

Global Policy: Safeguarding human rights, including the prevention of modern slavery and human trafficking, in our supply chain

Update 2019/20

Limitations and Disclaimers

This policy is the Company's general guideline and management reserves the right to apply different terms, as determined in management's sole discretion. This policy can be changed at any time, with or without notice by the employer. Nothing in this policy shall apply to the extent it would be inconsistent with any applicable law

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Introduction

Our business has an influence on the livelihoods of many people around the world. We believe we have a responsibility to all our stakeholders – farmers, employees, shareholders, customers, consumers, suppliers, and the communities where we operate – that goes beyond making a profit. Making sustainable chocolate the norm is at the heart of our business and it is the only way through which we can continue to thrive as a company.

There are structural issues in the chocolate value chain. Low productivity on cocoa farms as a result of poor agricultural practices, nutrient depleted soils and aging cocoa trees keeps many farmers in a state of poverty. Poverty keeps farmers from hiring professional workers and utilizing mechanization, forcing them in some cases to rely on their family members, sometimes including their children, to work the fields.

This statement describes Barry Callebaut's approach and efforts in 2019/20 toward safeguarding human rights and ensuring that slavery and human trafficking are not taking place in any part of our business and our supply chain. It is made under the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015.

The foundation: Barry Callebaut Code of Conduct

The Barry Callebaut Code of Conduct (the Code) was first launched in 2002 and has since evolved and regularly been updated and complemented to cover new requirements. It sets forth mandatory principles and requirements for behavior and is complemented by our global and local policies. The Code, which applies to all Barry Callebaut employees worldwide, also articulates our minimum standards regarding human rights, forced labor and child labor. Expectations and procedures for reporting wrongful acts or suspected wrongful acts in violation of the Code are communicated to all employees.

All Barry Callebaut employees receive a copy of the Code in their local language. All employees with an active Barry Callebaut e-mail account receive additional training on the Code on a regular basis. Furthermore, every month a topic of the Code is

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communicated to all employees via intranet and email, inviting feedback on potential scenarios, and strengthening employees' ability to act upon violations of the code.

It is the responsibility of each employee to uphold the principles of the Code, and employees are encouraged to seek advice and to raise questions or concerns at any time with their manager, Human Resources or Group Legal & Compliance.

Our position on human rights, forced labor and child labor

Barry Callebaut observes the principles set forth in the Universal Declaration of Human Rights and the United Nations (UN) Guiding Principles on Business and Human Rights. We strictly adhere to local laws regarding minimum age and other terms of employment in our factories and offices around the world. The minimum age for employment at Barry Callebaut is in accordance with the International Labor Organization (ILO Convention 138) or, if higher, the age specified by local legislation.

We strongly condemn forced labor, slavery and all practices that exploit both adults and children or expose them to harmful or hazardous conditions. Child labor as defined by the International Labor Organization (ILO convention 182) refers to unacceptable forms of child labor, which is work that is mentally, physically, socially or morally dangerous and harmful to children¹.

Under our sustainability strategy "Forever Chocolate", which was announced in November 2016, we strive to eradicate child labor from our supply chain by 2025. We published our fourth progress report on December 3, 2020.

A structural solution to eradicating child labor is a combination of poverty alleviation, access to quality education and awareness raising. We are working on all three levers, by partnering with our customers through the Cocoa Horizons program, investing in improving the productivity of cocoa farmers, helping to increase their income, supporting access to quality education, training farmers on child labor awareness and

¹ According to the International Labour Organization, not all work done by children should be classified as child labor that is to be targeted for elimination. The term 'child labor' is often defined as work that deprives children of their childhood, their potential and their dignity, interferes with their schooling and is harmful to their physical and mental development. Activities such as carrying heavy loads or using chemicals are considered as 'unacceptable forms of child labor' because they are physically dangerous for children.

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creating ownership and structures within the communities to tackle the issues that result in child labor. We are collecting information on cocoa farmer households to assess the risk that the children on the farm will be engaged in the worst forms of child labor. The census data we have collected from 281,377 farmers, captured in our digital Katchilè database, allow us to target our child labor monitoring and remediation activities towards those communities at highest risk of engaging in the worst forms of child labor. Our monitoring and remediation approach is based on the industry practice as developed by the International Cocoa Initiative (ICI). With the support of ICI we continue to implement our monitoring and remediation systems and in 2019/20 covered 113 farmer groups, including 39,909 farmers in Côte d'Ivoire and Ghana. Remediation activities to sensitize farmers range from household visits to encouraging the schooling of children working on the farm. These activities include the provision of school kits, birth certificates and remedial schooling as well as influencing labor practices by providing, for example, wheelbarrows and instructions on the use of non-hazardous tools.

In total we established that in 2019/20, 42% of the farmer groups we directly sourced from have systems in place to prevent, monitor and remediate child labor, We found in the fiscal year under review 22,965² cases of child labor which we are determined to remediate. Of the reported cases 4,971 (including those cases found in previous years), are under remediation³. We have not encountered any cases of forced labor during this analysis.

We are currently implementing innovative approaches throughout multiple pilots across the globe to enable learnings that will help us to not only professionalize farmers - essentially change the foundation of cocoa farming - but to create self-driving, self-sustaining, scalable solutions. It is essential that communities and farmers are empowered to take responsibility for their children's welfare. In fiscal year 2019/20 we trained 94,946 farmers on child labor awareness. As we aim to eradicate child labor

² Of the child labor cases identified, none of the cases included trafficking

³ Effectiveness Review of Child Labour Monitoring Systems in the Smallholder Agricultural Sector of Sub-Saharan Africa https://cocoainitiative.org/wp-content/uploads/2017/05/ICI-CLMS-Effectiveness_15_May.pdf

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from our entire supply chain, not just cocoa, we have created a heat map to identify those commodities at risk of including child labor in their supply chains. In addition we have a Supplier Code in place to strengthen our requirements and align our suppliers to our sustainability vision. The Supplier Code is attached to our supplier contracts and referenced in purchase orders.

Information about our “Forever Chocolate” sustainability strategy, sector issues and related actions is communicated regularly via the company intranet, the corporate website, and internal and external publications.

Governance

Barry Callebaut has established a cross-functional Human Rights Committee with formal authority to oversee a coordinated integration of human rights policies, procedures and actions across the business.

Reporting to the Chief Executive Officer and supported by the Executive Committee, the Human Rights Committee is chaired by our Chief Innovation, Sustainability & Quality Officer, Global Head of Gourmet. In addition, the committee consists of our Chief Human Resources Officer, General Counsel & Corporate Secretary, and the Head of Global Sourcing, Vice President Sourcing & Cocoa, Western Europe and Group Compliance Officer. Furthermore, the Head of Sustainability and the Senior Child Rights and Child Labor Expert are part of the committee as advisers.

Assessing and addressing supply chain risks

With respect to the cocoa sector, third-party evaluations and assessments about child labor have been conducted by the U.S. Department of Labor’s Bureau of International Labor Affairs. Most recently, in October 2020, the National Opinion Research Center (NORC) from the University of Chicago, US, funded by the US Department of Labor (USDOL), completing a four year review⁴ of the various interventions carried out by representatives from the cocoa and chocolate industry and the governments of Côte

⁴ Assessing the Progress in Reducing Child Labor in Cocoa Growing Areas of Côte d'Ivoire and Ghana
www.norc.org/Research/Projects/Pages/assessing-progress-in-reducing-childlabor-in-cocoa-growing-areas-of-c3%B4te-d%E2%80%99ivoire-and-ghana.aspx

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d'Ivoire and Ghana, to assess progress in reducing the worst forms of child labor. Even when industry interventions are having an impact, the NORC Report shows that more emphasis should be put on creating the right context where child rights are guaranteed, and ultimately, child labor is prevented. Public policy has a key role, with implementation of fundamental policy reform at origin country level to, for example, increase access to quality education. In addition, major cocoa importing countries and regions, notably the European Union (EU) and the United States (US), have the size and resources to drive change in the cocoa sector, including, in partnership with the governments of cocoa-producing countries, through legislative action.

Holding suppliers accountable

We expect our suppliers and their employees, agents and subcontractors, to share our strict commitment to human rights, forced labor and child labor. Our Forever Chocolate sustainability strategy commits us to sourcing 100% sustainable ingredients for all of our products by 2025. Our Supplier Code, available in ten languages, sets forth essential minimum requirements expected from our suppliers. Our suppliers must comply with all applicable local and national laws, rules, regulations and requirements of the country in which they grow, manufacture, distribute or provide products or services. We further expect suppliers to respect and comply with international labor standards as defined by the core conventions of the International Labor Organization (ILO), including freely chosen employment, no child labor, freedom of association, legal and fair compensation, no excessive working hours, no discrimination, respect and dignity, and safe and healthy working conditions.

Our compliance to market standards

We work with our customers to meet their specific cocoa and chocolate requirements. This includes sourcing quantities of raw materials including cocoa and sugar that have been independently certified by third parties as being compliant with specific certification standards. Forced child labor and forced adult labor are expressly forbidden under such standards. Barry Callebaut follows the international standards as defined by SEDEX. Our sites are third party audited in accordance to the SMETA audit

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protocol, ensuring sustainable management practices. Of our sites, 95% are now fully SMETA compliant.

Our goal is to make all our sites run in compliance to the SMETA standards, covering;

- Labor
- Health & Safety
- Environment and
- Business Ethics standards

Sustainable and responsible farming and business practices

Barry Callebaut recognizes that farmers, particularly smallholders, in various regions of the world may face significant challenges in growing, harvesting and marketing their various crops. Our business depends on cocoa, a fragile and sensitive crop grown in a narrow band around the equator in some of the poorest countries of the world. Therefore, we actively contribute to ensuring that cocoa is grown in a sustainable and responsible way that generates income for farmers and that safeguards the environment. Under our Forever Chocolate sustainability strategy, we are committed for more than 500,000 cocoa farmers in our supply chain to have been lifted out of poverty by 2025. We empower farmers to implement sustainable agricultural practices. We expect fair and sound business practices to be followed by the farmers, farmer organizations, and other supplier organizations with whom we have commercial dealings.

Our HORIZONS cocoa and chocolate products are traceable from our warehouse all the way back to the individual farmer. Cocoa Horizons is an impact driven, sustainability program which ensures that activities are focused on relevant areas and implemented efficiently. Cocoa Horizons continues to scale impact and drive change through productivity, community and environmental activities. In addition to Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil, the program has expanded into Ecuador, the world's third largest producer of cocoa. In 2020, Cocoa Horizons was recognized by the Sustainability Standards Map, along with other recognized sustainability programs, such as Rainforest Alliance, this publicly available resource

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provides an independent review of the methodology of Cocoa Horizons across the categories of environmental protection, social and governance risks. Farmers participating in Cocoa Horizons have access to coaching, access to a Farm Business Plan, are supported to access financial services and farm services, and are supported on income diversification activities and women's empowerment. In 2019/20 the premiums from the purchase of HORIZONS products generated CHF 17.7 million in funds. Through these premiums more than 150,000 farmers can take part in the program focusing on improving their productivity and income. These premiums also financed child labor sensitization programs, training 17,451 farmers in the Cocoa Horizons program on child labor.

Partnering with industry

In addition to our own company programs, we contribute to a range of industry associations, initiatives and programs focused on sustainable cocoa production and increasing the income of farmers, including the World Cocoa Foundation (WCF). The International Cocoa Initiative (ICI) is a non-profit foundation established as one of the milestones of the Harkin-Engel Protocol, also known as the Cocoa Industry Protocol. As a signatory of the Harkin-Engel Protocol, we underscored our commitment as an industry member to work in partnership with governments, business and civil society towards the elimination of abusive child labor and forced adult labor in cocoa growing. Since its inception in 2002, Barry Callebaut is a contributing partner and Board member of ICI. Our financial contributions support child labor awareness raising and prevention programs and other education-oriented and community-based activities in Côte d'Ivoire and Ghana. These two countries in West Africa are the largest producers of cocoa beans, together supplying almost 70% of the world's annual supply. ICI supports the implementation of international standards in cocoa production, in particular ILO Convention 182 (Worst Forms of Child Labor Convention, 1999) and 29 (Forced Labor Convention, 1930). The International Labor Organization (ILO) is an advisor to the ICI Board.

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We also work with industry initiatives in raw materials beyond cocoa. We are a member of the Sustainable Agriculture Initiative Platform (SAI Platform) since April 2015 and participate in their dairy and crops working groups. Since March 2015, we are also an active member of the European Branded Goods Association (AIM-PROGRESS), an initiative of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. It is a global initiative supported and sponsored by AIM in Europe and GMA in North America.

In addition, in January 2016 we joined the Sustainable Vanilla Initiative (SVI), a voluntary industry initiative that aims to promote the long-term stable supply of high-quality, safe, natural vanilla, produced in a socially, environmentally and economically sustainable way. Furthermore, we have joined Bonsucro in 2017, a platform for collaboration aiming to make cane sugar supply chains sustainable. In addition to the Roundtable on Sustainable Palm Oil (RSPO), we have also joined the Palm Oil Innovation Group (POIG) in 2017, to further sustainable palm oil production standards, as well as Proterra for sustainable soy.

Progress Reporting

The information provided above, as well as detailed information and progress reporting about our sustainability strategy, programs and activities, is available on our Barry Callebaut corporate website (www.barry-callebaut.com) and our online Forever Chocolate Progress Report 2019/20 <https://www.barry-callebaut.com/en/forever-chocolate/sustainability-reporting/progress-report-201920>. We will be regularly updating our posted information.

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