stefan Widmer
Licensed Audit Expert

Zurich, 30 October 2023

Alternative Performance Measures

Barry Callebaut uses a number of non-IFRS measures to report the performance of its business. Recurring results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS.

Sales volume	Sales volume, measured in metric tonnes, is a key performance measure for Barry Callebaut to assess growth. Sales volume includes semi-finished cocoa products, chocolate & compounds and specialties. Sales volume does not include bean sales.
Organic sales volume and growth	Organic sales volume and growth is adjusted for changes in the consolidation scope such as acquisitions and disposals during a certain reporting period. It is not corrected for new outsourcing / long-term partnerships, which are part of the growth strategy and defined as organic volume growth.
Sales, EBIT and net profit in local currencies	Barry Callebaut operates a global business and its reporting currency is Swiss franc. Sales, EBIT and net profit in local currencies are translated to reporting currency (CHF) using prior-year exchange rates for comparability purposes.
Compound annual growth rate (CAGR)	Compound annual growth rate over the 5-year period.
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Operating profit (EBIT) increased by depreciation and amortization recognized for property, plant and equipment, right-of-use assets and intangible assets.
Earnings before interest and taxes (EBIT)	Operating profit before finance income, finance expense and income tax expense.
EBIT per tonne	Operating profit (EBIT) divided by the sales volume in tonnes.
EBIT per share	Operating profit (EBIT) divided by the weighted average number of shares outstanding.
Recurring EBITDA, EBIT and net profit	Reported profit (EBITDA, EBIT or net profit) adjusted for significant items considered to be exceptional for the respective period. Exceptional items are expenses or benefits / income with a one-off character, such as changes in laws, legal cases, restructuring or major unforeseen events and are described in the annual report. Recurring numbers allow consistent comparison of profit numbers over multiple financial years.
Basic earnings per share	Net profit for the year attributable to shareholders of Barry Callebaut AG divided by the weighted average number of shares outstanding.
Cash earnings per share	Free cash flow divided by the weighted average number of shares outstanding.
Net working capital	Net working capital is a measure of current assets and liabilities with a short-term impact on liquidity. It consists of all current assets less all current liabilities, except for short-term debt, cash and cash equivalent.
Net debt	Net debt consists of financial debt against third parties, such as bank overdrafts, short-term debt, long-term debt, less cash and cash equivalents and short-term deposits.
Shareholders' equity	Total equity attributable to the shareholders of Barry Callebaut AG.
Free cash flow	Net cash flow from operating activities and net cash flow from investing activities, excluding acquisitions of subsidiaries/businesses net of cash acquired.
Capital expenditure	Cash outflows for capital expenditure on property, plant and equipment and intangible assets (excluding leased assets).
Interest coverage ratio	EBITDA divided by the financial result.
Payout ratio	Dividend per share multiplied by number of shares issued divided by the net profit for the year.
Debt to equity ratio	Net debt divided by shareholders' equity.
Price-earnings ratio at year-end	Share price at fiscal year-end divided by basic earnings per share.

Return on equity (ROE)	Net profit for the year divided by shareholders' equity.
Return on invested capital (ROIC)	Operating profit (EBIT) multiplied by one minus a normalized tax rate divided by the average capital employed.

The reconciliation of non-recurring items of fiscal year 2021/22 and their impact on the Group's Key Alternative Performance Measures (APMs) can be found in the table below. There are no non-recurring items in fiscal year 2022/23.

2021/22

in CHF million	EMEA	Americas	Asia Pacific	Global Cocoa	Group (incl. Corporate)
EBITDA	351.4	280.6	75.6	175.7	789.4
Non-recurring items[1]	84.7	(2.5)	—	(11.0)	71.2
EBITDA (recurring)	**436.1**	**278.1**	**75.6**	**164.7**	**860.6**
Operating profit (EBIT)	267.2	223.5	59.1	102.5	553.5
Non-recurring items[1]	84.7	(2.5)	—	(11.0)	71.2
Operating profit (EBIT, recurring)	**351.9**	**221.0**	**59.1**	**91.5**	**624.7**
Net profit for the year					360.9
Non-recurring items[1]					67.6
Net profit for the year (recurring)					**428.5**

[1] Non-recurring items included the net one-off impact of the salmonella incident in Wieze (CHF -76.9 million), the Brazilian indirect tax credits (CHF +13.5 million; additional CHF +1.4 million financial income impacting net profit) and costs related to the closure of the chocolate factory in Moreton (CHF -7.8 million). These non-recurring items resulted in a tax effect of CHF +2.2 million.

Contact & Financial Calendar

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Financial Calendar

December 6, 2023

Annual General Meeting of Shareholders 2023, Zurich

January 24, 2024

3-month Key Sales Figures 2023/24

April 10, 2024

Half-Year Results 2023/24

July 11, 2024

9-month Key Sales Figures 2023/24

November 6, 2024

Full-Year Results 2023/24

December 4, 2024

Annual General Meeting of Shareholders 2024, Zurich

Forward-looking statement

Certain statements in this document regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as 'believe,' 'estimate,' 'intend,' 'may,' 'will,' 'expect,' and 'project' and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events.

Actual results may vary materially from those targeted, expected or projected due to several factors. The principal risk factors that may negatively affect Barry Callebaut's future financial results are disclosed in more detail in the Annual Report 2022/23 and include, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effect of a pandemic/epidemic or a natural disaster, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of November 1, 2023. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.