Remuneration Report

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 2017/18. Shareholdings of the members of the Board of Directors and the Executive Committee are also disclosed (reproduction of note 3.5 to the Financial Statements of Barry Callebaut AG).

The 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.

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. Barry Callebaut believes that the commitment and performance of its executives, managers and employees should be rewarded, reflecting both the performance of Barry Callebaut as a Company and the individual employee's contributions. Reward programs strengthen the attraction and retention of talented individuals and also support the employees' on-going career development at Barry Callebaut. Market information is taken into account for the determination of individual remuneration levels. However, as a general rule, the target remuneration at Barry Callebaut, including that of the executives, is not directly linked to any external benchmark and is therefore determined on a discretionary basis. Barry Callebaut lives 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 healthcare 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 General Meeting of Shareholders votes on the total remuneration of the members of the Board of Directors and the Executive Committee. The 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 short-term and the long-term variable remuneration of the Executive Committee for the past fiscal year.

The 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 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 General Meeting of Shareholders.

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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/sites/default/files/publications/bc_statuten_e_2015.pdf 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 has entrusted the Nomination & Compensation Committee (NCC) to provide 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 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. One member attended four meetings and apologized for one meeting. All other members attended all meetings.

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
	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	

The NCC conducted a benchmarking analysis of the compensation of the Board of Directors and the Executive Committee as well as a thorough review of the incentive plans. As a result, the performance criteria of the short-term incentive program have been fine-tuned, and the long-term incentive program will be amended in the coming fiscal year. Those changes are described further in this report. Furthermore, 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 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. 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 has no other mandate with Barry Callebaut.

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For further details on the NCC, please refer to the "Functioning of the Board" section in the Corporate Governance Report.

The General Meeting of Shareholders has elected the following members to the NCC:

Name	Nationality	Member of the NCC since
James (Jim) Donald (Chairman)	US	2008
Fernando Aguirre	Mexican/US	2013
Elio Leoni Sceti	Italian	2018
Juergen Steinemann	German	2017

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. In the reporting year, a benchmarking analysis was conducted on the basis of Swiss listed companies of similar size and complexity. Based on the results of the benchmark analysis, the decision was made not to change the remuneration system applicable for the Board of Directors.

The remuneration of the Board of Directors consists of fixed fees in cash and a grant of Barry Callebaut AG shares. The fixed fees in cash amount 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 fees in cash are paid out in quarterly instalments. The number of shares granted amounts to 500 shares for the Chairman, 250 shares for the Vice Chairman and 180 shares for the other members of the Board of Directors. The shares are transferred without restrictions at the end of the term of office on the Board. Board members do not receive any lump-sum payments for expenses. The remuneration of the members of the Board is subject to the mandatory social security contributions. Pursuant to the Articles of Incorporation, the members of the Board may in principle be eligible for pension fund contributions by the Company. However, in fiscal year 2017/18 no such contributions were made with respect to members of the Board.

The increase in remuneration of the Board of Directors compared to the previous year is mainly due to a higher average share price for the shares granted in relation to the fiscal year under review. The remuneration structure remained unchanged compared to the previous year.

At the General Meeting of Shareholders in December 2016, the shareholders approved a maximum aggregate amount of CHF 2,200,000 and 2,190 shares for the Board of Directors for the remuneration period from the General Meeting of Shareholders in December 2016 until the General Meeting of Shareholders in December 2017. The remuneration paid for this term of office amounts to CHF 1,897,086 and 2,010 shares and is therefore within the limit approved by the shareholders.

At the General Meeting of Shareholders in December 2017, the shareholders approved a maximum aggregate amount of CHF 2,200,000 and 2,190 shares for the Board of Directors for the remuneration period from the General Meeting of Shareholders in December 2017 until the General Meeting of Shareholders in December 2018. The remuneration effectively paid for the portion of this term of office included in this Remuneration Report (that is, from January 1, 2018 until August 31, 2018) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Remuneration Report 2018/19.

During fiscal year 2017/18, 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 2017/18, 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, 2018, there was no outstanding loan or credit to members of the Board of Directors, to former members nor to related parties.

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Remuneration of the Board of Directors for fiscal year 2017/18 (audited figures)

in CHF BoD Member	Compensation fix	Other compensation[1]	Total cash-related remuneration	Number of shares[2]	Value of shares[3]	Total remuneration 2017/18
Patrick De Maeseneire Chairman/Delegate	400,000	149,114	549,114	500	860,125	1,409,239
Jakob Baer Vice Chairman Chairman of the AFRQCC[4]	200,000	62,803	262,803	250	430,062	692,865
Fernando Aguirre Member of the NCC[5]	125,000	–	125,000	180	309,645	434,645
James (Jim) Donald Chairman of the NCC	140,000	–	140,000	180	309,645	449,645
Nicolas Jacobs Member of the AFRQCC	125,000	52,573	177,573	180	309,645	487,218
Wai Ling Liu[6] Member of the NCC	41,667	11,093	52,760	60	70,860	123,620
Timothy Minges Member of the AFRQCC	125,000	–	125,000	180	309,645	434,645
Andreas Schmid[6] Member of the AFRQCC	41,667	9,522	51,189	60	70,860	122,049
Juergen Steinemann Member of the NCC	125,000	–	125,000	180	309,645	434,645
Elio Leoni Sceti[7] Member of the NCC	83,333	–	83,333	120	228,000	311,333
Total remuneration Board of Directors	**1,406,667**	**285,105**	**1,691,772**	**1,890**	**3,208,132**	**4,899,904**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service conditions. Grants to Board are based on the service period between Annual General Meetings of Shareholders.
3 Value defined as closing share price at the beginning of the service period.
4 Audit, Finance, Risk, Quality & Compliance Committee.
5 Nomination & Compensation Committee.
6 Member of the Board until December 13, 2017.
7 Member of the Board since December 13, 2017.

Remuneration of the Board of Directors for fiscal year 2016/17 (audited figures)

in CHF BoD Member	Compensation fix	Other compensation[1]	Total cash-related remuneration	Number of shares[2]	Value of shares[3]	Total remuneration 2016/17
Patrick De Maeseneire[4] Chairman/Delegate	333,333	77,590	410,923	438	509,750	920,673
Jakob Baer Vice Chairman[5] Chairman of the AFRQCC[6]	180,000	41,104	221,104	232	269,588	490,692
Fernando Aguirre Member of the NCC[7]	125,000	–	125,000	180	207,585	332,585
James (Jim) Donald Chairman of the NCC	140,000	–	140,000	180	207,585	347,585
Nicolas Jacobs Member of the AFRQCC	125,000	42,684	167,684	180	207,585	375,269
Wai Ling Liu Member of the NCC	125,000	50,806	175,806	180	207,585	383,391
Timothy Minges Member of the AFRQCC	125,000	–	125,000	180	207,585	332,585
Andreas Schmid Member of the AFRQCC	125,000	42,684	167,684	180	207,585	375,269
Juergen Steinemann Member of the NCC	116,667	–	116,667	180	207,585	324,252
Andreas Jacobs[8] Chairman/Delegate	133,333	–	133,333	125	133,750	267,083
Total remuneration Board of Directors	**1,528,333**	**254,868**	**1,783,201**	**2,055**	**2,366,183**	**4,149,384**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service conditions. Grants to Board are based on the service period between Annual General Meetings of Shareholders.
3 Value defined as closing share price at the beginning of the service period.
4 Chairman of the Board since December 7, 2016.
5 Vice Chairman of the Board since December 7, 2016.
6 Audit, Finance, Risk, Quality & Compliance Committee.
7 Nomination & Compensation Committee.
8 Member of the Board until December 7, 2016.

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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	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%
Variable annual bonus	Barry Callebaut Short-Term Incentive Plan (STIP)	• Target 100% of annual base salary for 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 awards	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 • Vesting of award over a three-year vesting cycle: 25% in the first and second year each, 50% in the third year subject to performance criteria • Performance criteria: vesting of the final tranche based on two performance critieria, 50% on the relative performance of the Barry Callebaut share price compared to a basket of benchmark companies and 50% on the 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 • Healthcare and medical insurances • Executive perquisites such as company car, relocation costs, etc.

In the previous fiscal year, a benchmarking analysis of the remuneration of the Executive Committee had been conducted, which served as basis for decisions made related to remuneration in the reporting year. The analysis was based on the 2016 Swiss Top Executive Remuneration survey (general industry) conducted by Willis Towers Watson. Financial services and life science companies were excluded from the data. For members of the Executive Committee who are employed under a foreign employment contract, the general industry survey data of the country of employment were used.

Base salary

The fixed annual gross 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 skills 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.

The STIP target is expressed as percentage of the fixed annual base salary and amounts to 100% for all members of the Executive Committee.

For each participant, the STIP 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 (60% of STIP) is based on the performance of Barry Callebaut as a Group, measured as follows:

- Group sales volume: 30% (25% in previous year)
- Group EBIT: 30% (25% in previous year)
- Group cash flow: 30% (40% in previous year)
- Strategic initiatives: 10%

Those performance criteria have been chosen because they reflect the business strategy of profitable growth. The weighting of the criteria has been rebalanced so that top line, bottom line and cash performance are equally weighted (stronger focus on cash flow in previous year).

The IPF (40% of STIP) is based on the performance of the unit under responsibility, e.g. the respective region or function. The objectives are of financial nature primarily

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and support the strategy of profitable growth. They are defined 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 weight between growth, profitability and strategic objectives in the IPF depends 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 to the NCC the relevant performance criteria for the CPF and for the IPF of the Executive Committee members. 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 STIP 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 share units under the LTIP is based on a target LTI amount determined individually for each plan participant. For the CEO, the individual LTI grant value amounts to 102% of annual base salary, for the other members of the Executive Committee, it amounts to 118% of the annual base salary on average in fiscal year 2017/18. The individual LTI grant value 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 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 final 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 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, Aryzta, Hershey, Kellogg's, Kerry, Lindt, Mondelēz, Nestlé, Olam, Petra Foods 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 at 300% for delivering the best performance in the peer group. The second performance criterion, accounting for 50% of the PSU grant, is return on invested capital (ROIC). The ROIC performance was introduced in fiscal year 2016/17 in order to reward 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 300% of target. Consequently, the overall vesting of the LTI award (including RSU and PSU) ranges from 50% to 200% of the initially determined number of share units granted. 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.

The following table provides an overview of the different performance scenarios and the respective impact on the total vesting opportunity for participants, expressed in percentage of the originally granted number of share units (subject to the respective plan participant's continued service over the entire vesting cycle, and Barry Callebaut reporting a positive profit after tax):

Performance achievement scenario	Share awards 1st Tranche	Share awards 2nd Tranche	Share awards 3rd Tranche	Total share awards vested over a vesting cycle
100% achievement of performance criteria	25%	25%	50%	100%
Top achievement of performance criteria (cap)	25%	25%	150%	200%
Lowest achievement of performance criteria (floor)	25%	25%	0%	50%

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The LTI plan has been amended for the coming fiscal year 2018/19. In essence, there will be an additional tranche of PSU subject to a four-year cliff vesting based on the achievement of targets above the Mid-Term Plan in terms of volume CAGR (25%), EBIT (25%), cumulative free cash flow (25%) and ROIC (25%). The maximum payout opportunity for this tranche will be 100%. This amendment aligns the compensation of the executives even more closely with the long-term interests of the shareholders as it extends the overall LTI plan period to four years and increases the portion of the LTI award that is subject to future performance conditions.

Further details on the LTI plan redesign will be provided in the Remuneration Report for fiscal year 2018/19.

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-ups 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.

Employment contracts

The members of the Executive Committee are employed under employment contracts of unlimited duration and subject to a notice period of maximum one year. They are not contractually entitled to severance payments or to change of control provisions.

Special contractual agreements

There is a special contractual agreement with one member of the Executive Committee providing for an annual supplementary fixed cash payment (retention award) starting in fiscal year 2018/19 and ending in fiscal year 2021/22. The accrued value of compensation amount will be fully disclosed in the respective fiscal years under variable compensation.

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Remuneration of the Executive Committee for fiscal year 2017/18 (audited figures)

in CHF	Compen-sation fixed	Compen-sation variable[2]	Post-employ-ment benefits[3]	Other compen-sation	Total cash-related remunera-tion	Number of shares[4]	Value of shares[5]	Total remunera-tion 2017/18
Remuneration Executive Committee[1]	**5,762,851**	**9,364,236**	**1,708,241**	**868,190**	**17,703,518**	**4,812**	**6,555,745**	**24,259,263**
Highest individual remuneration within Executive Committee: **Antoine de Saint-Affrique,** CEO Barry Callebaut Group	**1,600,000**	**2,439,680**	**399,408**	**9,000**	**4,448,088**	**1,245**	**1,633,363**	**6,081,451**

1 Disclosure relates to the Executive Committee including all members during fiscal year 2017/18: Antoine de Saint-Affrique, Victor Balli, Peter Boone, Massimo Garavaglia, Ben De Schryver, Carole Le Meur, Pablo Perversi, Dirk Poelman, Steven Retzlaff, Remco Steenbergen.
2 Based on best estimate of expected payout for fiscal year 2017/18 (accrual principle).
3 Including social security and pension contributions.
4 Number of shares granted in relation to the fiscal year 2017/18; vesting subject to meeting service and/or performance conditions.
5 Value of shares is defined as fair value at grant date. For restricted share units, this is the share price at grant date. For performance share units, the fair value is established based on a valuation performed by external experts applying the "Monte Carlo simulation" method. In both cases the net present value of expected dividends that will not be received by the plan participant during the vesting period is excluded from the fair value.

Remuneration of the Executive Committee for fiscal year 2016/17 (audited figures)

in CHF	Compen-sation fixed	Compen-sation variable[2]	Post-employ-ment benefits[3]	Other compen-sation	Total cash-related remunera-tion	Number of shares[4]	Value of shares[5]	Total remunera-tion 2016/17
Remuneration Executive Committee[1]	**5,071,649**	**6,626,527**	**1,407,904**	**375,468**	**13,481,548**	**5,131**	**5,921,194**	**19,402,742**
Highest individual remuneration within Executive Committee: **Antoine de Saint-Affrique,** CEO Barry Callebaut Group	**1,600,000**	**1,708,560**	**361,177**	**9,900**	**3,679,637**	**1,385**	**1,598,288**	**5,277,925**

1 Disclosure relates to the Executive Committee as in place on August 31, 2017: Antoine de Saint-Affrique, Victor Balli, Peter Boone, Massimo Garavaglia, David Johnson, Carole Le Meur, Dirk Poelman, Steven Retzlaff.
2 Based on best estimate of expected payout for fiscal year 2016/17 (accrual principle).
3 Including social security and pension contributions.
4 Number of shares granted in relation to the fiscal year 2016/17; vesting subject to meeting service and/or performance conditions.
5 Value of shares is defined as fair value at grant date. For restricted share units, this is the share price at grant date. For performance share units, the fair value is established based on a valuation performed by external experts applying the "Monte Carlo simulation" method. In both cases the net present value of expected dividends that will not be received by the plan participant during the vesting period is excluded from the fair value.

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Comments on the remuneration tables

The increase in remuneration compared to the previous fiscal year is mainly due to the following factors:

- New composition of the Executive Committee with three new members: Ben De Schryver (President Region Asia Pacific, promoted to Executive Committee), Pablo Perversi (new Chief Innovation, Sustainability & Quality Officer in replacement of Peter Boone who took over the role of President Region Americas in replacement of Dave Johnson) and Remco Steenbergen (new CFO in replacement of Victor Balli) and related overlap for the CFO role related to the transition period for the new and the notice period of the former CFO.
- The individual fixed remuneration, target STI and LTI grant values have remained unchanged versus previous year except for one member.
- The overall payout under the STIP was higher than in the previous year. This is due to the very strong performance in the reporting year at Group and regional level: with a volume of over 2 million tonnes, an operating profit (EBIT) of CHF 554 million, a free cash flow of CHF 312 million and 44% of chocolate sourced sustainably, the Group targets have been clearly exceeded. All regions contributed strongly to the results of the Group. The STI payout amounts to 152% of the target for the CEO and ranges between 134% and 170% of the target for the other members of the Executive Committee.
- Consequently, the ratio of fixed versus variable remuneration amounts to 28% versus 72% for the CEO, and 27% versus 73% for the other members of the Executive Committee in average.

The PSU granted under the LTIP in 2015 vested at the end of the reporting year. Under the plan rules of the 2015 LTIP, the vesting 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 increased by 17.7% during the plan period compared to an average of the peer group of –0.2%, which translates into a vesting level of 225%.

The aggregate amount of remuneration for the Executive Committee is subject to the approval of the General Meeting of Shareholders. A maximum aggregate amount of fixed remuneration of CHF 6,250,000 was approved by the General Meeting of Shareholders in December 2017 prospectively for fiscal year 2017/18. Accordingly, the fixed remuneration of CHF 5,762,851 effectively paid is within the approved limits. The aggregate remuneration amount for the short-term and long-term incentives for fiscal year 2017/18 will be submitted to shareholders' vote at the upcoming General Meeting of Shareholders in December 2018.

During fiscal year 2017/18, no compensation was paid to former members of the Executive Committee. No compensation was paid to parties closely related to members or former members of the Executive Committee.

During fiscal year 2017/18, no loans or credits were granted to members of the Executive Committee, former members of the Executive Committee nor to related parties. As of August 31, 2018, there were no outstanding loans or credits to members of the Executive Committee, to former members nor to related parties.

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Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31,		2018	2017
Name	Function		
Patrick De Maeseneire	Chairman	750	250
Jakob Baer	Vice Chairman	1,330	1,080
Fernando Aguirre		460	280
James (Jim) Donald		1,620	1,440
Nicolas Jacobs[1]		93,066	92,886
Elio Leoni Sceti		–	n/a
Timothy Minges		855	656
Juergen Steinemann		15,578	13,979
Wai Ling Liu[2]		n/a	160
Andreas Schmid[2]		n/a	8,218
Total shares held by Board of Directors		**113,659**	**118,949**

1 Excluding the 50.11% participation held by Jacobs Holding AG (see note 3.4 to the Financial Statements of Barry Callebaut AG).
2 No disclosure for August 31, 2018, as Wai Ling Liu and Andreas Schmid left the Board of Directors at the last General Meeting of Shareholders.

Shareholdings of the Executive Committee

Number of shares as of August 31,		2018	2017
Name	Function		
Antoine de Saint-Affrique	Chief Executive Officer	1,298	476
Peter Boone	CEO & President Americas	82	–
Ben De Schryver	President APAC	–	n/a
Massimo Garavaglia	President EMEA	1,778	900
Carole Le Meur	Chief Human Resources Officer	143	38
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer	82	–
Dirk Poelman	Chief Operations Officer	1,282	1,636
Steven Retzlaff	President Global Cocoa	1,873	1,128
Remco Steenbergen	Chief Financial Officer (as from March 2018)	219	n/a
Victor Balli	Chief Financial Officer (until February 2018)	n/a	1,453
Dave Johnson	CEO & President Americas (until August 2017)	n/a	2,000
Total shares held by Executive Committee		**6,757**	**7,631**

Consideration paid for services of the majority shareholder

In line with the practice of the past years, Barry Callebaut AG and Jacobs Holding AG, Zurich, have entered into an auxiliary services agreement under which Jacobs Holding AG offers certain management and consultancy services to Barry Callebaut AG. In fiscal year 2017/18, the total remuneration expense by Barry Callebaut AG under this agreement amounted to CHF 1 million (excl. VAT). The contract is renewable annually.

Report of the Statutory Auditor

To the General Meeting of Barry Callebaut AG, Zurich

We have audited the accompanying remuneration report dated 5 November 2018 of Barry Callebaut AG for the year ended 31 August 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables referred to as audited on pages 156 to 165 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 August 2018 of Barry Callebaut AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, 5 November 2018

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich