

GRI Report 2019/20

MATERIAL ISSUES – GRI STANDARDS MAPPING

Barry Callebaut AG's 2019/2020 GRI Index is based on the Global Reporting Initiative (GRI) Standards. GRI is the world's leading standard for corporate sustainability reporting (www.globalreporting.org). Through this GRI Index, together with the Forever Chocolate Progress Report and the Annual Report 2019/2020, Barry Callebaut reports in accordance with the Core option of the GRI Standards.

All material standards and indicators discussed are reported as fully as the available data allow.

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Relevant GRI Standard(s)

CHILD LABOR	408: Child Labor 412: Human Rights Assessment 414: Supplier Social Assessment
FORCED LABOR	409: Forced Labor 412: Human Rights Assessment
POVERTY	203: Indirect Economic Impact 413: Local Communities
FARMER INCOME	203: Indirect Economic Impact 413: Local Communities
LOW YIELDS	203: Indirect Economic Impact
FUTURE COCOA SUPPLY	201: Economic Performance 203: Indirect Economic Impact 304: Biodiversity
TRACEABILITY	308: Supplier Environmental Assessment 414: Supplier Social Assessment
HEALTH & SAFETY	403: Occupational Health and Safety 414: Supplier Social Assessment
TALENT	404: Training and Education 405: Diversity and Equal Opportunity
EMPLOYEE ENGAGEMENT	401: Employment
CLIMATE CHANGE	302: Energy 305: Emissions
DEFORESTATION	304: Biodiversity 308: Supplier Environmental Assessment
CO₂ EMISSIONS	302: Energy 305: Emissions
AIR POLLUTION	305: Emissions
SOIL DEGRADATION	304: Biodiversity
WATER	303: Water
COMPLIANCE	205: Anti-Corruption 206: Anti-Competitive Behavior 307: Environmental Compliance 410: Security Practices 415: Public Policy 419: Socio-Economic Compliance

GRI 102: GENERAL DISCLOSURES

Organizational Profile

Disclosure number	Disclosure title	Answer
102-1	Name of the organization	Barry Callebaut AG
102-2	Activities, brands, products, and services	Barry Callebaut is the world's leading supplier of high-quality chocolate and cocoa products, with more than 12,335 employees operating out of more than 40 countries. Its main brands are: Barry Callebaut, Callebaut, Cacao Barry and Carma. For further information: https://www.barry-callebaut.com/en/brands
102-3	Location of headquarters	Barry Callebaut AG, West-Park, Pfingstweidstrasse 60, 8005 Zurich, Switzerland
102-4	Location of operations	https://www.barry-callebaut.com/en/contact
102-5	Nature of ownership and legal form	Barry Callebaut AG ("The Company") was incorporated on December 13, 1994, under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2020, Barry Callebaut's market capitalization based on issued shares was CHF 10,977.7 million (August 31, 2019: CHF 11,109.4 million). The Group's ultimate parent is Jacobs Holding AG, which holds 40% of the shares issued (August 31, 2019: 50.11%).
102-6	Markets served	Barry Callebaut offers its products in 143 countries across the following regions: Europe, Americas, Asia Pacific. The company serves clients in the Food & Beverage industry. Barry Callebaut serves the entire industry, from food manufacturers to artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers; the Company also supplies products for vending machines.
102-7	Scale of the organization	As of August 31, 2020, the total number of employees was 12,335 and Barry Callebaut operated 61 factories. The annual sales in fiscal year 2019/20 (ended August 31, 2020), amounted to CHF 6.9 billion. Barry Callebaut's market capitalization based on issued shares was CHF 10,977.7 million (August 31, 2019: CHF 11,109.4 million) and the debt to equity ratio was 58%. Sales volume in the fiscal year 2019/20 declined by -2.0% to 2,095,982 tonnes as a result of the COVID-19 pandemic.
102-8	Information on employees and other workers	At the end of the fiscal year 2019/20, Barry Callebaut had 12,335 employees. The Company had: 3,501 permanent and 167 temporary female employees; 8,412 permanent and 252 temporary male employees, 3 employees without gender identification. Employees in EMEA: 5,288 permanent and 258 temporary; Americas: 3,433 permanent and 45 temporary; Asia: 1,798 permanent and 67 temporary; Africa: 1,397 permanent and 49 temporary; 3,295 full-time and 373 part-time female employees; 8,478 full-time and 186 part-time male employees; 3 full-time employees without gender identification. The following type of workers perform organization activities: Consultants, Agency Temps, Members of the Board of Directors, Contractors, Trainees, Volunteers / Students. Information on employees is collected in Barry Callebaut's internal HR system (Global HRIS System Success Factors). As from September 2018, we collect granular data on employees in the Barry Callebaut training and education center Marbach. At the end of FY19/20, we had 44 employees assigned to the Marbach Training Center Subdepartment.
102-9	Supply chain	Barry Callebaut is fully vertically integrated along the entire value chain. The Company sources cocoa directly from smallholder farmers in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil as well as from third-party suppliers from the main cocoa-producing countries. Cocoa beans and chocolate are processed or produced in 61 factories operated directly by Barry Callebaut. Its main brands are Barry, Barry Callebaut, Bensdorp, Callebaut, Cacao Barry, Carma, Caprimo, Chocovic, La Morella Nuts, Le Royal, Mona Lisa, SICAO, Van Leer, Van Houten Professional and Van Houten Drinks.
102-10	Significant changes to the organization and its supply chain	In the fiscal year 2018/19, the significant changes to the organization's size and structure include the following: <ul style="list-style-type: none"> – Groundbreaking for first chocolate factory in Southeastern Europe, in Novi Sad, Serbia. – Acquisition of GKC Foods (Australia), a producer of chocolate, coatings and fillings (completed July 2020). – Long-term outsourcing agreement to supply a leading Australian snacking company with 100% sustainable chocolate. – Added a fourth production line to the Senoko plant in Singapore. – Inaugurated the revamped CHOCOLATE ACADEMY™ in Banbury, UK, as part of the Group's growth strategy. – Laid the first stone for the construction of a cocoa sourcing facility in Duran, Ecuador, underlining our strategic efforts to grow in Ecuador, the world's third-largest and fast-growing cocoa-producing country.
102-11	Precautionary principles or approach	Barry Callebaut considered the following references in development of the HACCP (Hazard Analysis and Critical Control Point) principles: Guidance on Food Allergen Management for Food Manufacturers Food Drink Europe (2013), Global Standard for Food Safety: Guidelines for Allergen Management (2014), FARRP – International Regulatory Chart (2015), European Food Safety Authority, FAO/WHO Food Standards. Codex Alimentarius. General Standard for the Labelling of Prepackaged Foods (1991), Guidance on Allergen Management and Consumer Information. Best Practice Guidance on Managing Food Allergens with Particular Reference to Avoiding Cross-Contamination and Using Appropriate Advisory Labelling, FSA (2006).
102-12	External initiatives	Among the main external initiatives which Barry Callebaut endorses and supports are: the Dutch Sustainable Trade Initiative (IDH), The German Development Finance Institution (DEG), Fairtrade, ILO Impact Insurance Facility, International Cocoa Initiative, International Finance Corporation (IFC), Jacobs Foundation, Livelihoods Fund for Family Farming, Mastercard Fund for Rural Prosperity, Opportunity International, One Planet Business for Biodiversity (OP2B), Rainforest Alliance, The Sustainable Agriculture Initiative Platform, United Nations Global Compact, UTZ Digital ICS, World Business Council for Sustainable Development (WBCSD) and the International Cocoa Initiative (ICI).

Disclosure number	Disclosure title	Answer
102-13	Membership in associations	<p>Cocoa relevant ABICAB, AIDEPIT, AIPC, Alliance7, Amcham, Ania, Aschoko/Confimex, BDSI, BLL & BVE, Belgian Confectionary Association (Choprabisco), Biscosuise, Bundesverband der Deutschen Süßwarenindustrie, China National Candy Association, Chocolate and Cocoa Association of Japan, Chocosuisse, Cocoa Association of Asia, Cocoa Merchants Association of America (CMAA), EFOSZ, European Cocoa Association (ECA), European Confectionary Association (Caobisco), Federalimentare, FAARP, Federation of Malaysian Manufacturers, FEVIA, FDP, FIAL, FNL, GAPMM Indonesia, Hunbisco, Index Nuovo León, International Cocoa Initiative, International Cocoa Organization, INC International Nut and Dried Food, Indonesia Cocoa Association, Malaysia Cocoa Board, National Confectioners Association, NCA, Polbisco, Produlce, SGLH, Singapore Manufacturing Federation, SVLQ, SVG, VBZ, Unione Ind. LI VCO, World Cocoa Foundation.</p> <p>Non-cocoa relevant Bonsucro, Coalition for Sustainable Livelihoods, AIM-Progress, Sustainable Vanilla Initiative, Roundtable on Sustainable Palm Oil (RSPO), Roundtable on Sustainable Coconut and Coconut Oil, Palm Oil Innovation Group (POIG), Sustainable Agriculture Initiative Platform (SAI), ProTerra Foundation and Stakeholder Council, Supplier Ethical Data Exchange (Sedex), Cool Farm Alliance, Palm Oil Network Switzerland, ASACAM, North American Sustainable Palm Oil Network (NASPON), China Alliance for Sustainable Palm Oil, High Carbon Stock Approach (HSCA)</p> <p>Industry World Business Council on Sustainable Development (WBCSD)</p>

Strategy

102-14	Statement from senior decision-maker	<p>Message from the CEO It is with great pleasure that I present to you our fourth Forever Chocolate Progress Report. We launched Forever Chocolate in 2016, and we have made since then great progress on our plan to make sustainable chocolate the norm by 2025. Now, more than ever, companies should invest in sustainable supply chains.</p> <p>Despite the challenges of COVID-19 in 2019/20, thanks to the early adoption of precautionary measures and the dedication and teamwork of our employees, we continued to implement innovative projects. Our global Gourmet brands are now all sourcing 100% sustainable cocoa! By publicly disclosing our direct cocoa suppliers in Côte d'Ivoire, Ghana and Cameroon, we have reached a new milestone in providing even greater transparency and traceability in our cocoa supply chain. We managed to reduce our corporate CO₂ equivalent (CO₂e) footprint by -8.1%, and we trained close to 95,000 cocoa farmers on child labor awareness. Whereas a lot remains to be done, these are some of the data points illustrating our tangible impact.</p> <p>In addition to the impact we are generating in our operations, we are partnering for change! We called, together with other companies and NGOs, on the European Union to introduce legislation on all companies that place cocoa or cocoa products on the EU market. We created together with Quantis the first carbon footprint assessment tool for cocoa farming, available for everyone who wants to use it. And we go beyond cocoa. In the past fiscal year, we took the lead in developing the sustainable coconut charter.</p> <p>I am very proud that Forever Chocolate ranked #2 out of 182 assessed food and beverage companies in the annual Sustainalytics assessment. Our second consecutive top ranking.</p> <p>We dedicated the past fiscal year to also capture our learnings and to critically assess whether our approach behind Forever Chocolate continues to be fit for purpose to help us achieve our targets. Based on this, we have updated some of our KPIs, in order to ensure that our efforts continue to drive systemic change.</p> <p>I would like to thank our 12,000 employees, whose dedication and passion has made our progress possible. You are warmly invited to join the Forever Chocolate movement. Together we can make sustainable chocolate the norm.</p> <p>Antoine de Saint-Affrique CEO of Barry Callebaut</p>
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Ethics and Integrity

102-16	Values, principles, standards, and norms of behavior	<p>Barry Callebaut values are customer focus, entrepreneurship, team spirit, passion, and integrity. The Barry Callebaut Code of Conduct reflects these values and their belief that the best working environment is one built on mutual respect and trust.</p> <p>Barry Callebaut developed its Code of Conduct in 2002 (updates in 2011, 2013 and 2016). The document was approved by the Executive Committee and signed by the CEO. The Chairman of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is informed about compliance cases and completion of training by Executive Committee members. The importance of this document and its implementation is amplified by the fact that the Chief HR Officer is a member of the AFRQCC.</p> <p>All employees of Barry Callebaut sign the Code of Conduct; the document is available in 9 languages on the website. Barry Callebaut's business partners receive the Supplier Code. The Supplier Code includes a reference to their values.</p>
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Governance

Disclosure number	Disclosure title	Answer
102-18	Governance structure	<p>As of November 2, 2016, the Barry Callebaut Group is organized into different regions: EMEA (Europe, Middle East, Africa), Americas and Asia Pacific. The globally managed Global Cocoa is, like a Region, reported as a separate segment. Barry Callebaut's business can also be separated into three different Product Groups: Food Manufacturers Products, Gourmet & Specialties Products, and Cocoa Products.</p> <p>Committees of the highest governance body include the Board of Directors; the Audit, Finance, Risk, Quality & Compliance Committee; the Nomination & Compensation Committee; and the Internal Audit.</p> <p>The sustainability agenda is strongly driven by Barry Callebaut's top management. The cross-functional Sustainability Steering Committee is chaired by the CEO and includes all members of the Executive Committee and top managers of Barry Callebaut. The Committee meets quarterly to review sustainability strategy and progress.</p>

Stakeholder Engagement

102-40	List of stakeholder groups	Barry Callebaut is a vertically integrated company and therefore its stakeholders include all parties along the cocoa value and supply chain: farmers, suppliers, governments and donors. Besides the customers, the other major stakeholder groups are employees, investors, media, industry associations / platforms, governments and NGOs.
102-42	Identifying and selecting stakeholders	Barry Callebaut engages with all identified stakeholder groups to drive a shared vision for the future of the cocoa industry and at the same time to respond to challenges shared with the identified stakeholder groups.
102-43	Stakeholder engagement	<p>In 2015, Barry Callebaut identified issues material for the sustainability of its business and the context in which the Company operates. An updated materiality assessment was conducted through an online survey in spring 2018. The survey was sent to both internal and external stakeholders and responses from the following stakeholder groups were received and taken into consideration: employees, investors, NGOs, customers, suppliers, industry platforms, donors, implementing partners, analysts, IGOs and others.</p> <p>Barry Callebaut maintains a regular dialog with stakeholders through both participation in external activities (like workshops and conferences) as well as through organization of own internal activities (such as feedback sessions).</p>
102-44	Key topics and concerns raised	<p>Together with the stakeholders, a number of topics were identified in 2015 and re-confirmed in 2018:</p> <p>Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance, child labor, climate change and greenhouse gas emissions, forest restoration and biodiversity and supply chain traceability. All of the topics are addressed by Barry Callebaut's Forever Chocolate Strategy and its ambitious targets: Eradicate child labor from Barry Callebaut's supply chain; Lift more than 500,000 farmers out of poverty; Become carbon- and forest-positive; Have 100% sustainable ingredients in all of Barry Callebaut's products.</p>

Reporting Practice

102-45	Entities included in the consolidated financial statements	See Annual (Financial) Report 2019/20: https://www.barry-callebaut.com/sites/default/files/2020-11/Barry_Callebaut_Annual_Report_2019-20_2.pdf
102-46	Defining report content and topic boundaries	<p>This report represents a holistic materiality universe and sustainability issues that are at the core of the food and beverage industry. Barry Callebaut aims for continuous and transparent reporting on its sustainability activities and achievements. To further enhance and improve the monitoring and evaluation of its activities, annual sustainability results are verified by an external third party.</p> <p>The Company engaged all stakeholder groups to contribute to its materiality matrix. The materiality matrix therefore represents a set of topics relevant for the entire stakeholder universe of Barry Callebaut.</p> <p>Barry Callebaut takes into consideration its size and reach. With operations in more than 40 countries and more than 12,000 employees, Barry Callebaut is a major player in the cocoa and chocolate industry. With operations to source cocoa across the globe, while growing our direct sourcing capacity, Barry Callebaut's presence in cocoa origin producing countries enables us to source the largest volume of cocoa, and sustainable cocoa, in the world. Our non-cocoa ingredients are sourced from third-party suppliers who we are actively engaging on sustainability issues. This includes both structured engagements such as our Vision Dairy charter as well as project work on a variety of ingredients, including for example cane sugar. Furthermore, we are collaborating with one of our suppliers on a project in Madagascar to work directly with vanilla farmers and their communities. The project has now scaled to cover significant volumes of our standard vanilla reference.</p>
102-47	List of material topics	<p>The following topics were identified through a rigorous materiality assessment process: Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance, child labor, climate change and greenhouse gas emissions, forest restoration and biodiversity, and supply chain traceability.</p> <p>Compliance, health and safety, talent and diversity and employee engagement are topics not directly identified in Barry Callebaut's materiality matrix. They are nevertheless included in the GRI Report to paint a full picture of the sustainability activities. They co-define how Barry Callebaut lives its corporate values, serves customers, and honors its commitments.</p>
102-48	Restatements of information	None
102-49	Changes in reporting	None

Disclosure number	Disclosure title	Answer
102-50	Reporting period	September 1, 2019–August 31, 2020
102-51	Date of most recent report	GRI Report 2018/19 (December 2019) Annual Report (November 2020)
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Taryn Ridley, External Affairs Manager Phone: +41 43 204 03 76 Email: taryn_ridley@barry-callebaut.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	See individual GRI Disclosures
102-56	External assurance	An assurance report and statement is publicly available online via www.barry-callebaut.com The auditing partner, PwC UK, audited the Forever Chocolate Progress Report 2019/20.

GRI 103: MANAGEMENT APPROACH

Management Approach

103-1	Explanation of the material topic and its boundary	<p>Child labor The major child labor risk appears at the smallholder farm level. As a direct result of cocoa farmer poverty, it is estimated that there are more than 2 million children working on cocoa farms in Côte d'Ivoire and Ghana alone. Despite investments in education and growing awareness over the past years, and despite higher school attendance, the cocoa industry and cocoa origin countries have not succeeded in structurally eradicating child labor. Barry Callebaut manages child labor (or human rights violations) in its own operations. The risk is much lower in factory production as it is regulated both by laws and by internal means.</p> <p>Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance As a result of low yields due to poor farming practices, aging trees and limited access to inputs such as fertilizer and planting materials, the average cocoa farmer's income is below the World Bank's extreme poverty line of USD 1.90/day. Such low income makes it impossible for farmers to invest in their farms, or to hire staff to work the fields. Barry Callebaut works with farmers across major cocoa-producing regions to ensure the future of cocoa supply and improve their livelihoods. Barry Callebaut provides a variety of farm services to farmers and works on topics such as income diversification. The Company is also working towards ensuring traceability of its Cocoa Horizons product and partners with third-party certifications such as UTZ, Rainforest Alliance or Fair Trade.</p> <p>Climate change, greenhouse gas emissions, forest restoration and biodiversity Deforestation is one of the biggest causes of global warming. It emits carbon dioxide into the atmosphere through the "slash and burn" method for clearing forests, and at the same time reduces the number of trees that can absorb carbon dioxide. Further down, considerable amounts of CO₂ emissions are emitted through chocolate production itself. Therefore, Barry Callebaut has a holistic approach towards managing its CO₂ footprint and understanding the impacts of climate change.</p> <p>Talent, diversity, employee engagement and health and safety Attracting the best talents from across the world is the basis for Barry Callebaut's growth and prosperity. The Company offers a safe, engaging and collaborative workplace for its people, as well as the development and career growth opportunities they require to deploy their full potential. Barry Callebaut is fully committed to a working environment where business is conducted with integrity and in a manner where employees feel fully engaged, supported, and safe from injuries.</p>
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Disclosure number	Disclosure title	Answer
103-2	<p>The management approach and its components</p>	<p>In order to deliver on its Forever Chocolate targets, Barry Callebaut set up a program structure to ensure focus and alignment around the activities it needs to perform. The Forever Chocolate program is supported by the full Executive Committee, who sit in the steering committee together with key stakeholders. Barry Callebaut’s Chief Sustainability Officer is an Executive Committee member who sponsors the program, with managerial leadership by the VP, Head of Sustainability.</p> <p>The program has been structured around the four pillars of Forever Chocolate: Zero child labor (Eradicate child labor from the supply chain), Prospering farmers (Lift 500,000 farmers out of poverty), Thriving nature (Be carbon- and forest-positive) and Sustainable chocolate (100% sustainable ingredients in all Barry Callebaut products). Each of these pillars is led by a business expert with deep knowledge of the topic, and a project manager to drive and steer the different projects and programs. The program has dedicated resources responsible for strategic planning, implementation and for the review process.</p> <p>Child Labor Barry Callebaut aims to have zero children involved in hazardous labor in its supply chain by 2025. This is measured by the number of child labor cases identified and remediated in its supply chain. Tackling poverty is a long-term solution to child labor, but in the short term the Company puts in place solid monitoring and remediation systems and will implement a community approach to tackling child labor, in order to identify and forever eliminate child labor. In addition, Barry Callebaut needs to work with governments, community leaders and the development community in origin countries to enforce existing laws and regulations against child labor, to provide an adequate school infrastructure, ensuring school attendance and availability of financial support so cocoa farmer families can send children to school. The Company also supports awareness-raising and a change in perceptions in the communities themselves. In addition to that, child labor monitoring and remediation activities are implemented together with the International Cocoa Initiative. Also, Barry Callebaut aims to identify and implement new methodologies and ensure the right enabling environment.</p> <p>Prospering Farmers (farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance) Barry Callebaut is committed to tackling farmer poverty by empowering farmers to earn a better income through access to training, coaching, financing and planting material. The Company works intensively with governments in origin countries and donors to create an enabling environment for sustainable rejuvenation of cocoa farms. Barry Callebaut committed itself to lifting 500,000 farmers out of poverty by 2025. This is measured against the International Poverty Line definition of extreme poverty of USD 1.90/day threshold for extreme poverty. The Company is on a journey of setting up robust farm services, developing most effective R&D to get farmers out of poverty, assessing macroeconomic impacts and providing best-in-class farmer finance investment products.</p> <p>Thriving Nature (Climate change, greenhouse gas emissions, forest restoration and biodiversity) Barry Callebaut aims to be carbon- and forest-positive by 2025. The Company measures this primarily by its full organizational carbon footprint – that is, the carbon footprint from farm to customer and number of hectares of forest and cocoa farming land regenerated. Barry Callebaut engages in initiatives to reduce the carbon footprint in its factories and transportation. Furthermore, the Company is reducing the carbon footprint of its cocoa and non-cocoa ingredients by developing agro-forestry and carbon sequestration projects.</p> <p>Sustainable Chocolate (traceability) The goal is to have 100% sustainable ingredients in all of Barry Callebaut products by 2025. Here, the strategy is to source sustainable cocoa and non-cocoa ingredients which align with existing sustainability standards and ensure an effective supply chain management. Barry Callebaut engages with its suppliers in a continuous dialog to drive positive change in the cocoa and chocolate industry. For this purpose, the Company has further developed ingredient-specific sustainable sourcing policies which integrate its material topics and address the most pressing sustainability issues per ingredient.</p> <p>Talent, diversity, employee engagement and health and safety The Talent Management Process helps employees to focus on – and prepare for – the next step in their career. Barry Callebaut supports employees at every stage of their career with services, programs and benefits. As a company with operations in developing economies, Barry Callebaut understands the importance of assisting their employees locally, based on their specific needs. In cocoa-growing countries, the Company aims to offer programs which provide a broad range of services, including medical care, housing and education.</p>
103-3	<p>Evaluation of the management approach</p>	<p>Barry Callebaut runs a range of projects and activities. Results and progress of these projects are being reviewed on a quarterly basis by the Executive Committee members who provide feedback and guidance. Results feed into improvement of the projects and contribute to continuous learning about how to create the highest possible impact. In addition to the internal Executive Committee guidance and feedback, Barry Callebaut works with external experts (such as the University of Wageningen, Netherlands) to improve its sustainability performance and to strengthen the industry movement towards sustainable chocolate production. Barry Callebaut also has an external sustainability advisory council consisting of a senior team of external experts who annually evaluate and challenge the Company’s progress. In 2019/20, Barry Callebaut further enhanced the functionality and size of its Katchilè database system to strengthen its monitoring and evaluation-driven approach to deploying any sustainability activity.</p>

Economic Performance

Disclosure number	Disclosure title	Answer
201-1	Direct economic value generated and distributed	<p>Direct economic value generated and distributed (EVG&D) in thousands of CHF: Economic value generated: CHF 7,309,036</p> <p>Economic value distributed Cost of goods sold: CHF (5,829,445); Marketing and sales expenses: CHF (140,773); General and administration expenses: CHF (416,465); Other expenses/income (net): CHF (23,301); Net finance expense: CHF (109,425); Income tax expenses: CHF (69,211)</p> <p>Net profit attributable to: Shareholders of Barry Callebaut AG: CHF 316,054 Non-controlling interest: CHF (4,560)</p> <p>Economic value retained: CHF 311,494</p>
201-2	Financial implications and other risks and opportunities due to climate change	<p>The business of Barry Callebaut depends primarily on the availability of key raw materials such as cocoa, sugar and dairy. Events such as changes in temperatures, poor weather conditions, etc. can negatively impact the availability and price of these raw materials and affect the business (e.g. crop yields). The risk is physical in nature. Climate change has a severe impact on the world in general and agricultural regions in particular. Droughts mean that farmers can no longer rely on the rainfall that's crucial to farming. And on top of all of this, deforestation leads to soil degradation, accelerating the downward spiral. If industry does not commit to reducing its carbon footprint and achieve zero net deforestation in its supply chain, the ecosystem that provides chocolate ingredients will rapidly erode. Barry Callebaut engages in activities to support their farmers in adopting climate-friendly practices through farmer services, in replanting projects and awareness-raising activities (see Indicator 203-2).</p>

Indirect Economic Impact

Disclosure number	Disclosure title	Answer
203-2	Significant indirect economic impacts	<p>Barry Callebaut can only lift cocoa farmers out of poverty if it pursues nothing less than systemic change in cocoa farming. Systemic change means cocoa farming that is prospering and self-sustaining. The first step in achieving systemic change is to understand the specificities and needs in order to enable each cocoa farm in their global supply chain to be self-sustaining. This is why in 2019/20, the Company continued creating farmer data sets that map, amongst other things, the size of a farm, its soil quality, its productivity, as well as the household it has to support. So far, 277,556 cocoa farms of active farmers in the supply chain this season were mapped in Barry Callebaut's Katchile database, and this number will increase to half a million by 2025. This database gives the unprecedented capability to design tailor-made Farm Business Plans for participating cocoa farmers (41,176 farmers benefiting in 2019/20). In addition, the Company needs to understand what self-sustaining cocoa farming looks like in the major cocoa-growing countries. This is why in 2019/20, Barry Callebaut continued pilot projects in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia. These pilot projects are testing the effectiveness of productivity packages, which include measuring the impact of proper pruning techniques, fertilizer packages, designing the diversification of farm income through introduction of alternate crop packages to farmers, and giving the farmers access to innovative financial instruments. Wageningen University & Research, the world's leading agricultural university, will assess the effectiveness of their interventions in these pilots. Also, the Company distributed over 2.1 million young cocoa seedlings for replanting and around 1.6 million shade trees.</p> <p>Cocoa Horizons, as an impact-driven sustainability program, ensures that activities are focused on relevant areas and implemented efficiently. In 2019/20, premiums from the purchase of HORIZONS products generated CHF 17.7 million and the program reached more than 150,000 farmers. Farmers participating in Cocoa Horizons have access to coaching, access to a Farmer Business Plan, are offered access to financial services and farm services, and are supported with income diversification activities and women empowerment programs. All of the above will ensure that cocoa farming again becomes a profitable business.</p> <p>A sustainable cocoa supply chain can only be achieved with the support from public authorities. Without public intervention, company initiatives will progress much slower on making structural impact outside of their direct supply chains. Fundamental policy reform at origin country level is required in terms of mandating traceability for the entire cocoa supply chain, good land and forest governance, law enforcement and agricultural policy, and access to education, among others. In addition, major cocoa importing regions, notably the European Union (EU) and the United States (US), have the ability to drive change in the cocoa sector, and a clear duty and opportunity to take responsibility and demonstrate leadership, including through legislative action and in partnership with the governments of cocoa-producing countries, to address these issues.</p> <p>For this reason, in December 2019, Barry Callebaut partnered with other companies and NGOs, to call on the European Union to introduce regulation placing a due diligence obligation on all companies that place cocoa or cocoa products on the EU market. Furthermore, Barry Callebaut supported the announcement by the Ivorian and Ghanaian governments to implement a Living Income Differential (LID) of USD 400 per tonne of cocoa beans, effective as of the 2020/21 crop. We support this public intervention to support cocoa farmer incomes through the implementation of the LID. We have included the LID in our normal buying pattern and will continue to do so, working closely with the regulators of the two countries.</p> <p>In 2019/20, 71,972 farmers (+56%) in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia participated in the Farm Services business, and received coaching and other inputs such as tools and seedlings or support to access finance. The Company supported cocoa farmers in replanting their older cocoa farms with young cocoa trees, as well as other crops that provide shade, and helped cocoa farmers diversify their income. It has been a challenge to establish a causal relationship between farmers with access to farm services and the productivity per hectare for these farmers. This is due to the difficulty in excluding other external factors which can positively and negatively affect farmer productivity, i.e. weather conditions. We have therefore decided also in this fiscal year to refrain from reporting on this KPI for 2019/20. We will use the next fiscal year to review the methodology for this KPI.</p> <p>Based on the International Poverty Line threshold of USD 1.90/day, Barry Callebaut estimates as a baseline that in 2019/20, 143,233 active cocoa farmers in their supply chain are out of poverty. For comparison reasons, the fiscal year 2018/19 baseline measurement of the number of cocoa farmers in their supply chain out of poverty has been restated to 104,645 to reflect a revised methodology which focuses on farmers active in their supply chain within the current fiscal year.</p>

Anti-Corruption

Disclosure number	Disclosure title	Answer
205-1	Operations assessed for risks related to corruption	Total number and percentage of Barry Callebaut operations assessed for risks related to corruption was 94 (100%). Significant bribery and corruption risks are mainly present in certain geographies. The risks are defined as follows: (1) Public corruption & bribery – bribes: Risk of public bribery schemes (payments to foreign public officials) done within the Barry Callebaut Group to obtain or retain business or an advantage in the conduct of business; public bribery, if discovered and investigated by authorities, may result in severe reputational harm through negative publicity and significant fines and costs (e.g. due to violation of FCPA or UK Bribery Act); risk primarily present in emerging markets in the areas of import/export, customs, entering new markets/countries and licenses/permits. (2) Public corruption & bribery – facilitation payment: Payment of typically low amounts to foreign officials (e.g. speed money), which are assessed as a lower risk. (3) Private corruption & bribery through kickback schemes, offers, promises and gifts: Risk that employees receive bribes through kickback schemes with various suppliers; risk primarily applicable to purchasing managers.
205-2	Communication and training about anti-corruption policies and procedures	<p>Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to and that have received training on anti-corruption: 18 of 18 (100%, all Europe).</p> <p>Total number of new employees and employees changed their roles that the organization's anti-corruption policies and procedures have been communicated to: 5,524 employees of the white-collar employees: 561 in Africa; 1,286 in Americas; 807 in Asia Pacific; 2,870 in Europe. E-learning is renewed every 2 years.</p> <p>Total number of new employees that have received training on anti-corruption: 2025 of the white-collar employees: 237 in Africa; 519 in Americas; 315 in Asia Pacific; 954 in Europe.</p> <p>At the moment, Barry Callebaut does not collect information on the business partners that the organization's anti-corruption policies and procedures have been communicated to.</p>
205-3	Confirmed incidents of corruption and actions taken	Barry Callebaut investigated 19 cases of corruption leading to 9 confirmed incidents in the fiscal year 2019/20. There were 2 cases where employees were disciplined or dismissed and 3 incidents where a contract was terminated or not renewed. There were 0 public legal cases brought against the Company or its employees (insolvency claim).
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There are/were 0 cases of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which Barry Callebaut has been identified as a litigant.

GRI 300: ENVIRONMENTAL STANDARDS

Energy

302-1	Energy consumption within the organization	<p>The total fuel consumption from non-renewable sources was 4,116,442 kWh and the total gas consumption was 568,811,501 kWh within Barry Callebaut's production. Total fuel consumption from renewable sources: 574,539,083 kWh.</p> <p>Total electricity consumption: 286,158,232 kWh; Heating and cooling consumption: 0 kWh; Steam consumption: 14,081,326 kWh; Total electricity, heating, cooling and steam sold: 0 kWh; Total energy consumption: 1,447,693,048 kWh (decrease of 0.5%). In 2009, Barry Callebaut rolled out a new corporate energy system which is continuously revised and company's sites are onboarded with an average implementation rate of 4–5 new sites per fiscal year.</p>
302-3	Energy intensity	Energy intensity ratio per ton of activity is 280 kWh (static). Energy consumption includes electricity, gas, fuel, steam, and renewable energy. The energy ratio is based on energy consumption within the organization.

Water

303-1	Water withdrawal by source	Total volume of water withdrawn was 2.2 mln m ³ from municipal water supplies, artesian wells and other public or private water utilities. Barry Callebaut is working on an integrated strategic water management approach. This will allow it to report on water withdrawal per source in the future.
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Biodiversity

304-3	Habitats protected or restored	In 2019/20, Barry Callebaut mapped 277,556 active cocoa farms in its Katchilè database, to understand whether these farmers are located close to protected forest areas and therefore at risk of sourcing cocoa from protected forest areas.
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Emissions

Disclosure number	Disclosure title	Answer
305-5	Reduction of GHG emissions	<p>The carbon footprint of Barry Callebaut's supply chain from farm to customer was 7.8 million tonnes CO₂e. This is a decrease of 8.13%. The Company's CO₂e intensity per tonne of average products slightly decreased from 3.88 tonnes to 3.65.</p> <p>Optimizing carbon footprint constitutes a mix of minimizing the carbon footprint of Barry Callebaut's factories, the carbon footprint of the energy used for the production of products, as well as the carbon footprint of transport activities and non-cocoa ingredients. For example, 23 of the 61 factories (38%) are powered by renewable energy.</p> <p>In order to become forest-positive, Barry Callebaut first of all needs to become deforestation-free. This requires working with sustainability certifications and standards – including Barry Callebaut's own sustainability program Cocoa Horizons – to develop systems that allow for credible proof of the deforestation-free claim. By the end of 2019/20, Barry Callebaut has mapped 277,556 active cocoa farms in its Katchilè database, to understand whether these farmers are located close to protected forest areas and therefore at risk of sourcing cocoa from protected forest areas. In addition, Barry Callebaut requires its suppliers of all ingredients at risk of causing deforestation to implement equivalent approaches to guarantee that these commodities are free from deforestation.</p> <p>Another great stride we made in our innovative approach to reduce our carbon footprint concerned the piloting of our Biochar project. Partnering with Circular Carbon, we are assessing Biochar, a material produced by transforming cocoa shells and other cocoa by-products into green energy for use in our factories. This year, we ramped up the infrastructure for producing Biochar in one of our European factories.</p>
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<p>Barry Callebaut respects legal requirements for emission levels in each country of operation. In 2019/20, the Company has not received any significant fine for exceeding the legal limits. At the moment, Barry Callebaut does not track NOx and SOx emissions in their eco-footprinting tool.</p>

Compliance

307-1	Environmental compliance	Barry Callebaut received no significant fines and no non-monetary sanctions were imposed on Barry Callebaut in 2019/20.
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Supplier Environmental Assessment

308-2	Negative environmental impacts in the supply chain and actions taken	<p>Barry Callebaut identified hotspots of actual and potential negative environmental impacts in its cocoa supply chain. They include GHG emissions due to land use change, transport, usage of dairy products and sugar, production in cocoa factories and cocoa farming. Other negative environmental impacts can include soil degradation due to deforestation and usage of fertilizers in cocoa farming, water usage during chocolate production and others. A part of the volume of raw materials that the company sources is at risk of causing deforestation. Barry Callebaut has therefore created a heat map to provide an overview of the geographical footprint of these raw materials and their inherent risks.</p> <p>On the basis of this heat map, the company has assessed which measures, such as traceability and farm mapping, have to be put in place, in addition to certification schemes, to be able to guarantee that the commodities are free from deforestation.</p> <p>In 2019/20, the total raw materials we sourced that originate from sustainable sources, including cocoa, was 47%, (-8.5%). We are continuing to focus efforts to further build the market pull for sustainably sourced cocoa, and have set an example by transitioning our own gourmet brands to sustainably sourced cocoa, cocoa mass or ingredients. In order to provide a better picture of how the market for sustainable cocoa is developing, we have decided to change our KPI going forward and focus on the % of cocoa and chocolate products sold that contain sustainable cocoa. It is important to highlight that we classify only products that contain 100% of their cocoa content as sustainably sourced in our % of cocoa and chocolate products sold that contain sustainable cocoa. Furthermore, we only changed the KPI for cocoa, because other non-cocoa ingredients are rarely marketed as sustainable within chocolate products. As a result, reporting on the percentage of sustainably sourced non-cocoa raw materials remains the most accurate indicator of progress. In 2019/20, the percentage of cocoa and chocolate products sold that contain sustainable cocoa is 37%.</p> <p>The total of our non-cocoa raw materials that we source, originating from sustainable sources, totaled 61%, an increase of +13% compared to 2018/19.</p> <p>Barry Callebaut also trains farmers on good agricultural practices (GAPs) to support farmers in adoption practices such as pruning, pest management, harvest and post-harvest practices or maintaining soil fertility.</p>
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GRI 400: SOCIAL DISCLOSURES

Employment

Disclosure number	Disclosure title	Answer
401-1	New employee hires and employee turnover	<p>In the reporting period, Barry Callebaut hired 1,828 new employees:</p> <ul style="list-style-type: none"> – Split by age: 740 employees below 30 years old, 950 employees between 30–50 years old, 136 employees above 50 years old, 2 employees without the date of birth. – Split by gender: 613 female and 1,188 male employees, 27 with no gender indication. – Split by region: 91 employees in Africa, 837 employees in Americas, 236 in Asia Pacific, 664 in Europe. <p>The total turnover of employees was 14%. The turnover of employees by geozone and gender:</p> <ul style="list-style-type: none"> – Africa: 8% female and 5% male – Americas: 20% female and 22% male – Asia Pacific: 16% female and 13% male – Europe: 13% female and 13% male <p>The turnover of employees by age and gender:</p> <ul style="list-style-type: none"> – Below 30 years old: 29% female and 26% male – Between 30–50 years old: 12% female and 12% male – Above 50 years old: 11% female and 11% male

Occupational Health & Safety

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>Barry Callebaut collects information on the following types of injuries: Fatalities (deadly accident), Lost-time accident (an accident whereby the employee is unable to return to work the following day), Restricted Work Case (injury resulting into adjusted work), Medical Treatment Case (injury requiring medical intervention after which normal work conduct is continued) and First-Aid Case (light injury only requiring first-aid care).</p> <p>In addition to the registration of injuries, Barry Callebaut also records prevention measures: Zero harm (detected safety risk that did not result in an injury) and Safety talks (dialogue between employees to improve safety awareness, understanding, and behavior).</p> <p>In November 2017, we updated our Global Health & Safety policy, covering all SMETA international standards. All regions work to have this policy fully deployed at all sites. Regional and Global governance is installed to monitoring progress, exchange best practices and align on implementation programs when it makes sense.</p> <p>A standard process is in place to conduct risk assessment, eliminate hazards and minimize risks.</p> <p>Every injury needs to be investigated and proper corrective actions need to be implemented. Description of the accident, the cause analysis and corrective actions need to be formalized via a standard report and are subject to management review. Incidents are also shared across sites to avoid similar accidents at other sites.</p>
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Training and Education

404-2	Programs for upgrading employee skills and transition assistance programs	<p>Barry Callebaut offers a wealth of training programs across the organization to both junior and senior staff. These include technical and on-the-job skills development, as well as quality, health and safety courses. In fiscal year 2019/20, 1,150 employees completed e-learning modules, and 125 managers and other professional associates took part in one of Barry Callebaut's Marbach talent and management development programs. In the same fiscal year, 8 college graduates graduated from their 2-year Graduate Trainee Program Yourfuture@BC.</p>
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Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	<p>Board of Directors: 6 male members and 2 female members. 0 members under 30 years old, 2 members between 30–50 years old and 6 members above 50 years old.</p> <p>Executive Committee: 10 members (1 female and 9 males). 0 members below 30 years old, 3 members between 30–50 years old and 7 members above 50 years old.</p> <p>The Company had 30% female and 70% male employees.</p> <p>16% employees are below 30 years old, 63% of employees are between 30–50 years old, 21% of employees are above 50 years old.</p>
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Child Labor

Disclosure number	Disclosure title	Answer
408-1	Operations and suppliers at significant risk for incidents of child labor	<p>Barry Callebaut expects that some of the suppliers and cocoa farmers pose a risk of child labor. The child labor risk at the company's own sites is low.</p> <p>With the support of ICI, Barry Callebaut continues to implement monitoring and remediation systems on child labor. This constitutes on-the-ground household and farm visits by Company staff to survey practices concerning child employment and education in cocoa farming communities. These surveys identify children performing hazardous tasks and to estimates of the prevalence of the worst forms of child labor. In 2019/20, Barry Callebaut deployed monitoring and remediation in 42% of its farmer groups covering 39,9090 farmers in Côte d'Ivoire, Ghana, and Cameroon. We found in the fiscal year under review 22,965 cases of child labor (+494%) which we are determined to remediate. Of the child labor cases identified, none of the cases included trafficking. Of the reported cases in 2018/19, 4,971 are in the process of being remediated, and 335 have been fully remediated. Furthermore, the Company trains and sensitizes farmers on the issues related to child labor. In the year 2019/20, Barry Callebaut trained 94,946 farmers.</p> <p>Furthermore, in order to ensure that there are no worst forms of child labor present, Barry Callebaut has updated its supplier code to incentivize suppliers of non-cocoa ingredients to have systems in place to prevent, monitor and remediate child labor. In the year 2019/20, 32% of third-party suppliers have equivalent systems in place.</p> <p>The letters of intent Barry Callebaut signed with the Ivorian and Ghanaian governments on sustainable cocoa farming spell out a commitment to increased cooperation on the eradication of the worst forms of child labor. This includes working together on community-led initiatives to eradicate child labor and support women cocoa farmers, as well as young cocoa farmers.</p> <p>In October 2020, the National Opinion Research Center (NORC) from the University of Chicago, US, funded by the US Department of Labor (USDOL), completed a four-year review of the various interventions carried out by representatives from the cocoa and chocolate industry, the governments of Côte d'Ivoire and Ghana, to reduce the worst forms of child labor. The NORC study reports that there are still 1.56 million children involved in child labor for cocoa cultivation in Côte d'Ivoire and Ghana.</p> <p>Additionally, to manage child labor risk at its own operations (factories), Barry Callebaut continues to pursue its strategy of having all its sites SMETA-compliant. -95% of sites are SMETA-compliant.</p>

Forced Labor

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>Barry Callebaut's Code of Conduct expressly prohibits child labor, forced or compulsory labor. Suppliers are asked to sign Barry Callebaut's Supplier Code of Conduct. At the moment, Barry Callebaut is developing detailed geographical heat maps to identify areas with a risk of forced labor and child labor.</p> <p>Barry Callebaut adheres to the ILO Conventions as part of its compliance to SMETA standards (Sedex Members Ethical Trade Audits). Whereas the first sites achieved SMETA compliance back in 2012, we started early 2017 with a global program to operate all our sites in compliance with SMETA standards. By the end of the 2019/20 fiscal year, 53 of 56 sites were SMETA-compliant (95%). For the 3 that were not compliant, 1 had compliance expire in August 2020 which could not be renewed due to COVID-19 restrictions; 1 was new to the Barry Callebaut group and planned SMETA audit had to be postponed due to COVID-19; and 1 is working to close the gaps in the system.</p>
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Security Practices

410-1	Security practices	Barry Callebaut does not employ security personnel. In the year 2020/21, the Company will explore the topic with third-party providers of gate-keeping personnel.
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Human Rights Assessment

412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights assessments have been integrated into every new SMETA audit performed at Barry Callebaut's factories since July 2017.
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Local Communities

413-1	Operations with local community engagement, impact assessments, and development programs	Currently, Barry Callebaut concentrates its community development activities on its supply chain in Côte d'Ivoire, Ghana and added Cameroon in 2019/20. The development activities cover themes of child labor, education, women empowerment, and prospering farmers. At the moment, Barry Callebaut tracks its environmental and social impacts as defined by its Forever Chocolate KPIs. The progress towards that is presented in the Forever Chocolate report and microsite (www.barry-callebaut.com/en/forever-chocolate/sustainability-reporting/progress-report-201920). To allow the company to do so, in the fiscal year 2019/20, farmer census data was collected on a massive scale and child labor heat maps were used to assess the risk in the Cocoa Horizons communities (on a country level).
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Supplier Social Assessment

Disclosure number	Disclosure title	Answer
414-2	Negative social impacts in the supply chain and actions taken	<p>Barry Callebaut has identified hotspots of actual and potential negative social impacts in their cocoa supply chain. Most importantly, they include low average income of cocoa farmers, child labor and forced labor.</p> <p>Currently, the Company uses sustainability certification as its primary means of managing negative social impacts in its supply chain. In order to ensure that there are no worst forms of child labor present in any of the other ingredients Barry Callebaut is sourcing for its products, the Group has updated its Supplier Code to incentivize suppliers of non-cocoa ingredients to have systems in place to prevent, monitor and remediate child labor. Furthermore, Barry Callebaut has assessed most Cocoa Horizons communities for the risk of child labor.</p> <p>Of all the raw materials Barry Callebaut sources, 47% are sustainably sourced. This percentage includes, for cocoa, Barry Callebaut's own Cocoa Horizons program, together with external certifications such as UTZ, Rainforest Alliance, Fairtrade or Organic. Barry Callebaut sourced 61% of its non-cocoa agricultural raw materials sustainably.</p>
415-1	Public policy	To the best of its knowledge, Barry Callebaut does not make any financial and in-kind political contributions directly and indirectly.
419-1	Socioeconomic compliance	Barry Callebaut has not identified significant fines or non-monetary sanctions for non-compliance with laws in the social and economic area in the fiscal year 2019/20.