

**FOREVER  
CHOCOLATE**

# **GRI Report 2017/18**

# GRI Report 2017/18

## MATERIAL ISSUES – GRI STANDARDS MAPPING

Barry Callebaut AG's 2017/2018 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](http://www.globalreporting.org)). Through this GRI Index, together with the Forever Chocolate Progress Report and the Annual Report 2017/2018, 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. This report is subject to independent assurance by PricewaterhouseCoopers LLP. See the Assurance Report here: <https://forever-chocolate.barry-callebaut.com/governance-and-data-verification>

### FOR FURTHER INFORMATION PLEASE CONTACT:

**Christiaan Prins**  
 Head of External Affairs  
 Barry Callebaut AG  
 Pfingstweidstrasse 60  
 CH-8005 Zurich  
 Phone: +41 43 204 03 76  
 Email: [christiaan\\_prins@barry-callebaut.com](mailto:christiaan_prins@barry-callebaut.com)

#### 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 AND SAFETY	403: Occupational Health and Safety 414: Supplier Social Assessment
TALENT AND DIVERSITY	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
CO <sub>2</sub> 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

Disclosure number	Disclosure title	Answer
-------------------	------------------	--------

## GRI 102: GENERAL DISCLOSURES

### Organisational Profile

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 11,500 employees operating out of more than 30 countries. Its main brands are Barry Callebaut, Callebaut, Cacao Barry, Carma, Van Leer and Van Houten for chocolate products; Barry Callebaut, Bendsorp, Delfi, Van Houten and Chadler for cocoa powder; and Bendsorp, Van Houten, Caprimo, Le Royal and Ögonblink for vending mixes.
102-3	Location of headquarters	Barry Callebaut AG, West-Park, Pfingstweidstrasse 60 8005 Zurich, Switzerland
102-4	Location of operations	<a href="https://www.barry-callebaut.com/about-us/company-overview/locations/about-us/company-overview/locations">https://www.barry-callebaut.com/about-us/company-overview/locations/about-us/company-overview/locations</a>
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, 2018, Barry Callebaut's market capitalization based on issued shares was CHF 9,484.7 million (August 31, 2017: CHF 7,574.6 million). The Group's ultimate parent is Jacobs Holding AG, which holds 50.11% of the shares issued (August 31, 2017: 50.11%).
102-6	Markets served	Barry Callebaut offers its products in 130 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, 2018, the total number of employees was 11,570 and Barry Callebaut operated 56 factories. The annual sales in fiscal year 2017/18 (ended August 31, 2018, amounted to CHF 6.9 billion. Barry Callebaut's market capitalization based on issued shares was CHF 9,484.7 million (August 31, 2017: CHF 7,574.6 million) and the debt to equity ratio was 47.3%. Barry Callebaut produced a total of 1,539,476 tonnes of chocolate & compound in its latest fiscal year.
102-8	Information on employees and other workers	At the end of the fiscal year 2017/18, Barry Callebaut had 11,570 employees. 10,469 employees have an employee profile in the HR system. The Company had: 3006 permanent and 224 temporary female employees; 7,904 permanent and 377 temporary male employees. Employees in EMEA: 4,577 permanent and 363 temporary; Americas: 3,168 permanent and 55 temporary; Asia: 1,742 permanent and 55 temporary; Africa: 1,423 permanent and 128 temporary. 2,910 full time and 320 part time female employees; 8,149 full time and 132 part time male employees. 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). Due to technical reasons, the system does not collect granular data on employees in the Barry Callebaut training and education centre Marbach (59 employees).
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 close to 60 factories operated directly by Barry Callebaut. Its main brands are Barry, Barry Callebaut, Bendsorp, 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 2017/18, the significant changes to the organization's size and structure include the following: <ul style="list-style-type: none"> <li>Acquisition of D'Orsogna Dolciaria, a leading specialties and decorations player in Europe, completed (October 2017)</li> <li>Acquisition of Gertrude Hawk, a leading specialties and decorations player in the US, completed (December 2017)</li> </ul>
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, Rain Forest Alliance, The Sustainable Agriculture Initiative Platform, United Nations Global Compact, UTZ Digital ICS, World Cocoa Foundation and Cocoa Initiative.
102-13	Membership in associations	<p><b>Cocoa relevant</b></p> <p>ABICAB, AIDEPIT, AIPC, Alliance7, Amcham, Ania, Aschoko/Confimex, BDSI, BLL &amp; BVE, Belgian Confectionary Association (Choprabisco), Biscosuise, Bundesverband der Deutschen Sueswarenindustrie, 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, European Confectionary Association (Caobisco), Federalimentare, FAARP, Federation of Malaysian Manufacturer, FEVIA, FDP, FIAL, FNL, GAPMM Indonesia, Hunbisco, Index Nuovo Leon, 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><b>Non-cocoa relevant</b></p> <p>Bonsucro, AIM-Progress, Dairy Sustainability Alliance, Sustainable Vanilla Initiative, Roundtable on Sustainable Palm Oil (RSPO), Palm Oil Innovation Group (POIG), Sustainable Agriculture Initiative Platform (SAI)</p> <p><b>Industry</b></p> <p>World Business Council on Sustainable Development (WBCSD)</p>

Disclosure number	Disclosure title	Answer
-------------------	------------------	--------

## Strategy

102-14	Statement from senior decision-maker	<p><b>Message from the CEO</b></p> <p>Making sustainable chocolate the norm by 2025, can only be achieved by embedding sustainability into the heart of our business strategy. In fiscal year 2017/18, we have made great progress towards the targets we set ourselves in 2016. Our quantified, time-bound objectives enable us to engrain our sustainability agenda across all our business functions. The progress data show how, through our sourcing, processing and sales, we are driving change, supporting cocoa farming communities, reducing resource consumption in our factories and driving the uptake of sustainably sourced chocolate. Forever Chocolate is about increasing our verifiable impact and driving systemic change in the cocoa and chocolate value chain.</p> <p>We dedicated the past fiscal year to set up and pilot self-sustaining cocoa farming communities: we have already mapped more than 130,000 cocoa farms, and this number is steadily increasing, generating data on farm size, the products it produces, its yield, soil quality, household composition, etc. These unprecedented insights into individual farms, allow us to design tailor-made support packages for the mapped farms. Furthermore, through the five pilot projects we developed in five important cocoa growing countries, we are testing what a sustainable cocoa farm looks like, and whether this approach is replicable and scalable. We have created heat maps to assess which of the ingredients we source for our chocolate are at risk of including the worst forms of child labor, or contributing to deforestation. Through certification and additional requirements on traceability and the mapping of farms we are committed to driving positive change in the supply chains of all the ingredients we source. These three examples illustrate how we are increasing our verifiable impact through measurement, assessment and investment.</p> <p>Forever Chocolate goes beyond Barry Callebaut. It is about creating a movement with industry, government and societal partners, in order to scale up our impact. In the past fiscal year we saw remarkable progress in this area: we were one of the leading companies to drive for and engage into sustainable multi-stakeholder frameworks such as the Cocoa and Forests Initiative Frameworks for Action, and we signed letters of intent with Côte d'Ivoire and Ghana to work towards the design and validation of a sustainable cocoa farming model. In order to have a proper and long-lasting impact, we need the support of NGOs, governments and the industry.</p> <p>We are confidently progressing towards systemic change in the chocolate value chain. There remains a lot to be done, but through assessing, learning and investing, we are confidently increasing the adoption of innovative approaches to drive impact, and make sustainable chocolate the norm by 2025.</p> <p><b>Antoine de Saint-Affrique</b> CEO, Barry Callebaut</p>
--------	--------------------------------------	---

## 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. Chairman of the Audit, Finance, Risk, Quality &amp; 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>
--------	--	---

## Governance

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 &amp; Specialties Products, and Cocoa Products.</p> <p>Committees of the highest governance body include the Board of Directors; the Audit, Finance, Risk, Quality &amp; Compliance Committee; the Nomination &amp; 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>
--------	----------------------	---

Disclosure number	Disclosure title	Answer
-------------------	------------------	--------

## 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, the media, industry associations / platforms and NGOs.
102-42	Identifying and selecting stakeholder groups	Barry Callebaut engages with all identified stakeholder groups to drive a shared vision for the future of 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 2017/18, pp. 118-119: <a href="https://annual-report-2017-18.barry-callebaut.com/">https://annual-report-2017-18.barry-callebaut.com/</a>
102-46	Defining report content and topic boundaries	<p>This report represents a holistic materiality universe and sustainability issues tackled 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 key 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 30 countries and more than 11,500 employees, Barry Callebaut is a major player in the cocoa and chocolate industry. Barry Callebaut works directly with more than 200,000 cocoa farmers who are part of its sustainability programs. At the moment, all non-cocoa ingredients are sourced from third-party suppliers who are not directly engaged in any sustainability activities with Barry Callebaut. The only exception is vanilla from Madagascar, where a sustainability pilot project was launched in 2017.</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	Restatement of the consolidated financial statements: See page 48, Summary of Accounting Policies, Annual Report 2017/18.
102-49	Changes in reporting	None
102-50	Reporting period	1 September 2017 - 31 August 2018
102-51	Date of most recent report	GRI Report 2016/17 (December 2017) Annual Report 2017/18 (November 2018)
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Christiaan Prins, Head of External Affairs Phone: +41 43 204 03 76 Email: christiaan_prins@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	Barry Callebaut aims to publish a GRI Report on an annual basis. All reports will be verified by an external auditor. An assurance report and statement is publicly available as an integral part of the GRI Report and is also available online in Barry Callebaut's sustainability section. The auditing partner, PwC UK, also audited the Forever Chocolate Progress Report 2017/18.

Disclosure number	Disclosure title	Answer
-------------------	------------------	--------

## GRI 103: MANAGEMENT APPROACH

### Management Approach

103-1	Explanation of the material topic and its Boundary	<p><b>Child labor</b> 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. This primarily involves children working on family farms<sup>1</sup>. 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. Similarly, Barry Callebaut manages child labor (or human rights violations) in its own operations. The risk is much lower as factory production is regulated both by laws and by internal means.</p> <p><b>Farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance</b> 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. Also the Company ensures traceability of its Cocoa Horizons product as well as third-party certifications such as UTZ, Rain Forest Alliance or Fair Trade.</p> <p><b>Climate change, greenhouse gas emissions, forest restoration and biodiversity</b> 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 impacts of climate change.</p> <p><b>Talent, diversity, employee engagement and health &amp; safety</b> 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>
103-2	The management approach and its components	<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><b>Child Labor</b> Barry Callebaut aims to have eradicated child labor from 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><b>Prospering Farmers (farmer productivity, poverty alleviation and farmer livelihood, farmer access to finance)</b> 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 World Bank's USD 1.90/day threshold for extreme poverty. The Company is on a journey of setting up robust farm services, developing most effective R&amp;D to get farmers out of poverty, assessing macroeconomic impacts and providing best in class farmer finance investment products.</p> <p><b>Thriving Nature (Climate change, greenhouse gas emissions, forest restoration and biodiversity)</b> 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 carbon footprint in its factories and transportation. Furthermore, the Company is reducing the carbon footprint of its cocoa and non-cocoa ingredients by developing agroforestry and carbon sequestration projects.</p> <p><b>Sustainable Chocolate (Traceability)</b> 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><b>Talent, diversity, employee engagement and health and safety</b> The Talent Management Process helps employees to focus on – and prepare for – the next step in their career. Barry Callebaut's goal is to fill 60 % of the key positions with internal candidates. 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>

Disclosure number	Disclosure title	Answer
103-3	Evaluation of the management approach	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 2017/18 Barry Callebaut significantly enhanced the functionality and size of its Katchilè database system to strengthen its monitoring and evaluation-driven approach to deploying any sustainability projects/activities.

## Economic Performance

201-1	Direct economic value generated and distributed	<p>Direct economic value generated and distributed (EVG&amp;D) in thousands of CHF:  <b>Sales revenue: 6,948,411</b></p> <p><b>Economic value distributed</b></p> <ul style="list-style-type: none"> <li>Cost of goods sold: (5,791,331); Marketing and Sales expenses: (149,956); General and Administration Expenses: (441,040); Other operating expenses/income (net): (12,060); Finance costs (net): (101,320); Income tax expenses: (95,517)</li> <li>Dividend payout to Shareholders of the parent company: 356,133</li> <li>Dividend payout to non-controlling interest: 1,226</li> </ul> <p><b>Economic value retained: 357,359</b></p>
201-2	Financial implications and other risks and opportunities due to climate change	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).

## Indirect Economic Impact

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 2017/18 the Company began 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, 130,811 cocoa farms were mapped in Barry Callebaut's Katchilè 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. In 2017/18 208,329 farmers participated in our sustainability programs. Furthermore, 9,486 farmers have a Farm Business Plan. In addition, the Company needs to understand what self-sustaining cocoa farming looks like in the major cocoa-growing countries. This is why in 2017/18 Barry Callebaut designed pilot projects in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia. These pilot projects will test 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 &amp; Research, the world's leading agricultural university, will assess the effectiveness of their interventions in these pilots. Also, the Company distributed over 2.17 million young cocoa seedlings for replanting and around 393,000 shade trees.</p> <p>Cocoa Horizons, as an impact-driven sustainability program, ensures that activities are focused on relevant areas and implemented efficiently. In 2017/18 premiums from the purchase of HORIZONS products generated CHF 10.5 million and the program reached more than 70,000 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>Systemic change to cocoa farming requires support from the governments of cocoa-growing countries. In fiscal year 2017/18, Barry Callebaut partnered with the Ivorian government and the Ghanaian government, signing two letters of intent on sustainable cocoa farming. The purpose of the letters of intent is to encourage the signatories to work collaboratively towards the design and validation of a sustainable cocoa farming model, with a specific focus on the clearing and re-planting of cocoa trees infected with the swollen-shoot virus (CSSV) disease. Also, the cooperation will include agroforestry, more specifically income diversification for cocoa farmers and the planting of shade trees. This is a great example of the movement required to make sustainable chocolate the norm, creating models of farming that positively impact farmers' livelihoods.</p> <p>In 2017/18, 12,395 farmers (+113%) in Côte d'Ivoire, Ghana, Cameroon, Tanzania, 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 281 hectares (+60%) with young cocoa trees, as well as other crops that provide shade, and helped cocoa farmers diversify their income. After the +23% increase in productivity measured in 2016/17, there was not a significant increase in productivity with Ivorian cocoa farmers participating in their Farm Services business compared to the control group in 2017/18. This is partly because young cocoa trees only start to positively impact cocoa farmer productivity after 4-5 years, once they start to grow cocoa pods. In addition, productivity was negatively impacted by their decision to not include relatively costly fertilizer in the Farm Services package in order to avoid creating additional costs for cocoa farmers which, due to the low cocoa bean prices, could not be recuperated.</p> <p>Based on the World Bank threshold for extreme poverty, USD 1.90/day, Barry Callebaut estimates as a baseline that in 2017/18 169,460 cocoa farmers in their supply chain are out of poverty.</p>
-------	---------------------------------------	--

Disclosure number	Disclosure title	Answer
<b>Anti-Corruption</b>		
205-1	Operations assessed for risks related to corruption	Total number and percentage of Barry Callebaut operations assessed for risks related to corruption was 87 (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	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: 16 (94%, all Europe).  Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to: 4,592 employees (96%) of the white collar employees: 438 (93%) in Africa; 1,120 (95%) in Americas; 708 (96%) in Asia-Pacific; 2,326 (96%) in Europe.  Total number and percentage of employees that have received training on anti-corruption: 4,319 (90%) of the white collar employees: 367 (78%) in Africa; 1,040 (88%) in Americas; 702 (95%) in Asia-Pacific; 2,210 (92%) in Europe.  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.
205-3	Confirmed incidents of corruption and actions taken	Barry Callebaut investigated 24 cases of corruption leading to 11 confirmed incidents of corruption in the fiscal year 2017/18. There were 7 cases where employees were disciplined or dismissed and 1 incident where a contract was terminated or not renewed. There was 1 public legal case 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	The total fuel consumption from non-renewable sources was 8,258,978 kWh and the total gas consumption was 581,470,407 kWh within Barry Callebaut's production. Total fuel consumption from renewable sources: 0 kWh.  Total electricity consumption: 798,451,687 kWh; Heating and cooling consumption: 0 kWh; Steam consumption: 96,246,227 kWh; Total electricity, heating, cooling and steam sold: 0 kWh; Total energy consumption: 1,402,136,922 kWh (increase of 13%). 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.
302-3	Energy intensity	Energy intensity ratio per ton of activity is 287.7 kWh (decrease of 4%). 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 2.21 mln m <sup>3</sup> 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.
-------	----------------------------	--

### Biodiversity

304-3	Habitats protected or restored	In 2017/18, Barry Callebaut mapped 130,811 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.
-------	--------------------------------	---

### Emissions

305-5	Reduction of GHG emissions	The carbon footprint of Barry Callebaut's supply chain from farm to customer was 9.1 million tonnes CO <sub>2</sub> e. This is an increase of +4.6% mostly due to an increase in production of chocolate and cocoa products <sup>2</sup> . For that same reason, our CO <sub>2</sub> e intensity per tonne of average product slightly decreased to 4.45 tonnes (-1.5%) in 2017/18, due to energy-saving measures in our factories and transport operations.  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, 14 out of the 59 factories (24%, 59 factories as of October 2018) are powered by renewable energy.  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. In 2017/18, Barry Callebaut mapped 130,811 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 require its suppliers of all ingredients at risk of causing deforestation to implement equivalent approaches to guarantee that these commodities are free from deforestation.  Furthermore, Barry Callebaut teamed up in 2017/18 with the Swiss Federal Institute of Technology (ETH) in Zurich to jointly develop a satellite-based system that can monitor land use change and deforestation. This tool is the first of its kind looking to implement such an approach at a large scale and, once finalized, the Company will make its methodology publicly available. Most importantly, it will allow Barry Callebaut to hold accountable at a different level.
-------	----------------------------	--

Disclosure number	Disclosure title	Answer
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Barry Callebaut respects legal requirements for emission levels in each country of operation. In 2017/18, 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.

## Compliance

307-1	Environmental compliance	Barry Callebaut received no significant fines or non-monetary sanctions were imposed on Barry Callebaut in 2017/18).
-------	--------------------------	--

## 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>Currently the Company uses sustainability certification as its primary approach to managing negative environmental impacts in its supply chain. Of all the raw materials Barry Callebaut sources, 44% are sustainably sourced. In 2017/18 the Company sourced 44% of cocoa through sustainability programs, which is an increase of 8 percentage points compared to the previous year. This percentage includes Barry Callebaut's own Cocoa Horizons program, together with external certification such as UTZ, Rainforest Alliance, Fairtrade or Organic. Barry Callebaut sourced 44% of its non-cocoa agricultural raw materials sustainably. In the fiscal year 2017/18 the Company introduced a new supplier management system which will help to track supplier performance on an individual level. 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. In the year 2017/18, Barry Callebaut trained 142,982 farmers on GAP.</p>
-------	--	--

## GRI 400: SOCIAL DISCLOSURES

### Employment

401-1	New employee hires and employee turnover	<p>In the reporting period, Barry Callebaut hired 2,724 new employees:</p> <ul style="list-style-type: none"> <li>• Split by age: 1,081 employees below 30 years old, 1,344 employees between 30-50 years old, 299 employees above 50 years old.</li> <li>• Split by gender: 829 female and 1,869 male employees, 26 with no gender indication.</li> <li>• Split by region: 268 employees in Africa, 1,071 employees in Americas, 347 in Asia-Pacific, 1,038 in Europe.</li> </ul> <p>The total turnover of employees was 15%. The turnover of employees by geozone and gender:</p> <ul style="list-style-type: none"> <li>• Africa: 8% female and 13% male</li> <li>• Americas: 21% female and 22% male</li> <li>• Asia-Pacific: 16% female and 17% male</li> <li>• Europe: 12% female and 10% male</li> </ul> <p>The turnover of employees by age and gender:</p> <ul style="list-style-type: none"> <li>• Below 30 years old: 25% female and 29% male</li> <li>• Between 30-50 years old: 13% female and 13% male</li> <li>• Above 50 years old: 9% female and 10% male</li> </ul>
-------	--	---

### Training and Education

404-2	Programs for upgrading employee skills and transition assistance programs	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 2017/18, 337 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 two-year Graduate Trainee Program Yourfuture@BC. Barry Callebaut did not provide transition assistance programs in the fiscal year 2017/18.
-------	---	---

## Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	<p>Board of Directors: 8 male members. 0 members under 30 years old, 1 member between 30-50 years old and 7 members above 50 years old.</p> <p>Executive Committee: 9 members (1 female and 8 males). 0 members below 30 years old, 4 members between 30-50 years old and 5 members above 50 years old.</p> <p>The Company had 28% female and 72% male employees.</p> <p>19% employees are below 30 years old, 61.5% of employees are between 30-50 years old, 19.5% of employees are above 50 years old.</p>
-------	--	---

Disclosure number	Disclosure title	Answer
-------------------	------------------	--------

## Child Labor

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 2017/18, Barry Callebaut deployed monitoring and remediation in 21 farmer groups covering 12,018 farmers in Côte d'Ivoire and Ghana. It established that in 2017/18 12% (2016/17: 3.2 %) of the farmer groups Barry Callebaut directly sourced from have systems in place to prevent, monitor and remediate child labor. The monitoring uncovered 4,230 cases of the worst forms of child labor, in all cases children working on their family's farm. This increase is the result of the coverage of a broader range of farmer groups. As remediation and monitoring systems are rolled out, additional cases of the worst forms of child labor are expected to be found. All the cases of worst forms of child labor Barry Callebaut found are being remediated. Furthermore, the Company trains and sensitises farmers on the issues related to child labor. In the year 2017/18, Barry Callebaut trained 105,406 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. The focus in the upcoming fiscal year will be on establishing what types of systems are being used by Barry Callebaut's suppliers. This means that for fiscal year 2017/18 the Company is not reporting on the number of third-party suppliers who 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. In addition, through the World Cocoa Foundation (WCF) and the International Cocoa Initiative (ICI), the Company is actively working together with governments to prepare for a survey in 2019 assessing the continued prevalence of the worst forms of child labor in the African cocoa supply chain. This report will be a follow-up to the 2015 Tulane University report, which is still considered to be one of the most precise assessments of the situation of child labor in the African cocoa supply chain.</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 - 45 sites (76%) 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. Since 2012, Barry Callebaut has held certification from Sedex, the Supplier Ethical Data Exchange. At the same time the Company aims to have all its factories SMETA (Sedex Members Ethical Trade Audit) audited. By end of the 2017/18 fiscal year, 45 (76%) factories were audited.</p>
-------	--	--

## Security Practices

410-1	Security Practices	Barry Callebaut does not employ security personnel. In the year 2018, the Company will explore the topic with third-party providers of gate-keeping personnel.
-------	--------------------	--

## 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 and will be reported in 2018/19.
-------	---	--

## 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 Cote d'Ivoire and Ghana. The development activities cover themes of child labor, education, women empowerment and prospering farmers. At the moment Barry Callebaut tracks track its environmental and social impacts as defined by the its Forever Chocolate KPIs. The progress towards that is presented in the Forever Chocolate report and microsite ( <a href="https://forever-chocolate.barry-callebaut.com/">https://forever-chocolate.barry-callebaut.com/</a> ). To allow the company to do so, in the fiscal year 2017/18 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). In the near future, Barry Callebaut will deploy a system to assess child labor risks at the farmer level.
-------	--	---

Disclosure number	Disclosure title	Answer
-------------------	------------------	--------

## Supplier Social Assessment

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 a basis for managing negative social impacts in its supply chain. IN addition to certification Barry Callebaut implements a number of additional safeguards to ensure that there are no worst forms of child labor present in any of the ingredients Barry Callebaut is sourcing, such as monitoring and remediation. 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 assessed 100% of Cocoa Horizons communities for the risk of child labor.</p> <p>Of all the raw materials Barry Callebaut sources, 44% are sustainably sourced. In 2017/18 the Company sourced 44% of its cocoa through sustainability programs, which is an increase of 8% compared to the previous year. This percentage includes Barry Callebaut's own Cocoa Horizons program, together with external certifications such as UTZ, Rainforest Alliance, Fairtrade or Organic. Barry Callebaut sourced 44% of its non-cocoa agricultural raw materials sustainably. In the fiscal year 2017/18 the Company introduced a new supplier management system which will help to track supplier performance on an individual level.</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 2017/18.

<sup>1</sup>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.

<sup>2</sup>Compared to recalculated organisational carbon footprint of 8.6 million tonnes CO<sub>2</sub>e and 4.52 CO<sub>2</sub>e intensity per tonne of average product in 2016/17 to ensure like for like comparison with 2017/18 footprint and carbon intensity data. The restated numbers are based on an updated carbon footprint calculation methodology allowing for a change in the weighing of the methane emissions associated with dairy production.