

## Remuneration Report

# Remuneration Report

Dear Shareholders,

On behalf of the Nomination and Compensation Committee, I am pleased to share with you the Remuneration Report for the fiscal year 2019/20. 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.

In fiscal year 2019/20, the Group managed to deliver a solid set of results and further strengthened its balance sheet in unprecedented times, which is a testimony of the strength and resilience of its corporate culture and long-term strategy.

This report explains how the performance in the reporting year impacted the compensation paid to the Executive Committee under the incentive plans.

Based on the results of the benchmarking analysis of compensation conducted in the previous year, the Nomination and Compensation Committee (NCC) decided to conduct an extensive review of the remuneration programs applicable to the Board of Directors and to the Executive Committee during the reporting year.

The review of the compensation of the Board of Directors is completed. Based on the findings, the NCC decided to implement the following change, applicable as of the 2020 Annual General Meeting of Shareholders:

- The allocation of restricted shares will be based on a fixed monetary amount instead of a fixed number of shares.

The review of the remuneration of the Executive Committee is still ongoing and will be completed in the first half of the FY 2020/21. The NCC will present the findings and any related decisions in the Remuneration Report for fiscal year 2020/21.

In addition to the review of the remuneration programs, the NCC performed its regular activities throughout the year, such as the succession planning for the positions on the Board of Directors and on the Executive Committee, the performance goal setting at the beginning of the year and the performance assessment at year end for the Executive Committee members, the determination of the remuneration of the members of Executive Committee, as well as the

preparation of the Remuneration Report and of 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 2020 Annual General Meeting of Shareholders, we will request your approval of the total 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 2021/22, and the maximum aggregate amount of variable remuneration awarded to the Executive Committee in fiscal year 2019/20. 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 2020 Annual General Meeting of Shareholders and the fixed remuneration awarded to the Executive Committee in 2019/20 are within the limits approved at the 2019 Annual General Meeting of Shareholders and 2018 Annual General Meeting of Shareholders.

Looking ahead, 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. We will pursue an open and active dialogue with our shareholders as we continue to enhance the compensation system. We are confident that this report includes all relevant information and that our remuneration system rewards performance in a balanced and sustainable manner and aligns well with shareholders’ interests.

**Timothy Minges**  
Chairman of the NCC

# Remuneration Report

## Remuneration at a glance

### Summary of current remuneration system Board of Directors

In order to ensure their independence in the performance of their supervisory function, members of the Board of Directors only receive a fixed remuneration in the form of cash and shares; the latter are blocked for three years.

The remuneration system for the Board of Directors does not contain any performance-related components.

	Cash (amount in CHF)	Shares (number of shares)
Annual compensation		
Chairman	400,000	500
Vice Chairman	200,000	250
Member	100,000	180
Committee Chair	40,000	
Committee Member	25,000	

### Remuneration in 2019/20 Board of Directors

The remuneration awarded to the Board of Directors in fiscal year 2019/20 is within the limits approved by the shareholders at the Annual General Meetings of Shareholders (AGM):

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2018 – AGM 2019	2,200,000 + 2,190 shares	2,055,106 2,190 shares
AGM 2019 – AGM 2020	2,200,000 + 2,190 shares	To be determined*

\* The compensation period is not yet completed, a definitive assessment will be provided in the remuneration report for fiscal year 2020/21.

### Changes from 2021 onwards

The compensation in restricted shares will be based on a monetary amount: CHF 700,000 for the Chairman, CHF 350,000 for the Vice-Chairman and CHF 250,000 for all other board members. Cash compensation will remain unchanged.

### Summary of current remuneration system Executive Committee

The remuneration of the Executive Committee consists of fixed and variable elements.

- Base salary and benefits form 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:

Base salary	Pay for the function
Benefits	Cover retirement, death and disability risks, attract & retain
Short-Term Incentive	Drive and reward annual performance, attract & retain
Long-Term Incentive (LTIP)	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 in 2019/20 Executive Committee

The fixed remuneration awarded to the Executive Committee in fiscal year 2019/20 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 2019/20	6,500,000	5,561,083

### Short term performance achievement fiscal year 2019/20

CEO: 89.0% of target; other current members of the Executive Committee in the range of 75.2% to 109.6% of target.

### Changes from fiscal year 2020/21 onwards

The findings of the ongoing compensation review will be presented in the Remuneration Report 2020/21.

## 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

## 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 2019/20. 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. 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 contributions. 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:

<b>We reward performance and share the Company’s success...</b>	... by balancing a mix of short-term and long-term remuneration components as rewards for Company results, individual performance and long-term success.
<b>We act with fairness and transparency...</b>	... by taking remuneration decisions on the basis of the scope of the function rather than personal attributes, and thus by ensuring internal equity.
<b>We offer competitive remuneration...</b>	... by considering relevant market benchmarks when taking remuneration decisions.
<b>We share responsibility with our employees...</b>	... by providing risk benefits including retirement and health care insurances, in line with the local regulations and market practice.
<b>We encourage employee development...</b>	... 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 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

## Remuneration Report

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
<b>Compensation</b>	Confirmation of relevant benchmarking peer group			X		
	Benchmarking analysis of ExCo compensation (every 2 <sup>nd</sup> 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 2 <sup>nd</sup> year)					X
	Determination of Board compensation for following term					X
	<b>Nomination</b>	Review of talent management ExCo: calibration, succession planning, individual development plans				
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			
<b>Governance</b>	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 response to the results of the benchmarking analysis of compensation conducted in the previous year, the NCC decided to conduct an extensive review of the remuneration programs applicable to the Board of Directors and to the Executive Committee. The review of the remuneration of the Board of Directors is completed, the findings and decisions taken by the Board of Directors are described in the section "Remuneration of the Board of Directors" below. The review of the remuneration of the Executive Committee is still ongoing and will be completed in the first half of the FY 2020/21. The NCC will present the findings and any related decisions in the Remuneration Report for fiscal year 2020/21.

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 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. 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.

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 2019 has elected the following members to the NCC:

Name	Nationality	Member of the NCC since
Timothy Minges (Chairman)	US	2018
Fernando Aguirre	Mexican/US	2013
Suja Chandrasekaran	Indian/Australian/US	2019
Elio Leoni Sceti	Italian	2018

## Remuneration Report

### 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 2019/20 on the basis of Swiss listed companies of similar size and complexity including the following companies: Adecco, AMS, Clariant, Dufry, EMS Chemie, Geberit, Lindt, Logitech, Sika, Sonova, Straumann, Temenos, Vifor Pharma.

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 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; they vest at the end of the term of office.

The remuneration of the Board of Directors as from the Annual General Meeting of Shareholders in December 2019 is summarized below.

Annual compensation	Cash (amount in CHF)	Shares (in number)
Chairman	400,000	500
Vice-Chairman	200,000	250
Member	100,000	180
Committee Chair	40,000	
Committee Member	25,000	

In the context of the Covid-19 pandemic, and as a sign of solidarity, the Board of Directors has decided to reduce the number of shares by 15% for the compensation period from the Annual General Meeting of Shareholders in December 2019 until the Annual General Meeting of Shareholders in December 2020.

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. 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 2019/20 no such contributions were made.

Since the Annual General Meeting of Shareholders in December 2019, shares are subject to a blocking period of three years after vesting. Other than this, the remuneration structure remained unchanged compared to the previous year.

For the next compensation period starting at the Annual General Meeting of Shareholders in December 2020, the remuneration in restricted shares will be allocated based on a monetary amount, instead of a fixed number of shares. Therefore, the compensation in restricted shares will amount to 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 fixed fees in cash will remain unchanged.

This decision is in line with market practice ensuring the compensation of the Board of Directors is fixed.

The remuneration of the Board of Directors as from the Annual General Meeting of Shareholders in December 2020 is summarized below.

Annual compensation	Cash (amount in CHF)	Shares (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	

The number of shares to be granted is calculated by dividing the monetary amount by the 3 month average share price preceding the beginning the term of office; they are allocated at the end of the term of office and are blocked for 3 years.

At the Annual General Meeting of Shareholders in December 2018, 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 Annual General Meeting of Shareholders in December 2018 until the Annual General Meeting of Shareholders in December 2019. The remuneration paid for this term of office amounts to CHF 2,055,106 and 2,190 shares and is therefore within the limit approved by the shareholders.

At the Annual General Meeting of Shareholders in December 2019, 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 Annual General Meeting of Shareholders in December 2019 until the Annual General Meeting of Shareholders in December 2020.



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The remuneration effectively paid for the portion of this term of office included in this Remuneration Report (that is, from January 1, 2020 until August 31, 2020) is within the limit approved by the shareholders.

A conclusive assessment for the entire period will be included in the Remuneration Report 2020/21.

During fiscal year 2019/20, 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 2019/20, 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, 2020, there were no outstanding loans or credits to members of the Board of Directors, to former members nor to related parties.

## Remuneration Report

### Remuneration of the Board of Directors for fiscal year 2019/20 (audited figures)

in CHF						
Board Member	Compensation fix	Other compensation <sup>1</sup>	Total cash-related remuneration	Number of shares <sup>2</sup>	Value of shares <sup>3</sup>	Total remuneration 2019/20
<b>Patrick De Maeseneire</b> Chairman/Delegate	400,000	162,502	562,502	450	835,383	1,397,885
<b>Markus R. Neuhaus<sup>7</sup></b> Vice Chairman Chairman of the AFRQCC <sup>4</sup>	201,667	77,127	278,794	202	380,698	659,492
<b>Fernando Aguirre</b> Member of the NCC <sup>5</sup>	125,000	–	125,000	162	300,738	425,738
<b>Jakob Baer<sup>6</sup></b>	66,667	23,108	89,775	83	134,500	224,275
<b>Suja Chandrasekaran</b> Member of the NCC <sup>5</sup>	125,000	66,318	191,318	162	300,738	492,056
<b>Nicolas Jacobs</b> Member of the AFRQCC <sup>4</sup>	125,000	56,895	181,895	162	300,738	482,633
<b>Timothy Minges<sup>8</sup></b> Chairman of the NCC <sup>5</sup> Member of the AFRQCC <sup>4</sup>	156,667	–	156,667	162	300,738	457,405
<b>Elio Leoni Sceti</b> Member of the NCC <sup>5</sup>	125,000	–	125,000	162	300,738	425,738
<b>Juergen Steinemann<sup>9</sup></b>	41,667	–	41,667	60	96,840	138,507
<b>Angela Wei Dong<sup>8</sup></b> Member of the AFRQCC <sup>4</sup>	116,667	65,063	181,730	162	300,738	482,468
<b>Total remuneration Board of Directors</b>	<b>1,483,335</b>	<b>451,013</b>	<b>1,934,348</b>	<b>1,767</b>	<b>3,251,849</b>	<b>5,186,197</b>

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. The 15% reduction of the number of shares for the compensation period from the AGM December 2019 until the AGM in December 2020 is reflected pro-rata until the end of August 2020.

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 Vice Chairman of the Board and Chairman of the AFRQCC until December 11, 2019.

7 Vice Chairman of the Board and Chairman of the AFRQCC as of December 11, 2019.

8 Member of the AFRQCC as of December 11, 2019.

9 Member of the Board and NCC until December 11, 2019.

### Remuneration of the Board of Directors for fiscal year 2018/19 (audited figures)

in CHF						
Board Member	Compensation fix	Other compensation <sup>1</sup>	Total cash-related remuneration	Number of shares <sup>2</sup>	Value of shares <sup>3</sup>	Total remuneration 2018/19
<b>Patrick De Maeseneire</b> Chairman/Delegate	400,000	164,992	564,992	500	854,667	1,419,659
<b>Jakob Baer</b> Vice Chairman Chairman of the AFRQCC <sup>4</sup>	200,000	77,754	277,754	250	427,333	705,087
<b>Fernando Aguirre</b> Member of the NCC <sup>5</sup>	125,000	–	125,000	180	307,680	432,680
<b>Suja Chandrasekaran<sup>6</sup></b> Member of the AFRQCC <sup>4</sup>	83,333	43,684	127,017	120	193,680	320,697
<b>James (Jim) Donald<sup>7</sup></b> Chairman of the NCC <sup>5</sup>	46,667	7,841	54,508	60	114,000	168,508
<b>Nicolas Jacobs</b> Member of the AFRQCC <sup>4</sup>	125,000	72,855	197,855	180	307,680	505,535
<b>Timothy Minges<sup>8</sup></b> Chairman of the NCC <sup>5</sup>	135,000	–	135,000	180	307,680	442,680
<b>Markus R. Neuhaus<sup>5</sup></b> Member of the AFRQCC <sup>4</sup>	83,333	37,050	120,383	120	193,680	314,063
<b>Elio Leoni Sceti</b> Member of the NCC <sup>5</sup>	125,000	–	125,000	180	307,680	432,680
<b>Juergen Steinemann</b> Member of the NCC <sup>5</sup>	125,000	–	125,000	180	307,680	432,680
<b>Angela Wei Dong<sup>6</sup></b> Member of the NCC <sup>5</sup>	66,667	42,598	109,265	120	193,680	302,945
<b>Total remuneration Board of Directors</b>	<b>1,515,000</b>	<b>446,774</b>	<b>1,961,774</b>	<b>2,070</b>	<b>3,515,440</b>	<b>5,477,214</b>

1 Including social security contributions.

2 Number of shares granted in relation to the fiscal year under review; Grants to 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 since December 12, 2018.

7 Member of the Board until December 12, 2018.

8 Member of the AFRQCC until December 12, 2018; Chairman of the NCC since December 12, 2018.

## Remuneration Report

### 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.

<b>Base salary</b>	Annual gross base salary	<ul style="list-style-type: none"> <li>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</li> <li>Target weight in % of total remuneration: CEO 25%–40%, Executive Committee 25%–40%</li> </ul>
<b>Variable annual bonus</b>	Barry Callebaut Short-Term Incentive Plan (STIP)	<ul style="list-style-type: none"> <li>Target 100% of annual base salary for members of the Executive Committee</li> <li>Based on the achievement of financial and strategic targets</li> <li>Maximum payout: 200% of target</li> <li>Payout in cash annually after release of full-year results</li> <li>Target weight in % of total remuneration: CEO 25%–40%, Executive Committee 25%–40%</li> </ul>
<b>Share awards</b>	Barry Callebaut Long-Term Incentive Plan (LTIP)	<ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>Performance criteria: vesting of the final tranche based on two performance criteria, 50% on the relative performance of the Barry Callebaut share price compared to peer companies and 50% on the ROIC performance of the Company over the three-year vesting period</li> <li>Target weight in % of total remuneration: CEO 20%–50%, Executive Committee 20%–50%</li> </ul>
<b>Other benefits</b>	Risk benefits and perquisites	<ul style="list-style-type: none"> <li>Social security contributions by employer</li> <li>Post-employment and retirement benefits</li> <li>Healthcare and medical insurances</li> <li>Executive perquisites such as company car, relocation costs, etc.</li> </ul>

The last benchmarking analysis of the remuneration of the Executive Committee was conducted in fiscal year 2018/19 by an independent consultant, Willis Towers Watson. 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 below 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 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 skillset 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, 2019	Revenue Dec 31, 2019	Headcount Dec 31, 2019
<b>Barry Callebaut</b>	<b>11,735</b>	<b>7,309</b>	<b>12,257</b>
1st quartile	7,121	4,431	14,635
Median	19,104	6,402	20,305
3rd quartile	23,470	10,665	34,588

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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%
- Group EBIT: 30%
- Group cash flow: 30%
- Sustainability: 10%

Those performance criteria have been chosen because they reflect the business strategy of profitable growth and they encompass the commitment to sustainability matters. The weightings of the financial criteria are balanced so that top line, bottom line and cash performance are equally weighted. The sustainability metric is based on the sourcing of sustainable cocoa.

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 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 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 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 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 to those of the shareholders. The current LTIP has been in place since fiscal year 2016/17 and had been amended for the fiscal year 2018/19, where members of the Executive Committee were granted a fourth exceptional tranche, which vests subject to a four-year cliff vesting based on outperforming the Mid-Term Plan targets in terms of volume growth (CAGR; 25%), EBIT (25%), cumulative Free cash flow (25%) and ROIC (25%) for the period September 2018 to August 2022. The maximum payout opportunity for this tranche is 100% of target. For the fiscal year 2019/20 there is no such additional tranche.

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. The share units vest in three tranches over four 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, Mondelēz, 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 at 300% 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 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

## Remuneration Report

0% to 300% of target. Consequently, the overall vesting of the LTI award (including RSU and PSU) ranges from 50% and 200% of the initially determined number of share units granted.

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 grant value amounts to 116.3% of annual base salary, for the other members of the Executive Committee, it amounts to 108.2% of the annual base salary on average in fiscal year 2019/20.

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

As of September 1, 2019, 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 vested shares delivered 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 maximum one year. They are not contractually entitled to severance payments or to change of control provisions.

### Special contractual agreements

The special contractual agreement previously in force 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, is no longer applicable as the member left the Company and the outstanding retention award forfeited. No further special contractual agreements have been granted in the reporting year.

For one former member of the Executive Committee a non-compete payment amounting to CHF 775,000 was made as well as the respective social charges of CHF 50,849 thereon.

## Remuneration Report

### Remuneration of the Executive Committee for fiscal year 2019/20 (audited figures)

in CHF	Compen- sation fixed	Compen- sation variable <sup>2</sup>	Post- employ- ment benefits <sup>3</sup>	Other compen- sation <sup>6</sup>	Total cash- related remunera- tion	Number of shares <sup>4</sup>	Value of shares <sup>5</sup>	Total remunera- tion 2019/20
<b>Remuneration Executive Committee<sup>1</sup></b>	<b>5,561,083</b>	<b>5,282,729</b>	<b>1,946,303</b>	<b>2,314,422</b>	<b>15,104,537</b>	<b>2,926</b>	<b>6,308,084</b>	<b>21,412,621</b>
Highest individual remuneration within Executive Committee: <b>Antoine de Saint-Affrique</b> , CEO Barry Callebaut Group	<b>1,586,667</b>	<b>1,412,134</b>	<b>405,228</b>	<b>24,000</b>	<b>3,428,029</b>	<b>867</b>	<b>1,844,779</b>	<b>5,272,808</b>

- 1 Disclosure relates to the Executive Committee including all members during fiscal year 2019/20, i.e.: Antoine de Saint-Affrique, Remco Steenbergen, Peter Boone, Olivier Delaunay, Ben de Schryver, Isabelle Esser, Andrew Fleming, Massimo Garavaglia, Pablo Perversi, Steven Retzlaff, Rogier van Sligter.
- 2 Based on best estimate of expected payout for fiscal year 2019/20 (accrual principle).
- 3 Including social security and pension contributions (including CHF 50,849 social charges on a non-compete payment).
- 4 Number of shares granted in relation to the fiscal year 2019/20; vesting subject to meeting service and/or performance conditions. For the Executive Committee, the amount includes 1,494 RSU, 716 ROIC

- 5 Value of shares is defined as fair value at grant date. The fair value of the RSU and ROIC dependent performance share units is the market price at grant date (CHF 2,024) discounted for dividends until the vesting. For share price dependent performance share units, the fair value is established based on a valuation performed by external experts applying the "Monte Carlo simulation" method (CHF 2,781.34) excluding the net present value of expected dividends.
- 6 Including a non-compete payment amounting to CHF 775,000 for a former member of the Executive Committee.

### Remuneration of the Executive Committee for fiscal year 2018/19 (audited figures)

in CHF	Compen- sation fixed	Compen- sation variable <sup>2</sup>	Post- employ- ment benefits <sup>3</sup>	Other compen- sation	Total cash- related remunera- tion	Number of shares <sup>4</sup>	Value of shares <sup>5</sup>	Total remunera- tion 2018/19
<b>Remuneration Executive Committee<sup>1</sup></b>	<b>5,701,839</b>	<b>7,810,646</b>	<b>2,073,515</b>	<b>1,421,298</b>	<b>17,007,298</b>	<b>4,757</b>	<b>8,388,122</b>	<b>25,395,420</b>
Highest individual remuneration within Executive Committee: <b>Antoine de Saint-Affrique</b> , CEO Barry Callebaut Group	<b>1,600,000</b>	<b>2,282,880</b>	<b>496,860</b>	<b>24,000</b>	<b>4,403,740</b>	<b>1,458</b>	<b>2,558,440</b>	<b>6,962,180</b>

- 1 Disclosure relates to the Executive Committee including all members during fiscal year 2018/19, i.e.: Antoine de Saint-Affrique, Remco Steenbergen, Peter Boone, Ben de Schryver, Isabelle Esser, Massimo Garavaglia, Carole Le Meur, Pablo Perversi, Dirk Poelman, Steven Retzlaff.
- 2 Based on best estimate of expected payout for fiscal year 2018/19 (accrual principle).
- 3 Including social security and pension contributions.
- 4 Number of shares granted in relation to the fiscal year 2018/19; 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 and for ROIC and mid term plan dependent performance shares, this is the share price at grant date. For share price dependent performance share units the fair value is established based on a valuation performed by external experts applying the "Monte Carlo simulation" method. In all cases, the net present value of expected dividends that will not be received by the plan participant during the vesting period is excluded.

## Remuneration Report

### *Comments on the remuneration tables*

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

- The changes in the composition of the Executive Committee, increasing the number of members from nine to ten: Olivier Delaunay was appointed Chief Operations Officer on September 1, 2019, replacing Dirk Poelman who retired from the Company; Andrew Fleming and Rogier van Sligter were appointed Co-Presidents EMEA on May 1, 2020, succeeding Massimo Garavaglia who left the Company.
- For the other members of the Executive Committee, the individual fixed remuneration and target STI remained unchanged versus previous year except for two members who received a moderate salary increase.
- The LTI grant values decreased compared to previous year; the awards granted last year included an exceptional fourth tranche of PSU that has not been renewed this year (please refer to the Remuneration Report 2018/19 for further details on the exceptional PSU tranche).
- The overall payout under the STIP was lower than in the previous year. The original targets remained unchanged and were not adjusted for COVID-19 implications. The performance in the fiscal year was heavily influenced by the pandemic: With a volume decrease to 2.1 million tonnes (-2.0%), an operating profit (EBIT, recurring) of CHF 491million (-13.8% in local currencies), a strong Free cash flow of CHF 317 million and overall 58% of raw materials sourced sustainably, the Group targets have not been reached. The STI payouts amount to 89.0% of the target for the CEO and range between 75.2% and 109.6% of the target for the other current members of the Executive Committee.
- Consequently, the ratio of fixed versus variable remuneration amounts to 30.1% versus 69.9% for the CEO, and 27.0% versus 73.0% in average for the other current members of the Executive Committee.

The PSU granted under the LTIP in 2017 vested at the end of the reporting year. Under the plan rules of the 2017 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 increased by 38.8% during the plan period which ranks Barry Callebaut as number 2 among twelve companies and translates into a vesting level of 260%. The vesting of the other half of PSU related to the ROIC target translated into a vesting level of 120%. The aggregate vesting level of the PSUs related to the grants in FY 2017/18 thus amounts to 190%.

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 2018 prospectively for fiscal year 2019/20. Accordingly, the fixed remuneration of CHF 5,561,083 effectively paid is within the approved limits. The aggregate remuneration amount for the variable compensation for fiscal year 2019/20 will be submitted to shareholders' vote at the upcoming Annual General Meeting of Shareholders in December 2020.

During fiscal year 2019/20, no compensation was paid to parties closely related to members or former members of the Executive Committee.

During fiscal year 2019/20, 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, 2020, there were no outstanding loans or credits to members of the Executive Committee, to former members nor to related parties.



## Remuneration Report

### Shareholdings of the Board of Directors and the Executive Committee

#### Shareholdings of the Board of Directors

Number of shares as of August 31,		2020	2019
Name	Function		
Patrick De Maeseneire	Chairman	1,750	1,250
Markus R. Neuhaus	Vice Chairman; Chairman of the AFRQCC	256	–
Fernando Aguirre	Member of the NCC	820	640
Jakob Baer	Vice Chairman and Chairman of the AFRQCC (until December 11, 2019)	n/a	1,580
Suja Chandrasekaran	Member of the NCC	180	–
Nicolas Jacobs <sup>1</sup>	Member of the AFRQCC	18,426	33,246
Elio Leoni Sceti	Member of the NCC	360	180
Timothy Minges	Chairman of the NCC; member of the AFRQCC	1,215	1,035
Juergen Steinemann	Member of the NCC (until December 11, 2019)	n/a	13,505
Angela Wei Dong	Member of the AFRQCC	180	–
<b>Total shares held by Board of Directors</b>		<b>23,187</b>	<b>51,436</b>

1 Excluding the 40.1% participation held by Jacobs Holding AG (see Note 3.4 to the Financial Statements of Barry Callebaut AG).

#### Shareholdings of the Executive Committee

Number of shares as of August 31,		2020	2019
Name	Function		
Antoine de Saint-Affrique	Chief Executive Officer	5,394	3,385
Peter Boone	CEO & President Americas	100	300
Ben De Schryver	President APAC	150	33
Olivier Delaunay	Chief Operations Officer (as from September 1, 2019)	144	n/a
Isabelle Esser	Chief Human Resources Officer	29	n/a
Andrew Fleming	Co-President EMEA (as from May 1, 2020)	163	–
Massimo Garavaglia	President EMEA (until April 30, 2020)	n/a	2,500
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet	311	311
Dirk Poelman	Chief Operations Officer (until August 31, 2019)	n/a	2,028
Steven Retzlaff	President Global Cocoa	2,054	2,000
Remco Steenberg	Chief Financial Officer	437	281
Rogier van Sligter	Co-President EMEA (as from May 1, 2020)	–	n/a
<b>Total shares held by Executive Committee</b>		<b>8,782</b>	<b>10,838</b>



# Report of the Statutory Auditor

To the General Meeting of Barry Callebaut AG, Zurich

We have audited the accompanying remuneration report dated 9 November 2020 of Barry Callebaut AG for the year ended 31 August 2020. 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 168 to 180 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 2020 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

Regula Tobler  
Licensed Audit Expert

Zurich, 9 November 2020