ANNUAL REPORT 2020/21

Growing the world of chocolate and cocoa for 25 years

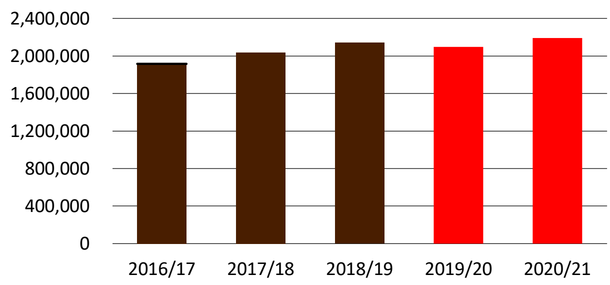
Key figures 2020/21

Sales volume	EBIT	Net profit	Free cash flow	Proposed dividend
+4.6%	+18.9%[1] in local currencies	+24.2%[1] in local currencies		40% payout ratio
2.2	**566.7**	**384.5**	**355**	**28.00**
million tonnes	**CHF million**	**CHF million**	**CHF million**	**CHF per share**

1 Compared to prior-year Operating profit (EBIT) recurring and Net profit recurring.

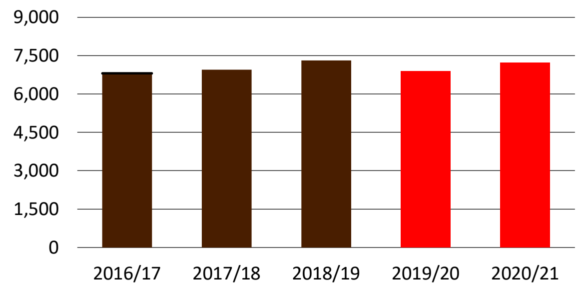
Sales volume

In tonnes



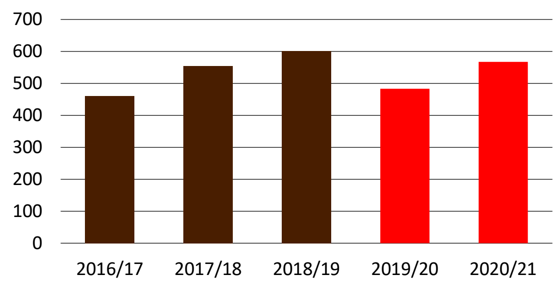
Sales revenue

In CHF million



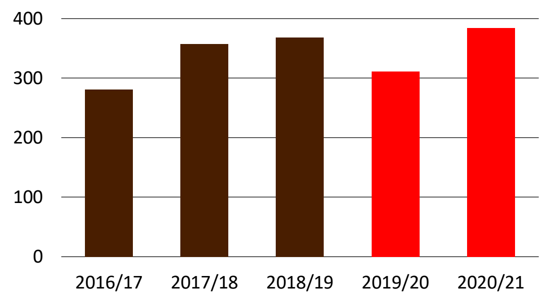
EBIT

In CHF million



Net profit

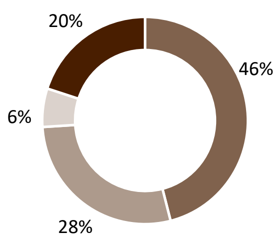
In CHF million



Sales volume by Region

In tonnes

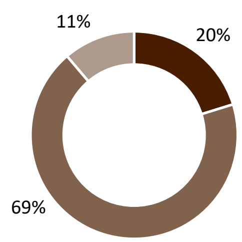
EMEA	997,324
Americas	610,133
Asia Pacific	138,396
Global Cocoa	445,719



Sales volume by Product Group

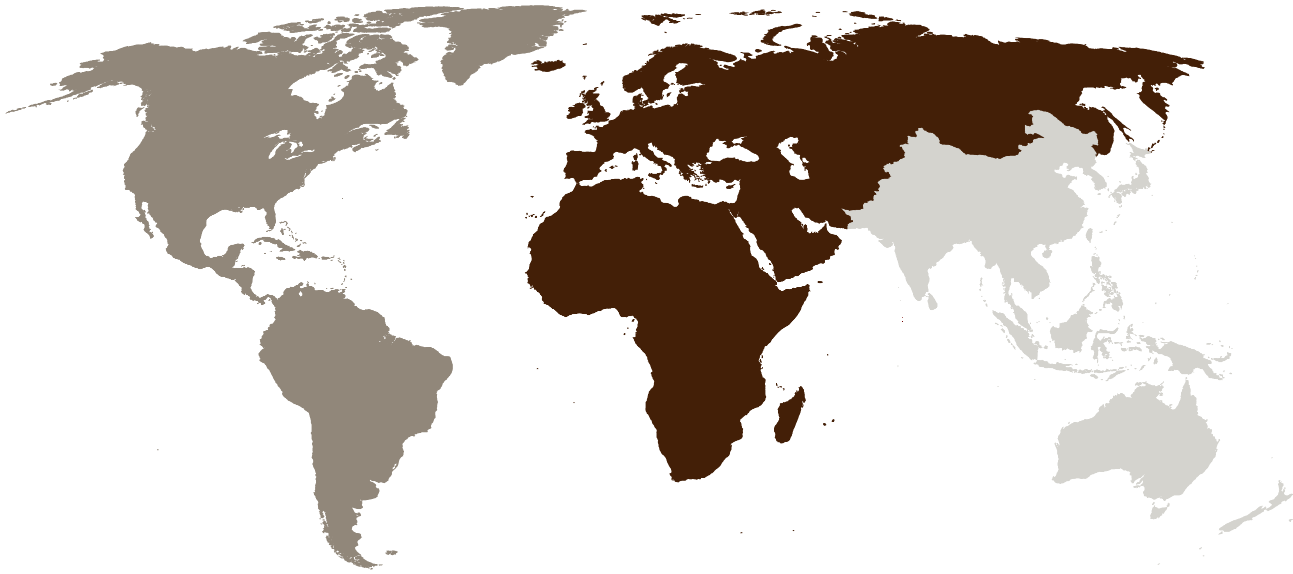
In tonnes

Food Manufacturers	1,498,496
Cocoa Products	445,719
Gourmet & Specialties	247,357



Fiscal year 2020/21 in brief

- Sales volume up +4.6%, all Regions and Key growth drivers contributed
- Sales revenue of CHF 7.2 billion, up +8.7% in local currencies (+4.6% in CHF)
- Operating profit (EBIT) up +18.9%[1] in local currencies (+15.4%[1] in CHF) to CHF 566.7 million
- Net profit up +24.2%[1] in local currencies (+20.4%[1] in CHF) to CHF 384.5 million
- Strong Free cash flow of CHF 355 million
- Confident on mid-term guidance[2]
- Antoine de Saint-Affrique proposed as new member of the Board of Directors
- Proposed dividend of CHF 28.00 per share, a payout ratio of 40%



	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year	+5.5%	+7.9%	+8.7%	–2.6%
EBIT growth vs. prior year in local currencies	+27.9%	+8.4%	+39.5%	–6.0%[1]

1 Compared to prior-year Operating profit (EBIT) recurring and Net profit recurring.
2 On average for the 3-year period 2020/21 to 2022/23: 5–7% volume growth and EBIT above volume growth in local currencies, barring any major unforeseeable events.

This is Barry Callebaut

Growing the world of chocolate and cocoa for 25 years

2.2 million
Sales volume
in tonnes

+4.6%
Volume growth

566.7
EBIT
in CHF million

7.2 billion
Sales revenue
in CHF

More than
175 years
of chocolate heritage

All Gourmet brands use
100%
sustainably
sourced cocoa

43%
products sold
containing 100% sustainable
cocoa or chocolate

More than
12,500
employees

25
CHOCOLATE
ACADEMY™
Centers

More than **335,000**
chocolate professionals
trained online and offline in 2020/21

64
factories
worldwide

Selling to
137
countries

Table of Content

Healthy growth, good profitability and strong cash generation

We are celebrating our 25-year anniversary with a return to healthy volume growth, surpassing the pre-pandemic chocolate volume of 2018/19 and clearly outperforming the market.

Dear Shareholders,

In 1996, our founder Klaus Jacobs had the vision to merge two iconic chocolate makers, Callebaut and Cacao Barry, to build the world's best cocoa and chocolate company. During the past quarter of a century, we have consistently built on that vision and proudly became the leading manufacturer of high quality chocolate and cocoa products. As we celebrate our 25-year anniversary, we look back on a fiscal year where we returned to a healthy growth, with good profitability and strong cash generation.

In fiscal year 2020/21, we achieved healthy volume growth of +4.6% to 2,191,572 tonnes. The chocolate business surpassed the pre-COVID levels of 2018/19 and with a volume growth rate of +6.5%, we clearly outpaced the underlying global chocolate confectionery market (+1.8%)[1]. Sales revenue increased by +8.7% in local currencies to CHF 7,207.6 million. Our Operating profit (EBIT) increased by +18.9%[2] in local currencies and amounted to CHF 566.7 million. EBIT growth significantly exceeded the volume growth, supported by all Regions and a positive product and customer mix. Net profit for the year grew by +24.2%[2] in local currencies and amounted to CHF 384.5 million. Strong Free cash flow generation continued and amounted to CHF 355 million, compared to CHF 317 million in prior year.

As a company, we remain committed to the creation of long-term value for our shareholders and all other stakeholders. Based on these strong results, the Board of Directors will propose a dividend of CHF 28.00 per share at the Annual General Meeting of Shareholders, on December 8, 2021. This is an increase of +27.3% versus prior year and corresponds to a payout ratio of 40%.

In fiscal year 2020/21, we continued to pursue the **Expansion** of our geographic footprint. In Region EMEA, we entered into a long-term outsourcing agreement with Atlantic Stark in July 2021, a leading confectionery producer from Serbia. It is the first outsourcing deal to be fully supplied from our new factory in Novi Sad, Serbia. In the same month, we announced the opening of a chocolate factory in Kaliningrad, our third in Russia. In June 2021, we signed an agreement to acquire the Europe Chocolate Company (ECC) in Belgium, to strengthen our manufacturing capabilities for value-adding highly customized chocolate specialties and decorations. And in February 2021, we opened the first fully segregated dairy-free chocolate factory in Norderstedt, Germany, to meet increasing demand for plant-based indulgence across EMEA.

In Region Americas, we signed a significant outsourcing agreement with a large chocolate confectionery manufacturer in June 2021, and renewed our strategic supply agreement with Hershey – a strong sign of trust and testimony to the success of our outsourcing model.

We also further strengthened our presence in Asia Pacific. In March 2021, we opened a new factory in Baramati, India, our largest investment in the world's second most populous country. In November 2020, we opened a new office and a CHOCOLATE ACADEMY™ Center in Shenzhen, China, to better serve the growing customer base in South China.

1 Source: Nielsen volume growth excluding e-commerce – 25 countries, September 2020 to August 2021, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

2 Compared to prior-year Operating profit (EBIT) and Net profit recurring.

Letter to Shareholders

Chairman of the Board Patrick De Maeseneire and CEO Peter Boone.

"By staying true to Klaus Jacobs' vision over the past 25 years, we have generated growth and long-term value for all our stakeholders."

Patrick De Maeseneire, Chairman of the Board

"'Smart growth' remains at the heart of our long-term strategy execution, with a clear focus on accelerating up the value ladder."

Peter Boone, CEO

Letter to Shareholders

This year was again rich in exciting **Innovations.** In June 2021, our Gourmet brand Cacao Barry launched WholeFruit Evocao™, a unique chocolate for chefs and artisans made from 100% pure cacaofruit. Evocao™ has been developed based on our range of 100% pure cacaofruit ingredients, launched by our new brand Cabosse Naturals. This brand perfectly caters to shifting consumer attitudes towards tasty and nutritious food and drinks that also do good for the planet. In June 2021, our pioneer cocoa brand Van Houten launched a powdered chocolate drink made from ruby chocolate for HoReCa[3] customers in selected European markets.

On **Sustainability**, we continued to make progress toward our Forever Chocolate objective to make sustainable chocolate the norm by 2025. Since the launch of Forever Chocolate in 2016, we have reduced our overall corporate carbon intensity per tonne of product by more than –17%. Furthermore, of all the products we sold in fiscal year 2020/21, 43% contained 100% sustainable cocoa or chocolate.

Our achievements in managing the key Environmental, Social and Governance (ESG) risks in our chocolate supply chain are of growing interest to investors. This is why in June 2021, we organized our first ESG roadshow and webinar to discuss our actions with investors and ESG rating agencies.

We are proud that our efforts in sustainability are being recognized. In August 2021, Forever Chocolate was assessed by Sustainalytics as one of the top 3 sustainability strategies in the packaged food industry, for the third consecutive year. In December 2020, for the third year in a row, we were awarded an A- by the Carbon Disclosure Project (CDP) for our efforts to reduce our carbon footprint.

At Barry Callebaut, we are committed to nurturing an inclusive environment where every colleague is given the opportunity to learn, grow and fulfill their potential. This is why we launched in January 2021 #oneBC, our Diversity & Inclusion strategy. It sets ambitious, measurable targets to improve our gender balance and cultural diversity at senior management level by 2025.

On track to accelerate up the value ladder

Our proven ‘smart growth’ strategy remains at the heart of our long-term strategy execution with a focus on returns and cash generation. We are on track to accelerate up the value ladder, by leveraging our global footprint of 64 factories, our industry-best innovation pipeline, cost leadership and impactful sustainable offerings.

This makes us confident we will deliver on our mid-term guidance, which is on average for the 3-year period 2020/21 to 2022/23: 5–7% volume growth and EBIT above volume growth in local currencies[4].

We would like to thank our colleagues, whose customer focus and entrepreneurial spirit have been the driving force behind our successful growth journey over the past 25 years. Furthermore, we would like to thank our customers for their continued partnership, and our shareholders for their continued trust.

Patrick De Maeseneire

Patrick De Maeseneire
Chairman of the Board

Peter Boone
Chief Executive Officer

3 Hotels, Restaurants, Cafés.

4 Barring any major unforeseeable events.

Business at a Glance

Our vision
We are the heart and engine of the chocolate and cocoa industry.

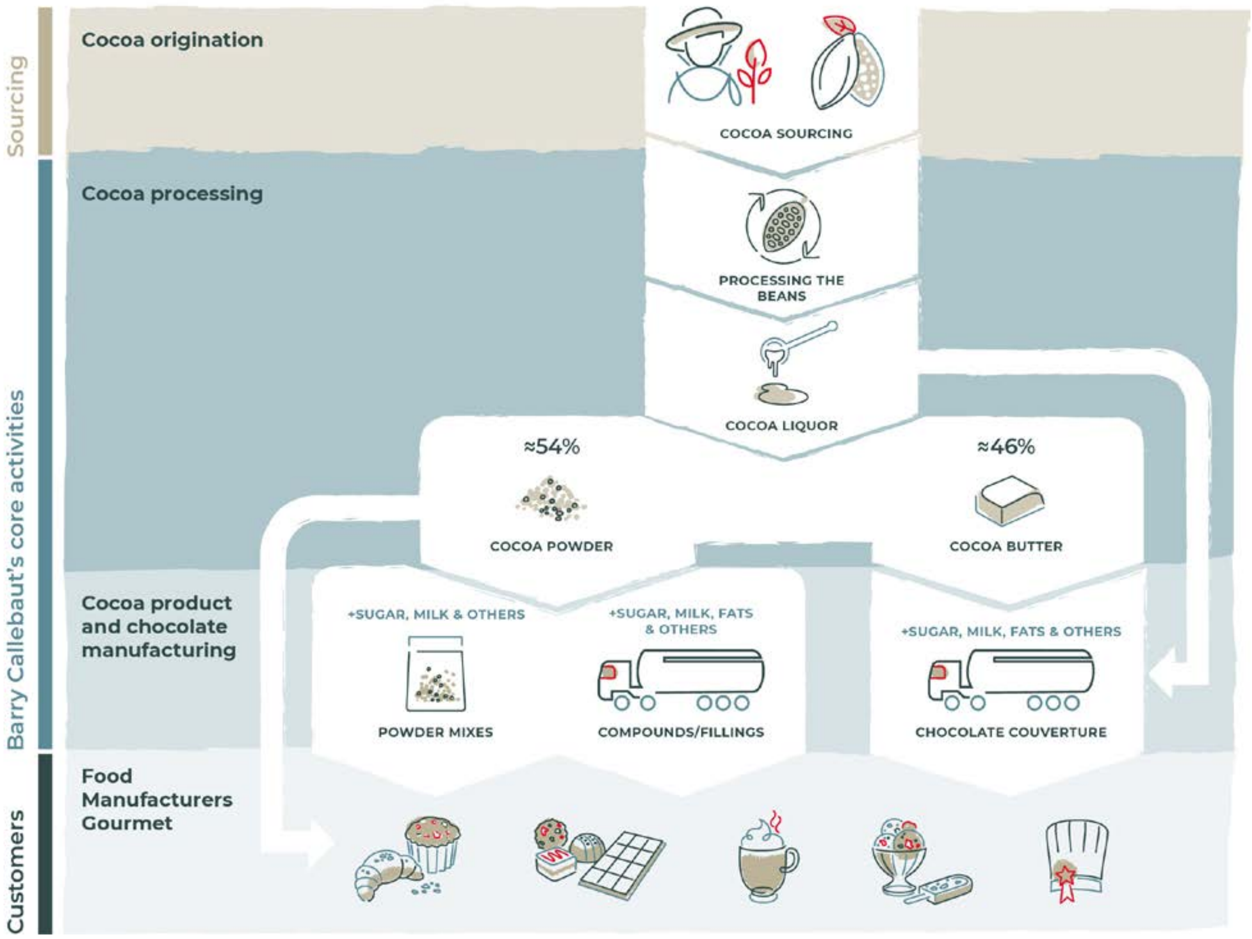
Our values
Everything we do is rooted in our five core values: customer focus, passion, entrepreneurship, team spirit and integrity. We believe in doing well to do good. This is also reflected by the fact that about 30% of our dividends support the Jacobs Foundation, which is dedicated to education and the future of young people.

Business model
We are the world's leading manufacturer of chocolate and cocoa products, mastering every step in the value chain from the sourcing of raw materials to the production of the finest chocolates. We are able to provide our customers with value-adding products and services adapted to specific market needs, ahead of trends and at a competitive price. We serve the entire food industry – from global and local food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers.

We are a business-to-business company. In order to accommodate price fluctuations in raw materials, we use a cost-plus pricing model that passes on raw material prices directly to our customers for a large part of our business.

Our input factors are talented people, profound chocolate and cocoa know-how, as well as unparalleled sourcing capabilities of raw materials. Our output factors are high-quality chocolate and cocoa products complemented by value-adding services.

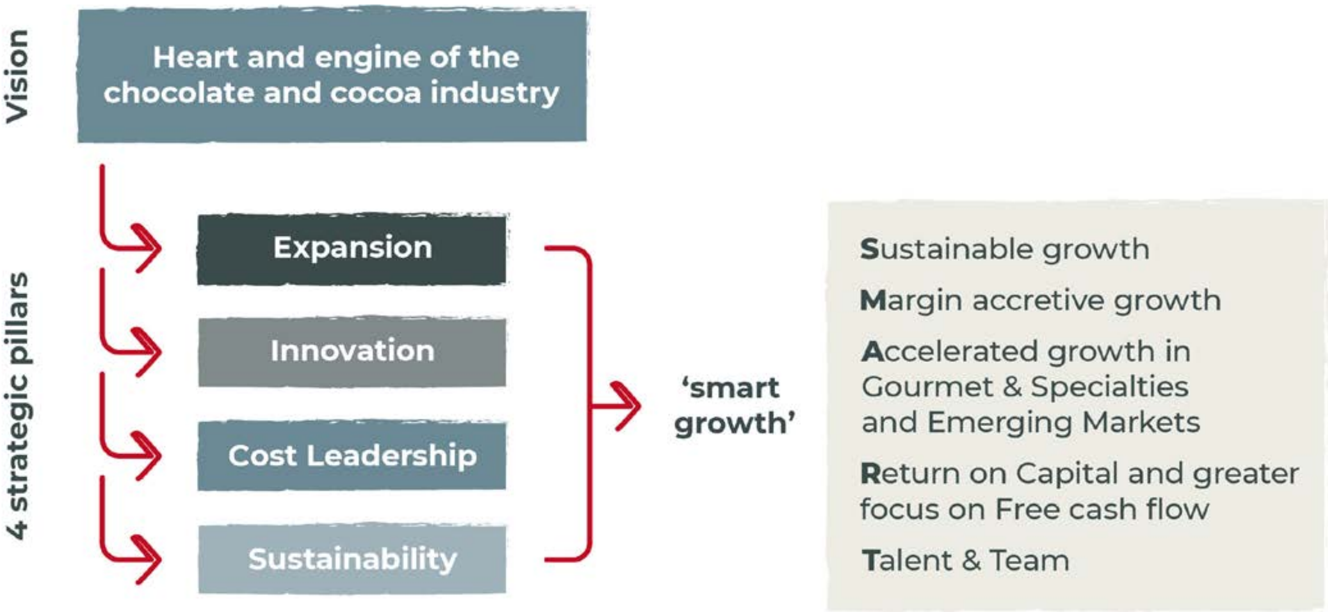
Competitive advantages
We are a fully vertically integrated business and have a unique global footprint with 64 factories and 25 CHOCOLATE ACADEMY™ Centers around the globe. With more than 175 years of chocolate heritage, our Group has an unparalleled blend of expertise in cocoa and chocolate, from the sourcing of the beans to insights into future consumer trends which we gather through our chefs network. Through leadership in innovation, we help our customers grow. Combined with our cost leadership, this makes us the preferred outsourcing partner of the food industry. We have long-term partnership agreements with leading global and local food companies. We are present on the ground in all key origin countries and have a long-standing commitment to sustainability.



Business at a Glance

Barry Callebaut aims to consistently outperform the global chocolate and cocoa market. The long-term strategy is based on four pillars:

Strategy



Expansion

We aim to expand our business based on three key growth drivers:

Emerging Markets: We aim to further strengthen our presence in the high potential Emerging Markets, next to driving growth in the main markets of Western Europe and North America.

Outsourcing & Partnerships: Implementing existing outsourcing volumes and strategic partnerships, as well as securing further outsourcing deals with global and local food manufacturers is an essential part of our growth strategy.

Gourmet & Specialties: We intend to further expand and consolidate our position in the Gourmet & Specialties market globally.

Innovation

We lead the development of the chocolate and cocoa market through innovation in our global Gourmet brands and in co-creation with our industrial partners. Our market insights from around the world are brought together with our profound Research & Development expertise in areas such as structuring, sensory, sugar reduction, plant-based solutions as well as in cocoa science and processing. On this basis, a rich pipeline with value-adding products and services will keep driving margin accretive growth.

Cost Leadership

Cost leadership is a core element of our competitiveness and one of the reasons – next to our profound expertise and recognized quality – why many customers have chosen to outsource their production to us.

We continuously strive to improve our performance through technology upgrade, scale leverage, optimization of product flows, best-in-class sourcing capabilities and tight cost management along the complete value chain.

Sustainability

We have a long-standing commitment to sustainability, as we believe that the future of our industry depends on its ability to make cocoa farming more viable and attractive to farmers, today and tomorrow. Forever Chocolate, a movement we launched in November 2016, is our plan to make sustainable chocolate the norm by 2025. Our ambition goes beyond sustainable cocoa. It is the next step in our long history of investing in a sustainable supply chain.

5-Year Overview

Key figures Barry Callebaut Group[1]

		CAGR (%)	2020/21	2019/20	2018/19	2017/18	2016/17 restated
Consolidated Income Statement							
Sales volume	Tonnes	3.4%	2,191,572	2,095,982	2,139,758	2,035,857	1,914,311
Sales revenue	CHF m	1.4%	7,207.6	6,893.1	7,309.0	6,948.4	6,805.2
Gross profit	CHF m	4.6%	1,147.2	1,063.7	1,197.2	1,157.1	958.8
EBITDA (recurring)	CHF m	7.7%	795.2	711.9	775.0	728.3	592.1
Operating profit (EBIT)	CHF m	5.3%	566.7	483.2	601.2	554.0	460.2
Operating profit (EBIT, recurring)	CHF m	6.4%	566.7	491.0	601.2	554.0	442.1
EBIT (recurring) / sales revenue	%		7.9%	7.1%	8.2%	8.0%	6.5%
EBIT (recurring) per tonne	CHF	2.9%	258.6	234.2	281.0	272.1	230.9
Net profit for the year	CHF m	8.1%	384.5	311.5	368.7	357.4	281.1
Net profit for the year (recurring)	CHF m	10.0%	384.5	319.3	394.7	357.4	263.0
Free cash flow	CHF m		355.0	317.0	289.7	311.9	475.6
Adjusted Free cash flow[2]	CHF m		314.9	403.8	256.8	316.6	n/a
Consolidated Balance Sheet							
Net working capital	CHF m	4.5%	1,241.8	1,192.0	1,363.2	1,074.4	1,042.5
Non-current assets	CHF m	4.7%	2,977.9	2,800.1	2,650.0	2,505.5	2,477.7
Capital expenditure	CHF m	5.7%	275.2	280.9	279.6	217.9	220.4
Total assets	CHF m	7.3%	7,244.0	7,141.1	6,508.1	5,832.0	5,466.5
Net debt	CHF m	3.6%	1,281.3	1,365.9	1,304.7	1,074.3	1,110.9
Shareholders' equity	CHF m	6.2%	2,682.9	2,353.5	2,399.3	2,269.8	2,111.2
Ratios							
Return on invested capital (ROIC)[3]	%		12.2%	10.3%	12.5%	12.2%	11.0%
Return on equity (ROE)[3]	%		14.3%	13.2%	15.2%	15.7%	12.5%
Debt to equity ratio	%		47.8%	58.0%	54.4%	47.3%	52.6%
Interest coverage ratio			7.8	6.9	5.2	7.2	4.9
Net debt / EBITDA (recurring)			1.7	1.9	1.5	1.5	1.9
Capital expenditure / sales revenue	%		3.8%	4.1%	3.8%	3.1%	3.2%
Shares							
Share price at fiscal year-end	CHF	14.0%	2,334	2,000	2,024	1,728	1,380
Number of shares issued			5,488,858	5,488,858	5,488,858	5,488,858	5,488,858
Market capitalization at year-end	CHF m	14.0%	12,811.0	10,977.7	11,109.4	9,484.7	7,574.6
EBIT (recurring) per share	CHF	6.4%	103.4	89.6	109.7	101.0	80.6
Basic earnings per share	CHF	10.0%	70.0	57.7	67.6	64.9	47.8
Cash earnings per share	CHF		64.8	57.8	52.9	56.9	86.7
Payout per share	CHF	8.8%	28.0	22.0	26.0	24.0	20.0
Payout ratio	%		40%	39%	39%	37%	39%
Price-earnings ratio at year-end			33.3	34.7	30.0	26.6	28.9
Other							
Employees		5.0%	12,783	12,335	12,257	11,570	10,528
Beans processed	Tonnes	1.6%	987,991	982,725	1,002,025	956,440	925,544

1 Financial performance measures, not defined by IFRS, are defined on page 182.
2 From fiscal year 2017/18 onwards, Adjusted Free cash flow is adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories.
3 From fiscal year 2018/19 onwards calculated based on Pro-forma (IFRS 16) and from fiscal year 2017/18 onwards calculated based on Pro-forma (IFRS 15).

Risk Overview

Enterprise Risk Management

The Group operates in the food industry and is exposed to a variety of risks and uncertainties. The Group's Enterprise Risk Management framework is designed to identify, assess and mitigate key risks by taking appropriate measures to ensure the achievement of the Group's objectives.

Overall responsibility for establishing, reviewing and adapting the company-wide governance, risk management, compliance and control processes lies with the Board of Directors (the Board). The Board has delegated responsibility for evaluating the Group's risk and control environment to the Audit, Finance, Risk, Quality & Compliance Committee (the AFRQCC).

Implementation and execution of the risk management processes is delegated to the Executive Committee (the ExCo) and its regional and functional management.

Group Risk Management facilitates the enterprise risk assessment process for identifying and understanding the Group's key risks and allocating ownership to drive specific actions and take the relevant measures to address them.

Group Risk Management presents the key risks to the ExCo and the AFRQCC on an annual basis. Regional and functional management ensures that risks are managed appropriately, that the existing measures and controls are operating effectively and that the additional mitigation actions are implemented as deemed appropriate. Ongoing monitoring of the Group's key risks and its respective risk management activities are embedded in management information channels and in dedicated committees. The AFRQCC meets as often as the business requires, at least three times per fiscal year, in order to deal with any significant issues reported by Management, Assurance functions (including Group Risk Management, Compliance and Internal Audit) or external authorities and regulators.

While it is acknowledged that the Group faces many risks, the Board has identified the key risks that could potentially impact the achievement of the Group's objectives. These are outlined in the table below.

Key Risks	Risk Description	Mitigation/Measures
Environmental, Social and Governance (ESG)	The Group's strategic and operational business objectives and associated performance frameworks are linked to a complex, highly interconnected and continuously evolving global ESG landscape. Factors such as the effects of climate change, carbon emissions, deforestation, human rights abuse, business ethics, diversity and inclusion, equality and stakeholder impact represent a wide source of drivers that can lead to opportunity and risk in the pursuit of business objectives and creation of stakeholder value. Further ESG-related risk factors include uncertainties in relation to stakeholder expectations (civil society, NGOs, customers, suppliers, regulators and investors) associated with measuring performance and reporting. Moreover this encompasses various emerging regulatory requirements related to mandatory ESG reporting and ESG due diligence covering an organization's end to end supply chain that could expose the Group to litigation and negatively impact the Group's reputation.	The Group has a long-standing commitment to sustainability, which constitutes one of the four strategic pillars. In 2016, the Group launched Forever Chocolate, its plan to make sustainable chocolate the norm by 2025. The Group's sustainability strategy, key projects to manage ESG risks and associated governance and performance frameworks are described in more detail in the Sustainability section of the Annual Report and the annual Forever Chocolate Progress Report. Successful strategy execution in relation to the Group's strategic pillar Sustainability is further supported by specific governance structures, the proactive free flow of information across organizational boundaries and performance targets for employees to foster a day-to-day decision-making culture at all levels in the organization with ESG-related risk factors in mind. The aforementioned principles are also actively promoted in the Group's dealings with suppliers and customers and as far as possible, imposed through the Group's contractual relationships with these stakeholders. Further stakeholder assurance is obtained through external ratings and audits. Dedicated teams are proactively monitoring the evolving regulatory landscape to ensure the Group complies with emerging regulatory requirements as they develop.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Long-term sustainable supply of cocoa and other agricultural raw materials	The Group is dependent on a sustainable supply of quality cocoa beans and other agricultural raw materials so that it can produce high-quality cocoa and chocolate products. ESG risk factors such as declining productivity attributable to poor agricultural practices, nutrient-depleted soils and aging cocoa trees, waning interest from the next generation in becoming cocoa farmers, child labor in supply chains, the change in farmer preferences from cocoa and other raw material cultivations to alternative, more attractive crops, and the long-term impacts of deforestation and climate change could lead to a shortfall in high-quality cocoa beans and other essential agricultural raw materials in the mid- to long-term.	Under the umbrella of its overall sustainability strategy Forever Chocolate, the Group aims to improve the productivity and livelihood of farmers, eradicate child labor from its supply chain, become carbon and forest positive and have 100% sustainable ingredients in all of its products. Long-term measures also include the continuous evaluation and diversification of supply sources in origin countries, developing improved agricultural practices for cocoa farms and maintaining an industry dialogue with key stakeholders in origin countries. The Group's sustainability strategy and framework is described in more detail in the Sustainability section of the Annual Report and the annual Forever Chocolate Progress Report.
Rapidly shifting consumer trends	Rapidly shifting consumer trends may disrupt market and industry dynamics, which could impact the future growth of the Group's business.	Trend analysis by the Group's marketing and customer insight teams, together with cross-functional commercial and operational teams working closely with customers, aim to identify trends in the marketplace, both positive and negative, at an early stage. The Group constantly invests in data analytics, R&D and operational capabilities as part of a well-structured process, enabling the Group to develop new products, capabilities and distribution channels which proactively address evolving trends and changing demand patterns.
Business transformation	Timely initiation and successful execution of business transformation initiatives are critical to pursue strategic objectives, avoid disruption, improve agility and adapt to changing market conditions. Ineffective project portfolio management and implementation, insufficient due diligence, inaccurate business plan assumptions or inadequate post-merger integration processes can all have negative consequences. Investing in technology that is no longer competitive or becomes obsolete soon may further impact the successful execution of business transformation. These factors can result in an underperforming business, reduced synergies, or higher costs than expected.	All major business transformation projects are prioritized and monitored by the Group's Executive Committee and Strategy Team. The Group deploys dedicated teams with significant experience and capability for their respective business transformation projects. These teams proactively follow market, technology and other trends and work in close collaboration with functional and regional experts, external advisors, and the Group's Executive Committee. A clearly defined process for the evaluation, execution and integration of major business transformations is employed. The performance of major transformational projects and acquisitions are periodically reviewed against their goals. A similar process is employed for the execution of major acquisitions and divestitures.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
External political and economic environment	Uncertain political and economic conditions (including those related to the COVID-19 pandemic) could result in reduced demand for chocolate and cocoa products or affect the Group's supply chain and cost structure. This may affect the Group's expansion plans and profitability.	The Group has a presence in both developed and emerging markets with a well-diversified business and operations portfolio in different market, product and customer segments. The global operations and innovations network is able to rapidly respond to customer requests and provide flexible, optimized recipes to adapt to changing market conditions. The Group regularly monitors the political and economic situation and developments globally and specifically in regions with higher uncertainty in order to prepare for various scenarios which may arise. The Group's capability to respond to temporary supply and demand shocks as well as structural shifts associated with changes of the political and economic environment, is enabled by an agile organization and a well-governed issue management and strategy execution process.
Long-term outsourcing agreements	The Group has entered into a number of important long-term outsourcing agreements with customers. Failure to renew, early termination of existing long-term outsourcing agreements, failure to enter into new agreements or failure to negotiate terms that are attractive, could have a material impact on the result of operations.	The Group has a highly diversified global customer base representing a healthy mix of small, medium and large customers. For global strategic customers, the Group has established long-term outsourcing agreements governing mutual cooperation, addressing standards for quality, quantity commitments, pricing, service levels, innovation and ethics. For these customers, the Group has appointed dedicated teams that develop and maintain a close relationship in order to respond to customer needs professionally, promptly and to provide high-quality services that are mutually beneficial for all stakeholders concerned. These teams have expertise in customer relationships, service and innovation, as well as in commercial and pricing matters.
Talent management	Failure to attract, retain and develop talent with the right capabilities and skills could impact the Group's ability to achieve its strategic objectives.	Every effort is made to nurture a diverse and inclusive work environment that is supported by optimal processes and policies to attract, select, develop, reward and retain talent with the right capabilities and skills needed to achieve the Group's strategic objectives. The Group employs succession planning, talent reviews, remuneration benchmarking, long- and short-term incentive plans, training and leadership development programs, as well as the tools to support and measure the success of all these processes. In 2021, the Group launched a global strategy for Diversity & Inclusion (D&I) named #oneBC. The Group's strategy for Diversity & Inclusion is described in more detail in the section "Our People" of this Annual Report.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Quality & food safety	Products not meeting quality and food safety standards expose the Group to litigation, product liability and recall claims. This may lead to loss of revenue and market share and could negatively impact the Group's reputation. There is also a risk that raw materials are accidentally or maliciously contaminated throughout the supply chain. Furthermore, other product defects may occur due to human error, equipment failure or other factors.	The Group's quality management system consists of robust standards, guidelines and procedures. The Group's quality assurance department performs regular site and supplier audits to ensure compliance with the Group's quality management system and takes corrective action when gaps are identified. In addition, a quality and food safety culture program is in effect across the entire Group to ensure all employees of the Group maintain a zero-defect mindset.
Operations and supply chain	The Group's operations and supply chain network could be disrupted by incidents at manufacturing sites, adverse weather conditions, climate change, disease (human or crop), natural disasters, political instability, sabotage and other factors which could impact the ability to produce and deliver products to customers.	The Group's operations and supply chain department operates a well-diversified and flexible manufacturing network that is governed by a global sales and operations planning process. Furthermore, a well-structured issue management process is in place to maintain business continuity of operations should the situation require it in times of distress. The global sourcing departments are continuously monitoring weather, harvest, political risk and other indicators to proactively anticipate potential shortages or interruptions of raw materials supply. Short-term mitigation measures include adequate levels of safety stocks and a diversified regional supply network.
Information and operations technology	The Group's business processes and its interaction with customers, suppliers and employees working remotely are highly dependent on reliable and secure information systems. Cyberattacks on our business-critical information and operations technology assets, environmental or physical damage to global data centers, a global wide area network breakdown or any other significant security incident could lead to a business interruption, loss of confidential data, non-compliance with data protection laws or misappropriation of assets.	The Group's information management and technology department and the Group's operations and supply chain department have implemented various preventive structures for the Group's business-critical applications and locations including various technical solutions and regular internal awareness campaigns as well as training on cybersecurity for all employees and selected contractors. In the event of a major incident, disaster recovery solutions, plans and procedures are in place. A mid-term plan to enhance information and operations technology security is regularly defined, and improvements are being implemented continuously.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Raw material price volatility	Market prices for raw materials and the structure of the terminal markets could have an influence on the Group's operational results. To manage its exposure to raw materials, the Group uses derivative financial instruments and forward physical commitments. Operating results may be affected by ineffective hedging strategies or by positions taken. Furthermore, the Group's profitability can be affected by its exposure to the volatility of the combined cocoa ratio, which expresses the combined sales prices for cocoa butter and cocoa powder in relation to the cocoa bean price.	The Group's commodity risk management policies require that all risk exposures are hedged back-to-back in accordance with the related limit framework from the moment such exposures are entered into. For its contract business, namely the Food Manufacturers Product Group, which accounts for the majority of the business, the Group mitigates the impact of volatility in raw material prices through a cost-plus pricing model, where exposures arising at contract signing are hedged in accordance with the limit framework. In the Gourmet & Specialties Product Group, the Group applies a price list model whereby forecasted sales are hedged and price lists are adapted on a regular basis. Adherence to the limit framework is regularly monitored by experts on local, regional as well as on group level. In the Cocoa Product Group, the Group attempts to mitigate the effects of the volatility of the combined ratio by means of a central management system which monitors the positions and exposures related to cocoa products globally, taking into account both internal and external demand. The Group's financial risk management framework related to commodities, foreign currencies and interest rates is described in more detail in note 3.7 to the Consolidated Financial Statements.
Treasury	The Group's operations are exposed to foreign currencies, interest rate and liquidity risks. Volatility in raw material prices affects the Group's working capital requirements and could result in liquidity issues. Failure to deliver on key parameters including cash flow could result in a downgrade of the Group's credit rating and restrict its access to financial markets.	The Group has established a robust financial risk management framework and governance structure. The Group's treasury policies require that all foreign currency exposures in a floating currency regime as well as interest rate risk exposures are hedged in accordance with the related limit framework from the moment such exposures are entered into. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the Group's centralized treasury department. Financing needs are covered through a combination of adequate credit lines with reputable financial institutions and short- and long-term debt capital market products. The Group's financial risk management framework related to financing and liquidity is described in more detail in note 3.7 to the Consolidated Financial Statements.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
Legal, regulatory and compliance	The Group is subject to both international and national laws, regulations and standards in such diverse areas as product safety, product labeling, environment, health and safety, intellectual property rights, antitrust, anti-bribery and corruption, employment and human rights, trade sanctions, data privacy, corporate transactions and taxes in all the countries in which it operates, as well as stock-exchange-listing and disclosure regulations in a constantly changing regulatory environment. Failure to comply with applicable laws and regulations could expose the Group to investigations, litigation, administrative and/or criminal proceedings potentially leading to significant costs, fines and/or criminal sanctions against the Group and/or its directors, officers and employees with possible reputational damage.	Dedicated regional and local functional managers, supported by specialized corporate functions and external advisors, ensure compliance with applicable laws and regulations. The Group has robust policies and procedures in place in the relevant areas. The Group's legal department oversees the Group's compliance program, which ensures awareness of the compliance risks and the Group's compliance standards. The Code of Conduct and other Group policies set out the legal and ethical standards of behavior expected from all employees working within the Group.

Business Highlights

Financial Review

Business Performance Review Fiscal Year 2020/21

Healthy growth, good profitability and strong cash generation

In fiscal year 2020/21, Barry Callebaut achieved a healthy volume growth of +4.6% to 2,191,572 tonnes. The chocolate business surpassed the pre-COVID levels of fiscal year 2018/19 and with volume growth of +6.5% clearly outpaced the underlying global chocolate confectionery market (+1.8%)[1]. Sales volume in Global Cocoa improved in the second half of the year, reducing the decline for the year under review to –2.6%.

Operating profit (EBIT) increased by +18.9% in local currencies (+15.4% in CHF), compared to prior-year EBIT recurring, and amounted to CHF 566.7 million, impacted by a currency headwind of CHF –17 million. EBIT growth significantly exceeded volume growth, supported by all Regions and a positive product and customer mix.

Net profit for the year grew by +24.2% in local currencies (+20.4% in CHF) compared to prior-year Net profit recurring and amounted to CHF 384.5 million. The increase was driven by good EBIT growth. Compared to reported net profit in prior year, the increase amounted to +27.3% in local currencies (+23.4% in CHF).

Strong Free cash flow generation continued and amounted to CHF 355.0 million, compared to CHF 317.0 million in the prior year. Adjusted for the effect of cocoa beans considered as readily marketable inventories (RMI), the adjusted Free cash flow amounted to CHF 314.9 million, compared to CHF 403.8 million in the prior year. The Group maintained a stable capital expenditure of CHF 275.2 million (CHF 280.9 million in prior year) to continue its focus on investments that best support its strategy of ‘smart growth’.

Raw material price inflation under control thanks to cost-plus model

The vast majority of Barry Callebaut business is running on a cost-plus model, passing on price fluctuations of raw materials as well as other production cost components like energy cost or freight and transportation cost.

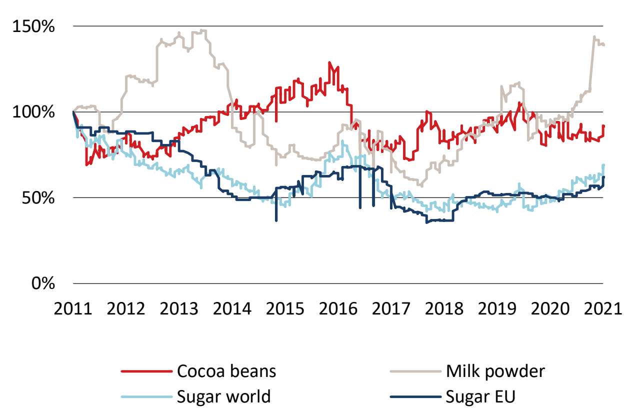
During fiscal year 2020/21, cocoa bean prices fluctuated between GBP 1,607 and GBP 1,869 per tonne and closed at GBP 1,757 per tonne on August 31, 2021. On average, cocoa bean prices decreased by –7.0% versus prior year. Global bean supply and demand shifted to a large surplus in 2020/21. On the one hand, demand was subdued related to the COVID-19 pandemic. On the other hand, exceptionally good crop levels in key origins contributed to an increased cocoa bean supply.

The average combined ratio remained fairly stable at a level of 3.5x, compared to 3.6x in prior year. This was the result of very resilient cocoa powder prices, while cocoa butter prices were pressured by weaker demand for chocolate due to the COVID-19 pandemic.

Sugar prices in Europe increased on average by +3.6% during the fiscal year under review, mainly due to poor crops and a reduction in capacity induced by low prices in previous years. The world market price for sugar increased on average by +22.3% on the back of strong demand from China in combination with a poor Brazilian crop.

Dairy prices increased on average by +11.6% during the fiscal year 2020/21. Strong demand from Asia in combination with growing concerns around milk supply, logistical bottlenecks, sharply higher energy prices and general market inflation boosted dairy product prices.

Raw material prices
September 2011 to August 2021



Source: Data compiled by Barry Callebaut, based on key market price indicators.

1 Source: Nielsen volume growth excluding e-commerce – 25 countries, September 2020 to August 2021, data subject to adjustment to match Barry Callebaut’s reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

Financial Review

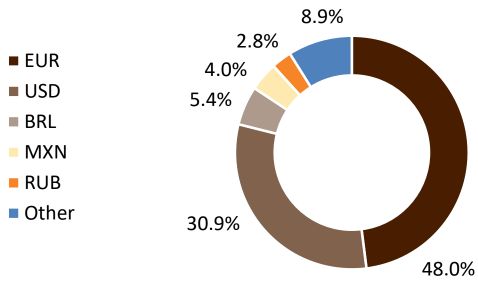
Foreign currencies

In fiscal year 2020/21, foreign exchange markets remained volatile and the Swiss franc continued to strengthen against many major currencies. The Group is naturally hedged to the extent that it produces and sells products locally and hedges any remaining currency exposure that arises from commercial transactions. The impact arising from the translation of results into the Group's reporting currency (Swiss franc) however is not hedged.

For the fiscal year under review, the average exchange rate for the euro, which accounts for around half of the Group's sales revenue, appreciated by +1.0% against the Swiss franc. The average exchange rate for the US dollar, accounting for around a third of the Group's sales revenue, significantly depreciated by –5.9% against the Swiss franc. Several major emerging market currencies remained very volatile during fiscal year 2020/21, with the Brazilian real (–18.2%), the Russian ruble (–14.6%), and the Mexican peso (–3.8%), further depreciating against the Swiss franc.

The currency translation effects mentioned above had a negative impact of –4.1% on sales revenue and –3.5% on Operating profit (EBIT).

Sales revenue in functional currencies



Global chocolate demand recovering

The underlying global chocolate confectionery market progressively recovered and according to Nielsen grew +1.8%[1] in the year under review. Nielsen data only partially reflects the out-of-home and impulse consumption, which was impacted by the COVID-19 pandemic.

1 Nielsen volume growth excluding e-commerce – 25 countries, September 2020 to August 2021, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

Financial Review

Consolidated Income Statement

Back to healthy volume growth with sound profitability

Sales volume in fiscal year 2020/21 grew by +4.6% to 2,191,572 tonnes. Volume growth was supported by all Regions (Asia Pacific +8.7%, Americas +7.9%, EMEA +5.5%) and all Key growth drivers (Gourmet & Specialties +18.3%, Emerging Markets +9.7%, Outsourcing +4.5%). Sales volume in Global Cocoa improved in the second half of the year, reducing its decline for the year under review to –2.6%.

Sales revenue increased by +8.7% in local currencies (+4.6% in CHF) to CHF 7,207.6 million. Sales revenue growth outpaced volume growth due to rising raw material prices and a positive product mix.

Gross profit grew faster than sales volume and amounted to CHF 1,147.2 million, an increase of +10.8% in local currencies (+7.9% in CHF), compared to prior year. The healthy volume growth, in particular in Gourmet & Specialties, had a positive impact on the mix.

Marketing and sales expenses decreased by –3.8% to CHF 135.4 million. The Group continued to promote its innovations and its CHOCOLATE ACADEMY™ Centers, while overall activity was still reduced due to COVID-19 restrictions.

General and administration expenses increased by +3.3% to CHF 430.4 million, broadly in line with volume growth.

Other income amounted to CHF 3.1 million, compared to CHF 4.8 million in the prior year.

Other expense decreased to CHF 17.8 million, compared to CHF 28.1 million in prior year. The prior year had included impairment and severance costs attributed to the closure of the cocoa factory in Makassar, Indonesia.

Operating profit (EBIT) increased by +18.9% in local currencies (+15.4% in CHF) to CHF 566.7 million, compared to prior-year EBIT recurring. Currency translation had a negative effect of CHF –17 million. EBIT growth significantly exceeded volume growth, supported by all Regions and a positive product and customer mix. Compared to prior-year reported Operating profit (EBIT), the increase was +20.8% in local currencies (+17.3% in CHF). The Group's **EBIT per tonne** amounted to CHF 259, up +13.7% in local currencies (+10.4% in CHF), compared to prior-year EBIT per tonne recurring of CHF 234.

Finance income decreased to CHF 3.6 million from CHF 7.0 million in prior year, mainly due to the lower interest rate environment.

Finance expense amounted to CHF 105.3 million, compared to CHF 109.4 million in prior year. The decrease is mainly due to the lower interest rate environment and reduced short-term debt. The decrease was partly offset by a loss on derivative financial instruments caused by the termination of fixed-to-floating interest rate derivatives following the Group's decision to discontinue issuing commercial paper.

Income tax expense increased to CHF 80.5 million, from CHF 69.2 million in the prior year, largely in line with the higher Profit before income taxes. The Group's effective tax rate amounted to 17.3%, compared to 18.2% in the prior year. The prior year effective tax rate was 17.9%, when corrected for the non-recurring negative impact from the Swiss tax reform in 2019/20.

Net profit for the year increased by +24.2% in local currencies (+20.4% in CHF) to CHF 384.5 million, compared to prior-year Net profit recurring. The increase was driven mainly by good Operating profit (EBIT) growth and lower finance expense. Compared to prior-year reported Net profit, the increase was +27.3% in local currencies and +23.4% in CHF.

Financial Review

Consolidated Balance Sheet

Continued Net debt reduction

Total assets increased to CHF 7,244.0 million at the end of August 2021, compared to CHF 7,141.1 million in the prior year. The increase was attributable to higher receivables and inventories as a result of a return to business growth. In addition, property, plant and equipment (PPE) grew due to investments in new production facilities. This increase was partly offset by a lower cash position and derivative financial assets.

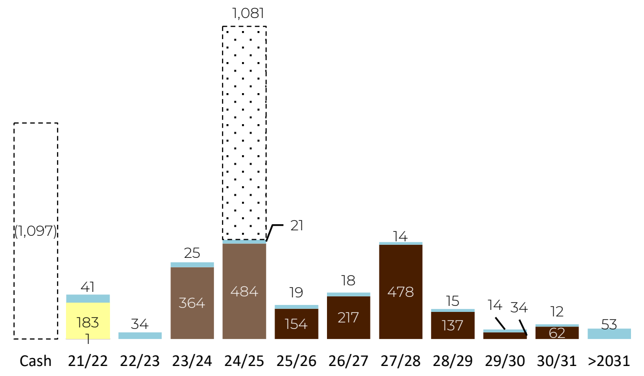
Net working capital as of August 31, 2021, increased to CHF 1,241.8 million from CHF 1,192.0 million in the prior year. The increase was slower than the Group's volume growth thanks to good working capital management. The effect of receivables increasing in line with regained business momentum was largely offset by higher payables and good inventory management.

Net debt decreased to CHF 1,281.3 million from CHF 1,365.9 million in the prior year. Taking into consideration cocoa beans considered as readily marketable inventories (RMI), adjusted Net debt decreased to CHF 547.4 million from CHF 593.9 million in the prior year. The decrease was attributed to a reduction in outstanding debt resulting from a partial, early repayment of the floating-rated Schuldscheindarlehen issued in July 2020 for an amount of CHF 27.0 million, and the decision not to roll forward Commercial paper (hedged with fixed-to-floating interest rate derivatives) for an amount of CHF 135.2 million. The decrease was partly offset by higher Long-term lease liabilities of CHF 224.5 million (prior year CHF 150.3 million), as a result of the opening of the Group's Global Distribution Center in Lokeren, Belgium, and the relocation of the head office in Zurich, Switzerland.

Equity – including equity attributable to the shareholders of the parent company and non-controlling interests – increased to CHF 2,685.2 million, compared to CHF 2,355.3 million in the prior year. The increase was a result of Net profit generated and lower cumulative currency translation adjustments, partly offset by the dividend payout to shareholders. The debt-to-equity ratio improved to 47.8%, compared to 58.0% in the prior year. The return on invested capital (ROIC) improved from 10.3% to 12.2%, returning almost to pre-COVID levels.

Liquidity – debt maturity profile

in CHF million



- Cash and Short-term deposits
- Bank overdrafts and Short-term debt
- Lease financing obligations (IFRS 16)
- Senior Notes
- Revolving Credit Facility (RCF, undrawn as per August 31, 2021)
- Schuldscheindarlehen

Consolidated Cash Flow Statement

Strong Free cash flow generation

Cash generated from operating activities increased to CHF 778.9 million, compared to CHF 742.7 million in the prior year, mainly due to higher profitability. As a result, **net cash from operating activities** increased to CHF 615.6 million, compared to CHF 593.5 million the year before.

Net cash flow from investing activities improved to CHF –261.6 million (prior year CHF –289.3 million). The amount was largely related to the Group's investments of CHF –227.2 million in property, plant and equipment (prior year CHF –233.4 million) and CHF –48.1 million in intangibles (prior year CHF –47.5 million). In addition, cash outflow for M&A activity of CHF –0.9 million was lower than prior year of CHF –12.8 million.

Net cash flow from financing activities amounted to CHF –619.0 million, compared to CHF 582.0 million in prior year. Net cash outflow in the current year mainly relates to the repayment of short-term debt in the amount of CHF –443.8 million, the dividend of CHF –120.7 million, and the repayment of long-term debt and finance lease liabilities in the amount of CHF –68.4 million. The net cash inflow in the prior year was to a large extent related to the issuance of Schuldscheindarlehen and a private placement loan.

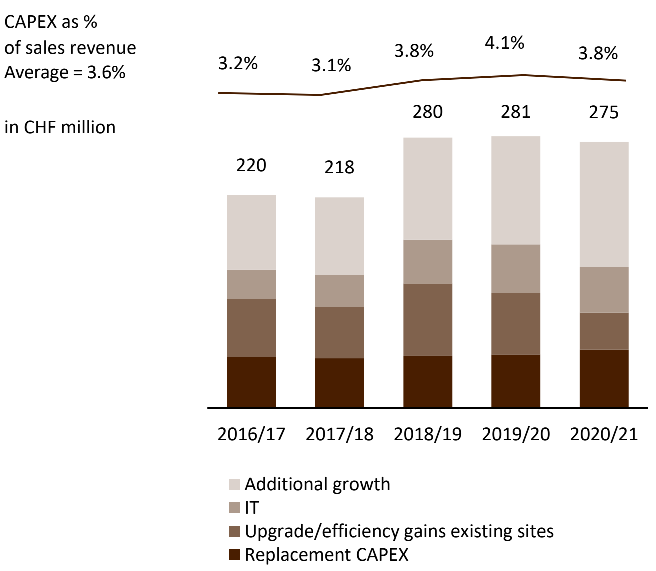
Financial Review

Free cash flow grew to CHF 355.0 million, compared to CHF 317.0 million in the prior year. Adjusted for the cocoa beans considered as readily marketable inventories (RMI), the adjusted Free cash flow was CHF 314.9 million, compared to CHF 403.8 million in the prior year.

Capital expenditure remained stable

Capital expenditure reflected in the cash flow statement amounted to CHF 275.2 million, about the same level as in prior year (CHF 280.9 million). The Group maintains its focus on investments that best support its strategy of ‘smart growth’.

Capital expenditure



Outlook

‘Smart growth’ will continue to be at the heart of the Group’s long-term strategy execution with a focus on returns and cash generation. By leveraging its global footprint, industry-best innovation, cost leadership, and impactful sustainability solutions, Barry Callebaut is on track to accelerate along the value ladder. The Group is therefore confident that it will deliver on the mid-term guidance for the 3-year period 2020/21 to 2022/23 of on average:

- 5–7% volume growth
- EBIT above volume growth in local currencies, barring any major unforeseeable events.

Barry Callebaut share performance

Barry Callebaut shares closed at CHF 2,334 on August 31, 2021, +16.7% above the previous year’s closing price, on the back of the strong business recovery since the start of the COVID-19 pandemic. The Swiss indices performed even better with SPI +22.6%, Swiss Small and Mid Caps (SMIM) +34.2% and the SXI Switzerland Sustainability 25® index basket up +23.7%. The performance of the EURO STOXX Food & Beverage Index (+17.2%) was about in line with Barry Callebaut’s share performance.

Key share data as of August 31, 2021

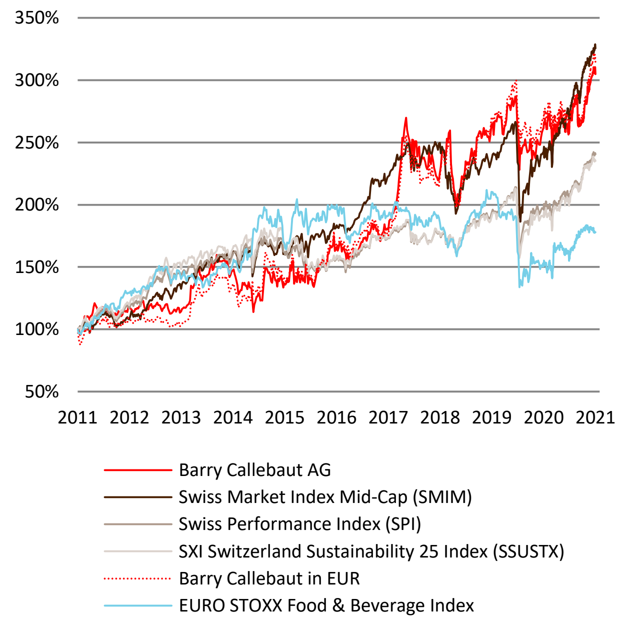
Shares outstanding	5.5 million
Closing share price	CHF 2,334
Market capitalization	CHF 12.8 billion
52-week high (closing)	CHF 2,376
52-week low (closing)	CHF 1,893
Average daily volume	11,424 shares

Source: FactSet and SIX Swiss Stock Exchange.

Financial Review

The chart below illustrates the long-term performance of Barry Callebaut shares compared to the relevant indices (2011–2021).

Share price development Barry Callebaut vs. indices September 2011 to August 2021



Over a ten-year period (2011–2021), the long-term performance of Barry Callebaut share price (+207.7%) is slightly behind the SMI Mid Cap Index (216.9%), but clearly above the SPI (133.3%) and SXI Switzerland Sustainability Index (+127.2%). The outperformance against the EURO STOXX Food & Beverage Index (+76.3%) is even stronger when calculating Barry Callebaut's share price in EUR (+222.8%).

Dividend – Payout ratio of 40%

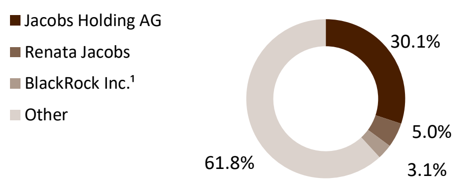
The Board of Directors is proposing a payout to shareholders of CHF 28.00 per share. This represents an increase of +27.3% versus prior year and corresponds to a payout ratio of 40% of the Net profit. Dividends will be paid to shareholders on, or around, January 6, 2022, subject to approval by the Annual General Meeting of Shareholders.

Key share capital data

The share capital of Barry Callebaut AG as of August 31, 2021, amounted to CHF 109,777, consisting of 5,488,858 fully paid-in shares with a nominal value of CHF 0.02 each. There is one single class of shares in which every share has the same voting power and grants the same entitlement to dividends.

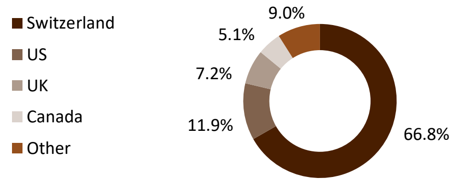
The free float, excluding the reference shareholders (Jacobs Holding AG and Renata Jacobs), at the end of August 2021 was 64.9%, with the majority held by institutional shareholders (holding 60% of total outstanding shares) that are predominantly based in Switzerland, followed by the US, the UK and Canada.

Ownership structure as of August 31, 2021



1 Based on notification through the electronic publication platform of the SIX Swiss Exchange.

Country split of institutional shareholders



Source: IHS Markit.

Financial Review

Analyst recommendations

At the end of fiscal year 2020/21, of the eleven financial analysts covering Barry Callebaut, six had a buy recommendation, three had a hold recommendation and two had a sell recommendation. At the end of August 2021, the average target price was CHF 2,400 according to Factset.

Sustainability ratings

The recognition of Forever Chocolate this year is testimony to our, and our partners', ongoing commitment to create impact on the ground and lead change. For the third consecutive year, Sustainalytics has recognized Barry Callebaut as an industry leader in the management of the ESG risks in our supply chain. Our position in the top three once again confirms that we are consistently leading not only in the chocolate and cocoa sector, but also in comparison to our peers in the broader food industry.

In addition, CDP, an independent organization that assesses the carbon reduction plans of over 9,500 companies every year, awarded Barry Callebaut, for the third year running, an A- (Leadership level) for our carbon reduction efforts. We were additionally awarded Leadership level as a Supplier Engagement Leader for our work on scope three emissions, which are emissions that extend beyond our direct supply chain.

Credit rating

Barry Callebaut has active relationships with Standard & Poor's and Moody's.
The current ratings are:

- Moody's: Baa3 / stable
- Standard & Poor's: BBB- / stable

Healthy growth and sound profitability

Continued expansion in Region EMEA. Volume back on its healthy growth path with positive mix effect on profitability.

In Region EMEA (Europe, Middle East and Africa) volume returned to its healthy growth path, up +5.5% to 997,324 tonnes in fiscal year 2020/21. In a progressively improving market environment, the Group outpaced the underlying regional chocolate confectionery market (+0.8%)[1]. Food Manufacturers' volume continued its dynamic growth trajectory, in particular in Eastern Europe, leading to a healthy growth in the mid-single digit range for the year under review. Gourmet & Specialties volume recovered strongly across the Region in the second half of the fiscal year under review, leading to growth in the mid-teens.

Sales revenue increased by +8.2% in local currencies (+7.3% in CHF) to CHF 3,128.5 million.

As a result of the improving mix and good cost control, Operating profit (EBIT) increased by +27.9% in local currencies (+26.1% in CHF) to CHF 339.2 million.

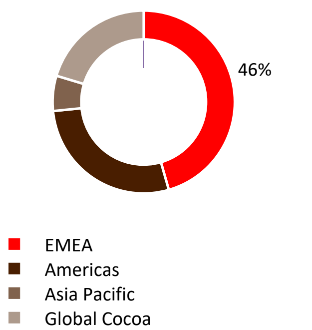
In October 2021, Barry Callebaut inaugurated the largest and most sustainable chocolate warehouse globally in Lokeren, Belgium. It will serve as a global logistical hub for all packed products from the Belgian factories.

In July 2021, an outsourcing agreement with Atlantic Stark, a leading confectionery producer in Serbia, was announced. It is the first outsourcing deal to be fully supplied from the Group's new factory in Novi Sad. In the same month, Barry Callebaut announced the opening of a chocolate factory in Kaliningrad, its third in Russia.

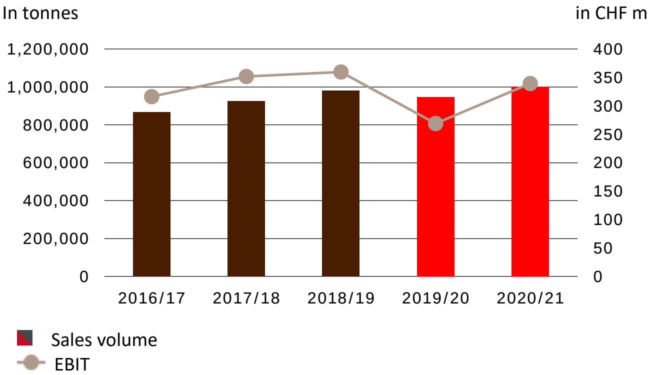
In June 2021, an agreement to acquire Europe Chocolate Company (ECC), a privately-owned B2B manufacturer of chocolate specialties and decorations in Belgium, was signed. In February 2021, the Group opened its first fully segregated dairy-free chocolate factory in Norderstedt, Germany, offering plant-based indulgence to customers across EMEA.

1 The underlying chocolate confectionery market growth according to Nielsen volume growth excluding e-commerce – September 2020 to August 2021. Nielsen data only partially reflects the out-of-home and impulse consumption. Data subject to adjustment to match Barry Callebaut's reporting period.

Sales volume per Region



Sales volume | EBIT



26 factories

Key figures for Region EMEA

		Change in %		2020/21	2019/20
		in local currencies	in CHF		
Sales volume	Tonnes		5.5%	997,324	945,640
Sales revenue	CHF m	8.2%	7.3%	3,128.5	2,915.8
EBITDA	CHF m	23.1%	21.6%	424.4	349.0
Operating profit (EBIT)	CHF m	27.9%	26.1%	339.2	269.1

Strong growth and healthy profitability

Outsourcing and strong Gourmet business contributed to growth and profitability.

Sales volume in Region Americas increased by +7.9% to 610,133 tonnes in fiscal year 2020/21, well ahead of the underlying regional chocolate confectionery market (+2.5%)[1]. Food Manufacturers continued to grow strongly in particular with large corporate accounts in North America. Gourmet & Specialties' volume continued to accelerate across the Region, leading to clear double-digit growth in the year under review.

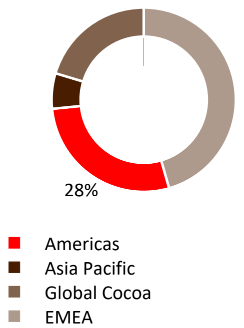
Sales revenue increased by +10.8% in local currencies (+4.0% in CHF) and amounted to CHF 1,830.3 million.

Operating profit (EBIT) increased by +8.4% in local currencies (+2.3% in CHF) to CHF 186.6 million, reflecting the strong volume growth and improving mix.

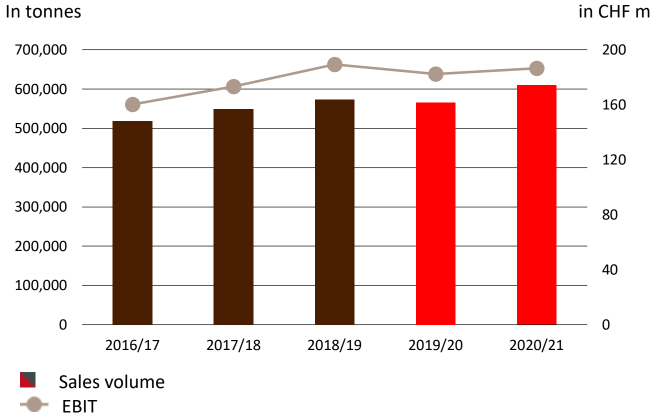
In September 2021, Hershey and Barry Callebaut extended their strategic supply agreement, under which Barry Callebaut will continue to supply Hershey's North American business with chocolate products. The renewal underscores how Barry Callebaut's reliability and premium chocolate expertise make it the partner of choice for leading industry players in the Region. This was also confirmed through the signing of a new significant outsourcing agreement with a large confectionery manufacturer in June 2021.

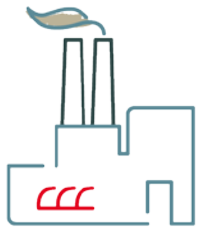
1 The underlying chocolate confectionery market growth according to Nielsen volume growth excluding e-commerce – September 2020 to August 2021. Nielsen data only partially reflects the out-of-home and impulse consumption. Data subject to adjustment to match Barry Callebaut's reporting period.

Sales volume per Region



Sales volume | EBIT





14
factories

Key figures for Region Americas

		Change in %		2020/21	2019/20
		in local currencies	in CHF		
Sales volume	Tonnes		7.9%	610,133	565,650
Sales revenue	CHF m	10.8%	4.0%	1,830.3	1,759.5
EBITDA	CHF m	8.0%	2.2%	240.1	235.0
Operating profit (EBIT)	CHF m	8.4%	2.3%	186.6	182.4

Profitable growth momentum continued

New factory and continued expansion supported growth momentum.

In Region Asia Pacific the good growth momentum continued with +8.7% to 138,396 tonnes, despite regionally reinstated COVID-19 restrictions. The underlying regional chocolate confectionery market grew +7.1%[1]. Food Manufacturers' volume growth continued to be broad based. Gourmet & Specialties' volume growth is back in the solid double-digit range, supported by global and local brands.

Sales revenue amounted to CHF 444.0 million, up +15.4% in local currencies (+10.9% in CHF).

Operating profit (EBIT) grew well ahead of volume at +39.5% in local currencies (+33.4% in CHF) to CHF 57.0 million on the back of good growth momentum and improving mix.

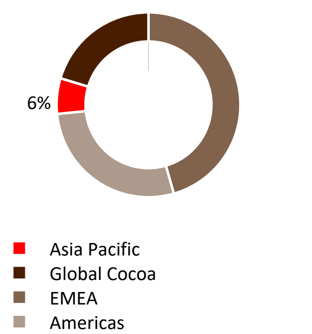
In March 2021, the opening of the new factory in Baramati in India, its largest investment in the country to date, was announced. It underlines Barry Callebaut's commitment to the world's second most populous country, a confectionery market with great potential.

In February 2021, Barry Callebaut strengthened ties with Garudafood to distribute Van Houten Professional Products in Indonesia, all with 100% sustainably sourced cocoa.

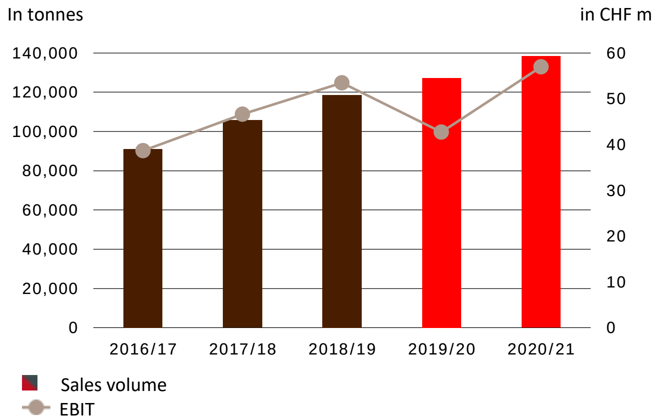
In November 2020, Barry Callebaut opened its fourth office in China, at Shenzhen, to better serve growing customers in South China. The new office in Shenzhen includes a state-of-the-art CHOCOLATE ACADEMY™ Center, the third in China.

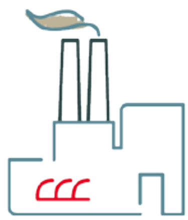
1 The underlying chocolate confectionery market growth according to Nielsen volume growth excluding e-commerce – September 2020 to August 2021. Nielsen data only partially reflects the out-of-home and impulse consumption. Data subject to adjustment to match Barry Callebaut's reporting period.

Sales volume per Region



Sales volume | EBIT





10
factories

Key figures for Region Asia Pacific

		Change in %		2020/21	2019/20
		in local currencies	in CHF		
Sales volume	Tonnes		8.7%	138,396	127,306
Sales revenue	CHF m	15.4%	10.9%	444.0	400.2
EBITDA	CHF m	34.1%	28.5%	71.4	55.5
Operating profit (EBIT)	CHF m	39.5%	33.4%	57.0	42.7

Resilient result

Focus on 'smart growth' supported resilient result in a volatile market environment.

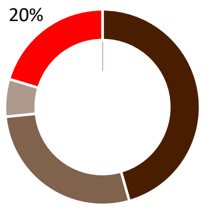
Sales volume in Global Cocoa amounted to 445,719 tonnes, a decline of –2.6% compared to prior year. Sales revenue reached CHF 1,804.8 million, up +6.1% in local currencies (–0.7% in CHF).

The focus on 'smart growth' mitigated the impact of the unfavorable market environment, however Operating profit (EBIT) was impacted by higher energy costs in West Africa as well as higher global freight costs. This resulted in an EBIT of CHF 86.5 million, compared to CHF 94.9 million EBIT recurring[1] in prior year. Excluding the above-mentioned additional cost, the EBIT per tonne grew by +4.8% in local currencies (+1.8% in CHF) to CHF 211 (prior year CHF 207).

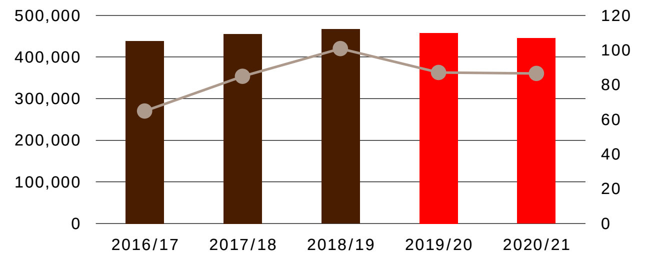
At the Sustainable Food Summit in June 2021, Barry Callebaut's innovative brand Cabosse Naturals won the sustainable ingredients category for upcycling the pulp and peel of the cacaofruit into a range of 100% pure cacaofruit ingredients. In November 2020, Barry Callebaut embarked on an industry-first project to transform cocoa by-products into biochar, which can be used to permanently store carbon, improve soil quality and reduce waste.

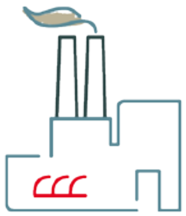
1 Prior-year Operating profit (EBIT) recurring, excluding the cost of CHF –7.8 million for the closure of the cocoa factory in Makassar, Indonesia.

Sales volume per Region



Sales volume EBIT





14
factories

Key figures for Global Cocoa

		Change in %		2020/21	2019/20
		in local currencies	in CHF		
Sales volume	Tonnes		(2.6%)	445,719	457,386
Sales revenue	CHF m	6.1%	(0.7%)	1,804.8	1,817.6
EBITDA	CHF m	2.1%	(0.9%)	156.6	158.1
Operating profit (EBIT)	CHF m	2.5%	(0.7%)	86.5	87.1
Operating profit (EBIT, recurring)	CHF m	(6.0%)	(8.9%)	86.5	94.9

Sustainability

Forever Chocolate

Scaling and partnering for change

Introduction

This year marks the 25-year anniversary of Barry Callebaut. From its beginning, Barry Callebaut has been dedicated to sustainability, which constitutes one of our four strategic pillars. In 2016 we launched Forever Chocolate, our bold plan to make sustainable chocolate the norm by 2025. Since we started our journey, we have been driven to make sustainable chocolate the norm, even though we were clear that we did not have all the answers to achieve our goals. It is a road which we are still travelling on. However, as we look back over the past five years we see there has been a progressive scaling up in our activities and continued partnering with societal and industry stakeholders to create tangible impact on the ground.

Forever Chocolate is our plan to have more than 500,000 cocoa farmers in our supply chain lifted out of poverty, to eradicate child labor from our supply chain, to become carbon and forest positive and to have 100% sustainable ingredients in all of our products. Every year, we report on the progress of these time bound, measurable targets, which are verified by a third-party auditor.

Scaling progression towards achieving our commitments

The persistence of COVID-19 in 2020/21 continued to disrupt the livelihoods of many people across the globe, including cocoa growing communities. Our sustainability efforts rely heavily on Barry Callebaut's people on the ground, and despite decreased physical access to farmers and their families, we were able to execute innovative projects and support cocoa farming communities. This is testament to our resilience and commitment to implement and scale Forever Chocolate.

As we review our Forever Chocolate progress in 2020/21 we have continued to refine our data collection on the farmers we source from and we have teamed up with experts such as Embode, a social protection and human rights consultancy that works extensively with NGOs and intergovernmental organizations, to implement our new approach to tackling child labor. We have continued to put digital innovations in place, increasing our polygon mapping and monitoring of deforestation using the High Carbon Stock (HCS) approach. One of our greatest achievements this year has been a reduction of our Land Use Change (LUC), meaning the carbon emissions resulting from the transformation of forest land to agricultural land, by over –10.0%. Achieving this outstanding feat underlines our commitment to establishing traceability in our supply chain.We have also created industry firsts in the way we measure and quantify carbon emission in dairy production.

Our vision extends beyond the borders of our own company. Ultimately, we want to see a cocoa industry that is thriving and sustainable, where farmers prosper, communities are empowered, and the environment is protected. As the experiences of the past two decades show, topical, project-based, interventions and efforts cannot scale up impact without the solid foundation of effective structural reform that tackles the root causes of farmer poverty, child labor and deforestation. We have been vocal about our view that a fully sustainable cocoa sector cannot be done by one actor alone. This can only be achieved through a broad-based movement and by partnering for change with all players in the cocoa sector – NGOs, industry and governments and other stakeholders.

Public intervention is required in order to drive structural change beyond our direct supply chain. Government action at origin is essential to address the issue of traceability, rural infrastructure development and proper enforcement of national legislation. It should be coupled with regulatory intervention in cocoa consuming regions as well as cross-industry cooperation to drive demand for sustainably sourced cocoa. In the past year we were actively engaged with trade associations and multi-stakeholder platforms to further the movement for a sustainable cocoa supply chain.

Supporting farmers to become sustainable and prospering entrepreneurs

Cocoa farming is labor intensive and in many cocoa growing regions, mechanization is non-existent. In order to lift more than 500,000 cocoa farmers out of poverty in our supply chain, it is critical to have an in-depth understanding of the conditions, challenges and potential of the farms and farmers we are working with. By continuing to gather farmer data, we are capturing a more detailed picture of farmer profiles and gaining a better understanding of farmer needs. Our unique and extensive farm mapping database was expanded to cover 234,997 farmers with full data in 2020/21. This means we have mapped the geographical location and the size of 394,305 active cocoa farms, covering 66% of our direct supply chain in 2020/21. This database is a critical source of information for our Farm Services Business which offers Farm Business Plans (FBPs), individualized support and coaching as well as technical advice, that takes the specific landscape of a specific farm into consideration. This tailored approach is unique and is only made possible by over 1,000 dedicated people we have working on the ground in cocoa producing countries. In 2020/21 the number of farmers who received FBPs is 92,508 (+125%). A total of 125,593 cocoa farmers in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia received farm services support this fiscal year.

We know that farm-specific support is more effective than a one-size-fits-all approach. That is why, in fiscal year 2016/17 we kicked off pilot projects in key cocoa-growing countries to further our understanding of country-specific sustainable cocoa farming models. In this fiscal year, Wageningen University in the Netherlands, the world's leading agricultural university, completed its evaluation of our pilot projects in Côte d'Ivoire, Ghana, Cameroon, Brazil and Indonesia. At farm level, the pilot activities encompassed interventions to increase cocoa productivity as well as crop and income diversification. The evaluation showed that our ongoing learnings from the pilots enabled rapid establishment of our Farm Services Business, and that some services, such as individualized coaching, play a vital role in the integration and efficient use of farm package inputs. In addition, the findings revealed that a lack of access to adequate financial resources was a barrier to the adoption of recommended farm packages. Using these learnings, we have refined our approach for supporting farmers in professionalizing their cocoa farms. It is clear that the implementation and impact of our Farm Services offerings could be further enhanced by sector wide collaboration and coordination by local authorities. This includes, at the international level, the creation of mainstream banking opportunities for farmers, and, at the producing level, the development of an integrated agricultural policy that addresses national production targets and encourages the production of other essential agricultural goods that would support income diversification and drive alternative livelihoods for farmers.

Building a comprehensive approach to fight child labor

Among the most prevalent types of child labor, occurring primarily on family farms, is that of children working at too young an age or working in hazardous conditions. There are still an estimated 1.56 million children in Côte d'Ivoire and Ghana involved in child labor for cocoa cultivation[1]. The challenges facing children in cocoa-growing communities are linked to structural issues, such as poverty, social exclusion, lack of access to healthcare and drinking water.

In 2020, our partnership with Embode, led to the finalization of our new approach to tackling child labor, which sets clear internal milestones between 2020 and 2025 to guide planning, implementation, and stakeholder engagement. In addition, we also continued to implement and scale-up monitoring and remediation systems based on industry practice as developed by the International Cocoa Initiative (ICI).

Mitigating climate change and ending deforestation

In total, since the commencement of Forever Chocolate in 2016, we have reduced our carbon intensity per tonne of product by more than –17%. Identifying and measuring deforestation and carbon emissions associated with Land Use Change (LUC), at a large scale and in sufficient detail, is notoriously difficult. This challenge becomes even more difficult when third-party suppliers which have complex supply chains enter the picture. However, in 2020/21 we produced exciting results from two projects which we have been working on for a number of years. Teaming up with EcoVision Lab, part of the Swiss Federal Institute of Technology in Zurich (ETH) Switzerland, led to the development of a publicly available, industry-first, indicative High Carbon Stock (HCS) map that identifies forests with high conservation value and areas where deforestation would cause the highest carbon emissions. In addition, in collaboration with the Gold Standard Foundation and Agolin, this year we developed a new methodology to quantify and certify carbon insetting for dairy within our chocolate supply chain. Dairy products are a key ingredient in many of our chocolate products and it is also one of the major contributors to our corporate greenhouse gas (GHG) emissions footprint.

Biodiversity is an important element for evaluating our progress on becoming forest positive. Our commitment to biodiversity is focused on both on-farm and off-farm activities, including soil regeneration and the creation of carbon sinks and agroforestry. Restoration of degraded

1 NORC Report (2020), Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana. Chicago: University of Chicago.

forests and ecosystem corridors between farms aims to bring back the ecosphere of a forest, such as water and soil quality and native plant species. In May 2021, we commenced the re-planting of 300 hectares of degraded forest in Côte d’Ivoire. Through this activity, we are also creating employment opportunities for local communities. We intend to scale this activity and focus on the restoration of classified forests and other areas to ensure sustainability and the achievement of our Forever Chocolate commitments. We are also actively engaging in action-oriented business coalitions, such as the World Business Council for Sustainable Development (WBCSD) and One Planet Business for Biodiversity (OP2B), joining forces with other ambitious industry players to drive systemic change and restore natural biodiversity within value chains, aiming to accelerate the transition to successful sustainable business models.

Supporting customers with sustainable chocolate and ingredients

At Barry Callebaut, we are the key partner for our customers for strategic support and for turning sustainability commitments into reality. Switching from conventional raw materials to sustainably sourced raw materials enables brands to differentiate their product, meet the demands of consumers and increase their value and reputation. We work with, and implement, various sustainable cocoa programs to improve cocoa farmer livelihoods and farming practices. Among them is Cocoa Horizons, our preferred vehicle to drive impact and deliver on our Forever Chocolate ambition. In 2020/21, we have seen significant growth in Cocoa Horizons premiums, driven by strong demand from customers seeking a program that provides an answer to different requirements. Subsequently, the premiums from the purchase of HORIZONS cocoa products generated over CHF 28.4 million in funds, an increase of +60% compared to prior year. In 2020/21, we extended our Cocoa Horizons program by offering customers an exclusive program that includes an additional payment to cocoa farmers on top of Cocoa Horizons premiums.

In 2020 we continued to further build market demand for sustainably sourced cocoa. In the preceding year, our global Gourmet brands had led the charge by transitioning to 100% sustainably sourced cocoa or ingredients. This year our brands continued to spearhead sustainable chocolate innovation. Almost two years after the development of WholeFruit chocolate, a chocolate containing only ingredients from the cacaofruit, in June 2021, Cacao Barry unleashed WholeFruit Evocao™, the first signature expression of WholeFruit chocolate. WholeFruit Evocao™ was also the first global chocolate to qualify for the Upcycled Certified mark, developed by the Upcycled Food Association to help consumers identify products that prevent food waste.

Partnering for Change

A fully sustainable cocoa sector can only be achieved through the engagement and effort of all players to support the development of an enabling environment, a cause to which Barry Callebaut is fully committed. In December 2019, Barry Callebaut partnered with other companies and NGOs to call on the European Union to introduce legislation setting a due diligence obligation on all companies that place cocoa or cocoa products on the EU market. Barry Callebaut has been actively participating in the CocoaTalks, an EU-led Multi Stakeholder Dialogue on Sustainable Cocoa. Since its launch in autumn 2020, it aims to deliver concrete recommendations to advance sustainability across the cocoa supply chain through collective action and partnerships. In May 2021, Barry Callebaut together with other food sector companies called for an EU-wide legal framework to halt and reverse EU-driven global deforestation, outlining that the framework has to be ambitious in its efforts to increase global value chain accountability and transparency for at-risk commodities, such as cocoa. In July 2019, Côte d’Ivoire and Ghana announced the implementation of a living income differential (LID). The LID was applied to all sales contracts for shipments starting season 2020/21 by the two countries, irrespective of market levels. Barry Callebaut supports the implementation of the LID, which enables the Ivorian and Ghanaian governments to support a minimum cocoa price to their cocoa farmers.

We recognize that the farms we source from are not operating in isolation. They are connected to communities, located near protected forest areas and are part of regional landscapes. We believe that for the cocoa and chocolate sector to be deforestation free, conserve forests and support farmers to grow more on less land, there is an urgent need for transformational change across industry, government and society. As part of our 2025 commitment to become forest positive, in 2019/20 we publicly disclosed our direct cocoa suppliers in Côte d’Ivoire, Ghana and Cameroon. This map is regularly updated. In addition, this year we finalized a procedure for selected indirect suppliers to undertake traceability activities, such as farmer mapping and census information. Subsequently, we are now piloting this procedure with a selection of indirect suppliers in Côte d’Ivoire.

Despite the positive results achieved so far by the cocoa industry through voluntary actions and projects related to improving the traceability and transparency of their supply chain, we recognize that there are limitations to the impact and scale of these efforts. To further scale impact, cocoa producing countries should mandate end-to-end traceability systems that track cocoa from the farm. In addition, a cocoa farmer registry needs to be established as a matter of urgency. Furthermore, a review of current land tenure policies should be undertaken to ensure better supply management and compliance with national forest and agricultural policies, and encourage sustainable environmental practices in cocoa farming.

It is clear that a sustainable cocoa sector requires coordinated actions with all key actors along the cocoa value chain. We believe that consuming and producing countries, industry, NGOs, farmer organizations, manufacturers and retailers – should all have clearly identified roles and accountability so that they can contribute to the implementation of a concrete and time-bound action plan, supplemented by international development aid, technical and financial assistance.

Our commitment to reporting on Environmental, Social and Governance (ESG) risks

Our values represent a mindset and way of doing business that is committed to generating sustainable earnings over time and creating long-term value for all stakeholders. We are dedicated to running all our operations with transparency and integrity, which includes reporting on our Environmental, Social and Governance (ESG) management and risks. We always seek to understand issues of concern and respond accordingly, and we do not shy away from reporting on the challenges in our supply chain in order to make sustainable chocolate the norm by 2025. This year we hosted our first dedicated ESG Investor Roadshow and Governance Roadshow to present and discuss ESG topics with interested investors.

Regular dialogue with our stakeholders is critical to identify the key ESG issues our business faces and refine our approach for resolving these issues. This is why we conduct every three years a materiality assessment with stakeholders such as customers, farmer cooperatives, investors, media, governments, industry associations, multi-stakeholder initiatives, NGO’s and our employees. Our latest materiality assessment was published in April, 2021.

External Recognition of our Progress and Impact

The recognition received by Forever Chocolate this year, is further testimony to our, and our partners’, ongoing commitment to create impact on the ground and lead change. For the third consecutive year, Sustainalytics has recognized Barry Callebaut as an industry leader in the management of the ESG risks in our supply chain. Our position in the top three once again confirms that we are consistently leading not only in the chocolate and cocoa sector, but also in comparison to our peers in the broader food industry.

In addition, CDP, an independent organization assesses the carbon reduction plans of over 9,500 companies every year, awarded Barry Callebaut, for the third year running, an A- (Leadership level) for our carbon reduction efforts. We were additionally awarded Leadership level as a Supplier Engagement Leader for our work on scope three emissions, which are emissions that extend beyond our direct supply chain.

Prospering Farmers

PROSPERING FARMERS

Lifting cocoa farmers out of poverty

Our goal
By 2025, more than 500,000 cocoa farmers in our supply chain will have been lifted out of poverty.

Our approach
Almost two-thirds of global cocoa is produced in Côte d'Ivoire and Ghana. In Côte d'Ivoire, 70% to 85% of cocoa farmers' income is dependent on cocoa[1] and in Ghana, cocoa is estimated to account for about two thirds of cocoa farmers' revenue[2]. Low productivity on cocoa farms as a result of poor agricultural practices, nutrient-depleted soils and aging cocoa trees keeps cocoa farmers and their families in a cycle of poverty. In addition, cocoa farmers are confronted with an underdeveloped rural infrastructure that limits their access to universal basic services, such as access to water, sanitation facilities, road infrastructure and transport network, medical services and school education.

For cocoa-producing countries, further support should be given to rural infrastructure development, land registration and farmer database systems, which would allow for a more tailored approach to interventions on farmer professionalization and the promotion of additional income-generating activities. At industry level, we believe that implementation of projects to increase farm productivity through farmer training, better access to agricultural inputs, improved planting materials and credit for investment, should be continued in order to support farmer professionalization.

For cocoa-importing countries and regions, such as the EU, there are several complementary actions that are needed to support a sector-wide change: Due diligence and deforestation legislation, which would tackle unsustainable practices and help cocoa farmers achieve a living income, needs to be coupled with partnership cooperation with origin countries, in order to be fully effective. This cooperation should also incorporate funding mechanisms and technical expertise to support the development and implementation of a comprehensive agricultural reform.

As we progress towards our 2025 target of lifting more than 500,000 farmers in our supply chain out of poverty, our focus is to continue supporting farmers by modernizing agriculture and cultivation methods, increasing yields, diversifying income and professionalizing farming.

Our individualized Farm Business Plans (FBPs) constitute a 10-year-model of the potential income a specific farm can generate if managed optimally. Supporting farmers with the appropriate offering is the key cornerstone of our multi-year FBPs, which present the farmers with a journey out of poverty based on their individual situation and farm profile. These plans are created through one-to-one consultations between our Farm Services specialists and the farmer, and involves an evaluation of the farm landscape – soil analysis, age of cocoa trees, presence of alternative crops and livestock, as well as categorization of the agricultural skills which the farmer already possesses.

This year we mapped the geographical location, as well as the size of 394,305 (+42%) active cocoa farms, covering 66% of our global direct supply chain in 2020/21. We also increased census interviews with cocoa farmers to 390,019 (+34%), capturing socioeconomic and household data.

The uniqueness of our approach is the support and training we provide at individual farm level. We have found that coaching on-farm, paired with technical advice that relates specifically to each farms needs, is the most effective method of supporting farmers in implementing skills they learn during training. Following farm diagnostics, skills analysis and data collection, we provide three types of services to support cocoa farmers – productivity packages, seedling distribution and income diversification packages.

The first is productivity packages, which are a combination of product offerings, such as planting material to boost soil fertility, and on-farm training in good agricultural practices. Our productivity packages include follow-up visits by our Farm Services specialists who provide both farm diagnostics and technical advice throughout the year.

1 Pluess, J. (November 2018), Children's Rights in the Cocoa-Growing Communities of Côte d'Ivoire, Abidjan: UNICEF Côte d'Ivoire. Available from: https://sites.unicef.org/csr/css/synthesis-report-children-rights-cocoa-communities-en.pdf (accessed August 5, 2021).

2 Cocoa Farmers in Ghana experience poverty and economic vulnerability (2017). Available from https://cocoainitiative.org/ (accessed August 2, 2021).

Prospering Farmers

In 2020/21, 49,335 farmers received productivity packages. Cocoa farms thrive optimally in a diverse ecosystem that includes a variety of tree species. Our second service is the distribution of cocoa and non-cocoa trees which is critical to support farmer diversification and productivity.

In 2020/21, we scaled up the capacity of our nursery production facilities in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia. This has resulted in the distribution of almost 2.7 million (+24%) cocoa seedlings and almost 2 million (+47%) non-cocoa trees. The third service we provide is income diversification packages, which are options for cocoa farmers to derive income from other crops and livestock. In total, 92,508 (+125%) farmers adopted FBPs in 2020/21.

Our measured impact

For the measurement of the progress against our target to lift over 500,000 cocoa farmers out of poverty by 2025, we are using as a starting point the International Poverty Line definition of extreme poverty of USD 1.90/day adjusted for purchasing power and cost of living in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil[3]. This threshold is the first stage. Our activities are designed to help farmers move from subsistence to living incomes through increased productivity and income diversification.

In 2020/21, measured against the International Poverty Line threshold of USD 1.90/day, we estimate 214,584 cocoa farmers (+50%) in our supply chain are no longer in poverty. This year, 125,593 (+75%) farmers in Côte d'Ivoire, Ghana, Cameroon, Brazil, Indonesia and Ecuador had access to farm services, aimed at improving agricultural methods, increasing yields, diversifying income, and upgrading farming practices.

It remains 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 difficulties in excluding other external factors that can positively or negatively affect farmer productivity, i.e. weather conditions, aging cocoa trees and the increasing cost of labor. However, this year, we have seen that increased investment into pre-harvest labor, particularly for tree pruning, as well as a higher investment in the right mix and amount of soil inputs, can address these challenges.

Key metric

214,584

Number of cocoa farmers in our supply chain out of poverty, measured against the World Bank's USD 1.90/day threshold for extreme poverty

Enabling KPIs

125,593

Number of cocoa farmers who have received Farm Service activities

92,508

Farmers adopted an individualized Farm Business Plan

Our commitment to the UN SDGs

Our results have shown in 2020/21, that farmers who increase pre-harvest labor, to on average 350 hours per hectare, are experiencing higher increases in yield. In comparison, farmers who are investing on average less than 50 hours per hectare on pre-harvest labor, are showing the lowest yield performance.

3 World Bank Data Hub. Available from https://datahelpdesk.worldbank.org/ (accessed September 27, 2021).

Eradicating child labor

Our goal

By 2025, we will eradicate child labor from our supply chain.

Our approach

Barry Callebaut sources cocoa and other commodities from regions where child labor, occurring largely on family farms and defined as children doing work when too young or work that endangers them, is widespread[1]. In line with the United Nations Guiding Principles on Business and Human Rights[2], the solution lies not in ending the sourcing from these regions, but in assessing, monitoring and remediating on the ground the risk of children becoming involved in child labor. This means, understanding which farming communities are most at risk, and providing these farming communities with the necessary support through a combination of poverty alleviation, access to quality education and adequate social infrastructure and awareness raising. Abandoning a region because of the challenges it faces would only worsen its economic and human rights situation.

In June 2021, a report published by the European Commission on ending child labor in Côte d'Ivoire and Ghana stated that there is a need for high level collaboration among implementers at the local level and a need to improve overall institutional structure and collaboration. In addition, it noted that current efforts to eliminate child labor are not sufficiently and structurally embedded within a functioning institutional support system and called for a wider systems-based approach[3]. We fundamentally believe that enforcing a strong regulatory framework on human rights protection in origin countries should be part of a broader effort to strengthen an enabling environment in cocoa farming on the ground. This approach should go hand in hand with the due diligence legislation in consuming countries, which can be fully effective only if sector-wide traceability is established, to monitor both environmental and human rights protection.

In 2020, we partnered with Embode, the internationally renowned social protection and human rights consultancy working with NGOs, intergovernmental organizations and industry, to undertake an in-depth evaluation of our progress to date and help us take the next strategic action towards achieving zero child labor. Subsequently, in 2020/21 we finalized our Child Labor Roadmap which was developed to define clear internal milestones between 2020 and 2025 to guide planning, resources, implementation and stakeholder engagement. As part of this work, in February 2021, we undertook a consultation with NGOs and customers to share our new approach to tackling child labor.

In addition, 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.

Our approach to eradicating child labor is based on child-centered systems strengthening and applying data driven risk analysis capabilities under the overarching framework of human rights due diligence, which closely follows the OECD Guidance for Responsible Business Conduct.

A child-centered approach starts at the local level, engaging with children, parents, families and community members to create empowered communities to help their own development and make lasting change for the future. This approach relies on a framework of collaborative action from all stakeholders. It includes developing community action plans, building the capacity of local authorities to better support families, and stepping up local and regional advocacy to increase farmer empowerment. In 2020/21, we continued our work with Child Protection Committees (CPCs) in cocoa farming communities in Ghana, Cameroon and Indonesia. This program brings together a partnership of district and local-level government agencies, social welfare specialists, community planners, teachers, and local religious leaders, with the purpose of preventing child labor and protecting child rights. Since these groups are composed of trusted community members, they are in a unique position to engage with families. Our community-based approach focuses on training CPC members to identify and support children at risk of being engaged in child labor and to support remediation and referral processes in collaboration with local public authorities.

1 https://www.worldcocoafoundation.org/blog/child-slavery-child-labor-hazardous-work-whats-the-difference/
2 Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
3 https://euagenda.eu/publications/ending-child-labour-and-promoting-sustainable-cocoa-production-in-cote-d-ivoire-and-ghana

Zero Child Labor

Structural or contextual issues, for example, a change of revenue source in families that were not considered high risk at the moment of monitoring, or closure of schools due to COVID-19, can lead to children being subjected, or returning to, child labor. Therefore a community-centric approach is essential to comprehensively tackle child labor, given the high context volatility that can expose children to ongoing child labor risks.

Our data driven risk analysis follows the United Nations Guiding Principles on Human Rights (UNGPs) which state that "to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable[4]." Our model seeks to combine the data from our child labor monitoring and remediation system with farmer census data. This combination will allow us to better target our activities and be more impactful to those households and communities where children and families need the most support.

To help us to identify and address child labor in our cocoa supply chain, we continued in 2020/21 to implement child labor monitoring and remediation systems based on the industry practice as developed by the International Cocoa Initiative (ICI)[5]. To undertake monitoring and remediation, we work on the ground in cocoa origin countries, visiting households and communities to identify children at risk of child labor. This year, we ramped up our remediation interventions, which had been hampered last year due to the challenges of COVID-19. Our approach to remediation is aimed towards addressing some of the root causes of child labor, focusing on education, social and gender issues. Remediation activities include the provision of school kits and birth certificates, a requirement to enable attendance at school, as well as supporting families and communities with education and training on child labor awareness and follow-up visits to the home.

Our measured impact

There is an estimated 1.56 million children involved in child labor for cocoa cultivation in Côte d'Ivoire and Ghana[6]. The first step to effectively tackle child labor is to locate it. Therefore, we continue to monitor and identify cases of child labor rigorously and with intent. In 2020/21, we found 21,258 (–7%) cases of child labor in the fiscal year under review.

Implementing individualized remediation interventions for a specific child and family takes time – both to build a relationship with the family and determine the best course of action to address the case of child labor. According to ICI recommendations, a case can only be considered remediated when two consecutive visits have shown that the child has no longer been engaging in child labor. If a child is found in child labor during any of these visits, we will develop a new remediation plan adapted to the needs of the child and continue following up on the case 3 to 18 months until fully remediated.

This year 25,486 (+413%) of the reported cases we found in previous years, are now under remediation. This large increase is the result of being able to more readily travel to communities and families and implement remediation activities more quickly than in 2019/20.

This year, the number of identified child labor cases considered remediated on the grounds that the child has not been found performing child labor over two consecutive monitoring visits, between 3 to 18 months, is 362 cases (+8%). In addition, we are continuing to implement our monitoring and remediation systems which cover 237 (+110%) farmer groups, including 220,878 farmers in Côte d'Ivoire, Ghana, and Cameroon.

The percentage of the farmer groups we directly source from with whom we undertake child labor monitoring and remediation activities is 61%.

Our zero child labor commitment extends beyond cocoa to other ingredients such as dairy, palm oil, nuts and cane sugar. The supply chains of each ingredient we use differ depending on the region, presenting its own unique sustainability challenges. We continued to challenge our suppliers in 2020/21 to improve the child labor due diligence components of their standards, and to create roadmaps and targets that will identify and address child labor risks when sourcing raw materials. This year, we refined our methodology on third party suppliers and child labor risks to align with a higher threshold of risk level, as defined by the Maplecroft Child Labor Index methodology. As a result, we consider that 25% of the cocoa and non-cocoa volumes sourced from third party suppliers, adequately addressed the risk of child labor.

In addition, in 2020/21 we began a pilot to review newly developed child labor monitoring system and remediation protocols in Brazil. We are currently integrating the learnings in our tools and processes, and working on

4 Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

5 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

6 2 Assessing the Progress in Reducing Child Labor in Cocoa Growing Areas of Côte d'Ivoire and Ghana https://www.norc.org

Zero Child Labor

improving the system as a whole. By December 2021 we expect the process to be finalized so that it can be included in the audit of the Forever Chocolate Progress Report, 2021/22.

In Ecuador and Indonesia, which are identified as having a medium-risk of child labor[7], a different approach is being implemented in comparison to countries considered high risk, such as Côte d'Ivoire and Ghana. To determine what actions will best address the human rights and child rights risk in these contexts, we are currently conducting an in-depth human rights risk assessment of our supply chains before finalizing our action plan, protocols and systems to effectively address the risk. In Indonesia, we are already actively supporting community child protection systems, and women groups and the results of the risk assessment by an NGO will further support the development of these activities. In Ecuador, we are awaiting the outcome of the assessment to determine how to best address child rights risk when identified. Child labor KPIs for Ecuador and Indonesia will be audited when processes and protocols have been finalized and implementation has commenced.

Key metric

21,258

Number of child labor cases identified

25,486

Number of child labor cases in the process of being remediated

Enabling KPIs

61%

Farmer groups we directly source from have systems in place to prevent, monitor and remediate child labor

25%

Cocoa and non-cocoa volume sourced from third-party suppliers covered by equivalent child labor monitoring systems

Our commitment to the UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

7 Verisk Maplecroft https://www.maplecroft.com/

Thriving Nature

THRIVING NATURE

Becoming carbon and forest positive

Our goal

By 2025, we will be carbon and forest positive.

Our approach

Climate change, poor soil quality, the suboptimal use of agrochemicals, and a lack of natural inputs, such as shade and pollinators, are putting even more pressure on cocoa farmers who are already struggling with declining cocoa yields. To ensure the stability of ecosystems, the chocolate industry must commit to reducing its carbon footprint and achieving a deforestation free supply chain.

Carbon positive progress

We committed in 2016 to become carbon and forest positive by 2025. By reducing our carbon footprint and achieving a deforestation free supply chain, we will help to mitigate the impact of climate change, preserve ecosystems and increase the long-term productivity of cocoa in environmentally suitable areas. Carbon emissions in a food company's supply chain are, on average, 87% of the total emissions[1]. For Barry Callebaut, this means that our emissions extend far beyond the locations and facilities where we produce our chocolate and cocoa products, fillings, decorations and compounds. This is why, as part of our Forever Chocolate target to be carbon positive by 2025, we committed to assessing the carbon impact created by our own operations (scope 1), the impact generated by the energy we use (scope 2), and the impact of our entire supply chain (scope 3), which includes the production and processing of all the raw materials we source, and related Land Use Changes (LUC).

The carbon reduction targets covering greenhouse gas emissions from our operations have been assessed to be science-based targets. This means that our reduction targets support the global carbon reduction trajectory required to limit global warming to +1.5°C. For the third year in a row, our effort was recognized by CDP, which scored Barry Callebaut A- (Leadership level).

Cutting emissions begins by improving the energy efficiency of our operations and the type of energy that we use. In 2020/21, we increased the use of renewable energy with 26 of our 64 factories exclusively powered by renewable electricity.

Within our scope 3 emissions, Land Use Change (LUC) forms the biggest part of our carbon liability. In 2020/21 we made great strides in terms of increasing traceability and developing a more refined understanding of LUC in our supply chain. Four years ago we partnered with EcoVision Lab, part of ETH Zurich (Swiss Federal Institute of Technology in Zurich, Switzerland), to help us to identify forests with high conservation value and areas where deforestation would cause the highest carbon emissions. Identifying the link between specific commodities and areas at risk of deforestation can be complex, but we needed a solution to help our suppliers identify the forest areas that need protecting, and those that can be developed for agriculture. This year, the collaboration led to the development of a publicly available, industry-first, indicative High Carbon Stock (HCS) map for Southeast Asia, that identifies forests with high conservation value and areas where deforestation would cause the highest carbon emissions. This new tool is a true breakthrough because it provides a highly automated, transparent, objective tool that generates HCS maps at global scale with unprecedented accuracy. We will extend our HCS mapping to West Africa in the next year.

The sourcing of dairy is one of the major contributors to our corporate greenhouse gas emissions. The use of animal feed additives is widely recognized as an effective means of reducing methane emissions in dairy cattle. However, in the past, there was no way to credibly verify the actual level of CO_2e reduction within our supply chain. To establish the most effective method to reduce our emissions, we worked in collaboration with Gold Standard and Agolin to develop a new methodology to quantify and certify carbon insetting for dairy within our chocolate supply chain. By developing this methodology we can also work more closely with our dairy suppliers to produce low carbon milk.

1 CDP: Hungry for change: Are companies driving a sustainable food system? Available from: https://www.cdp.net/en (accessed August 5, 2021)

Thriving Nature

Ecosystem restoration, biodiversity and agroforestry

Cocoa's natural habitat lies under the shade canopies of humid rainforests. Today, the majority of the world's cocoa is grown on small, sun-filled farms in West Africa. Driven by increasing consumer demand, cocoa farming encroachment into forests and other lands, has caused deforestation and habitat degradation. As we progress towards our 2025 target, our focus remains on forest regeneration and protection, assessing deforestation risks, implementing agroforestry and biodiversity strategies and helping farmers to develop cocoa farms that are more resilient to drought and disease, and produce higher yields.

In order to become forest positive, we must continue to eliminate deforestation from our supply chain. A critical component for achieving this, is ensuring that we know the exact location of the farms we are sourcing from. Our commitment to monitoring farms was further refined this year to include the mapping of farms within 25 kilometers of national parks, game reserves, forest reserves, and, new for 2020/21, classified forests 1 and 2 in Côte d'Ivoire. In 2020/21 we mapped 240,570 (+358%) farms in our direct supply chain that are located within 25 kilometers of a protected forest area. As a result, we have established traceability to farm level for the cocoa volumes coming from these mapped farms. Furthermore, we enabled 55,579 hectares of agroforestry as per Cocoa & Forests Initiative (CFI) requirements and are committed to scale our efforts in an ambitious, agroforestry model in the future.

Restoration of degraded forests and ecosystem corridors between and near farms aims to bring back the ecosphere of a forest, such as water, soil quality and native plant species. But restoration of these ecosystems extends beyond just the environmental factors. These landscapes are connected to farms and communities, so by protecting and restoring these ecosystems, it can also improve the livelihoods of farmers and enhance the wellbeing of farming communities. In May 2021, we partnered with FORLIANCE, as well as with forest governance organizations in Côte d'Ivoire and commenced the planting of the first 300 hectares of degraded forest in Côte d'Ivoire.

Enhancing on-farm ecosystems can improve pest and disease control in agriculture, and, critically, the need for pesticides and fungicides. Additionally, cocoa grown in the shade is linked to increased biodiversity, carbon sequestration, and nutrient retention in the soil. By carefully observing the local natural ecosystems, we have determined the best native species to plant in order to provide shade for cocoa seedlings and to attract pollinators, such as birds, bees and other insects. This year, we increased our planting capacity and are now planting over 35 trees per hectare, such as teak, mahogany and sejula, in Côte d'Ivoire and Ghana. This ramp-up also aligns with the requirements of CFI, of which we have been a founding signatory since 2017. In addition, due to our tree planting activities, we account for a total of 240,000 tCO_2e reduction this year alone, according to the Gold Standard Value Chain Intervention methodology.

However, our efforts do not stop at tree distribution and planting. As part of our approach, we are also investing in innovating the way we monitor seedling survival, trees and ecosystems. Using remote sensing, we are able to better understand the health of the farms we source from. In addition, we are also collaborating with some of our customers and ICRAF to scale our agroforestry activities.

Biochar, known as "agricultures black gold" and made from agricultural waste, such as weeds, cocoa leaves and pods, can be used as a natural fertilizer to improve soil quality. Over the past two years, we have run field trials in Ghana and Indonesia and also at research institutions in Germany and the UK to test which biochar formulation works most effectively on cocoa and other native tree species found in cocoa growing areas. In 2021, we received confirmation that our biochar has a positive effect on both the root size and growth of cocoa trees. This means, planting new seedlings with biochar can greatly increase the survival rate and as a result, cocoa plants will be healthier and more resistant to heat, drought and disease, reducing the need for agrochemicals. Going forward, our plan in 2021/22 is to use biochar at a larger scale for planting both cocoa and non-cocoa trees. In addition to using biochar as a soil input, we have also commenced a pilot project to test biochar as a green energy solution for our factories.

Our measured impact

Since the commencement of Forever Chocolate in 2016, we have reduced our overall corporate carbon intensity per tonne of product by more than –17%.

In 2020/21 our overall carbon footprint was 7.83 million tCO_2e, which is flat in comparison to our previous reported footprint. This is mainly due to the reduced availability of sustainably sourced raw materials, such as sugar. Excluding the carbon footprint of our non-cocoa ingredients, we made outstanding progress with the reduction of the carbon intensity in our cocoa supply chain (–6.9%). Most importantly, we reduced the LUC impact of cocoa by over –10% (233.000 tCO_2e) due to our efforts in traceability and sourcing. In addition, we also reduced our CO_2e intensity in factories. For the third year in a row, our effort was recognized by CDP, which scored Barry Callebaut A- (Leadership level) for our carbon reduction activities.

Our carbon intensity decreased from 3.73 to 3.57 tCO_2e per tonne of product. Additionally, through insetting such as

Thriving Nature

agroforestry, we achieved an estimated 150,000 tCO_2e of scope 3 removals, according to the Gold Standard Value Chain Intervention methodology. Accounting for these removals, our net carbon footprint was reduced to 7.67 tCO_2e and our carbon intensity was reduced further to 3.49 tCO_2e per tonne of product.

Based on Maplecroft methodology, we refined our method this year of determining the percentage of raw materials demonstrated not to be contributing to deforestation. This change in approach resulted in a –15% decrease in 2020/21, to 29%.

Key metric

The carbon footprint of our supply chain from farm to customer and number of hectares of forest regenerated

7.83

million tonnes CO_{2e}

Enabling KPIs

3.57

CO_{2e} intensity per tonne of product

29%

Sourced raw materials demonstrated not to be contributing to deforestation

Our commitment to the UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Sustainable Ingredients

SUSTAINABLE CHOCOLATE

Our goal

By 2025, we will have 100% sustainable ingredients in all of our products.

Our approach

At Barry Callebaut, approximately half of our volume of sourced ingredients consists of cocoa products and the other half consists of non-cocoa products – including dairy, palm oil, coconut oil, nuts, cane sugar, beet sugar, soy lecithin and vanilla. Each ingredient we use faces its own complex supply chain, which varies depending on the geographic region and subsequently presents its own unique sustainability challenges. To reach our target of 100% sustainable ingredients by 2025, we are striving to increase customer demand for sustainable products and to implement our sustainable sourcing programs across all ingredients.

Supporting customers with sustainability solutions

Consumer awareness of issues related to sustainable cocoa production has grown in recent years which has resulted in growing demand for sustainable and traceable cocoa and chocolate. At Barry Callebaut, we are our customers' key partner to support turning sustainability commitments into reality. Brands can distinguish themselves from their competitors and meet consumer demands by switching to sustainably sourced raw materials, resulting in increased value and brand recognition. Our work involves engaging in sustainable cocoa certifications and programs to improve farmer livelihoods and farming practices. Among them is Cocoa Horizons, our preferred vehicle to enable the implementation of sustainability activities. In addition to Côte d'Ivoire, Ghana, Cameroon, Indonesia, Brazil and Ecuador, this year, the program has expanded into Nigeria. Whether customers join Cocoa Horizons or partner in programs that source other ingredients sustainably, we are able to provide verifiable, transparent and accountable reporting in terms of implementation of sustainability activities on the ground.

In 2020/21, we have seen significant growth in Cocoa Horizons, driven by strong demand from customers. Consequently, the premiums from the purchase of HORIZONS products generated over CHF 28.4 million in funds, an increase of +60% compared to prior year. These funds are invested into activities that help farmers improve their productivity and income, eradicate child labor and deforestation, and become carbon positive. Through these premiums, more than 230,000 farmers took part in Cocoa Horizons programs focusing on improving their productivity and income. Cocoa Horizons contributed to the joint development of Farm Business Plans, and the mapping of farms. A main focus of activities implemented by the Foundation this year include the ramping up of child labor monitoring to cover more communities at risk and being remediation of cases found as well as the generation of community action plans to support the elimination of child labor. Child labor monitoring now covers around 80% of Cocoa Horizons farmer groups. Village Saving and Loan Associations (VSLAs) are a low-cost financial service designed to serve the very poor whose income is irregular and therefore considered high risk to micro-finance institutions. As such, VSLAs play an important role in meeting the needs of cocoa farming women and men to access finance and help them manage household cash flow, respond to life-cycle events or invest in small income-generating activities. In 2020/21, the majority of VSLAs were funded by Cocoa Horizons and on promoting income-generating activities for women to help build leadership in their home and enterprises. This year, the majority of the 1,245 VSLAs were funded by Cocoa Horizons, of which 62% of the participants were women.

Cocoa farmers often live in or around the protected forest areas that are critical for maintaining biodiversity and combatting climate change. However, many farmers have limited land tenure rights and are without land documentation, long-term investment into their farms as well as the surrounding areas is limited. For this reason, this year, through an industry partnership with CLAP (Côte d'Ivoire Land Partnership), Cocoa Horizons joined forced with The Hershey Company, Unilever, Meridia, Agence Foncière Rurale (AFOR) and the German Cooperation (implemented by GIZ GmbH) to enable farmers with access to land tenure documentation.

For a full overview of the Cocoa Horizons activities, please see the latest Cocoa Horizons Progress Report.

Sustainable Chocolate

Sustainable sourcing of ingredients

Establishing industry-wide sustainability standards and programs is essential for the sustainable sourcing of raw materials besides cocoa. This is why we are working both with our suppliers and industry programs to define and implement sustainability standards for every ingredient we source. Recognizing the important role of our suppliers in our value chain, we expect our suppliers to share our vision and our requirements to support our high ambitions for sustainable supply chains.

Dairy

Reducing our carbon footprint across our supply chain is a key target of Forever Chocolate, and dairy is an important piece of this puzzle. Dairy products are a key ingredient in many of our chocolate products and it is also one of the major contributors to our corporate greenhouse gas (GHG) emissions footprint. The use of animal feed additives – like Agolin – is widely recognized as an effective means to reduce methane emissions in dairy cattle. However, in the past, there was no way to credibly verify this and thus assess the actual level of CO_2e reduction within our supply chain. Our VisionDairy Charter outlines our mission to source milk in the most sustainable way possible. Subsequently, this year, Barry Callebaut teamed up with Agolin and Gold Standard in a pilot study to develop a methodology to quantify CO_2e emission reduction in dairy cattle as a result of feed additives.

The studies took place in two locations – the Netherlands and the US. Using the methodology we developed with Gold Standard, it was verified that Agolin reduced 1,700 metric tonnes of CO_2e between March and August 2020. For the first time, we have a valid method to assess and certify CO_2e insetting for the dairy producers within our chocolate supply chain. Looking forward, we are now looking to scale up this work with the farmers and dairy suppliers we already work with, while also turning to new regions to extend the reduction in CO_2e from feed additives for dairy cattle in our supply chains.

In addition, this year we also joined a coalition of companies including Unilever, Ben & Jerry's, Marks & Spencer and IKEA to partner with FAI Farms and think tank Farmwel, to deliver a Roadmap for Regenerative Dairy. The 18 month-long project aims to engage dairy farmers and businesses around a practical vision for a productive and profitable global dairy sector that also restores its relationship with nature. The collaboration will define what regenerative dairy looks like from the bottom up. Working with farmer groups and other stakeholders, we will create a roadmap of critical steps and actions to establish the supply chain conditions for successful transition to regenerative dairy.

Coconut

In recent years, there has been rapid growth of the global coconut market resulting in significant and unresolved sustainability challenges. The result has been low quality produce, low income for producers and little incentive to improve practices across the board, despite a growing market. Barry Callebaut has been at the forefront of bringing together key players and stakeholders to tackle these issues. In September 2020, we launched the world's first coconut charter to work on sustainable coconut production. With support from the United States Agency for International Development (USAID) Green Invest Asia, leaders from AAK, FrieslandCampina, Harmless Harvest Thailand, Nestlé and Unilever joined Barry Callebaut to sign the coconut industry's first Sustainable Coconut Charter. The Charter aims to improve farmer livelihoods, lessen the carbon footprint of coconuts and boost supply to meet rising global demand.

This work has progressed this fiscal year, and together with Nestlé and Proforest, we are taking the next big step by launching The Sustainable Coconut Supplier Scorecard and Sustainable Origins Assessment. This will allow us to assess sustainability risks at the sourcing locations and origin countries of our coconut supply chain, and set clear improvement targets and track performance over time. It will also help us enhance traceability by mapping out supply chain actors, and introduce a tangible incentive for suppliers and coconut origins to make improvements. By 2022, we intend to roll out this assessment with all of Barry Callebaut's coconut oil suppliers, in addition to our annual traceability assessment.

Palm oil

We have been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011 and are also a member of the Palm Oil Innovation Group (POIG), to build upon the efforts of RSPO to further advance sustainable palm oil requirements. This year, we have also strengthened our monitoring of the palm oil mills in our supply chain and have established standard operating procedures for the monitoring of deforestation risks. Barry Callebaut continues to participate in the Coalition for Sustainable Livelihoods. This consortium works to create a model of sustainable land use to foster improved livelihoods for palm oil farmers through policy, investment, and private sector engagement in North Sumatra and Aceh, Indonesia.

Sustainable Chocolate

Nuts

This year, La Morella Nuts, part of the Barry Callebaut Group, was the first nut company to source Farm Sustainability Assessment (FSA) certified hazelnuts with a selection of suppliers. FSA, part of the Sustainable Agriculture Initiative, is a comprehensive methodology to verify sustainable farming practices. Following assessment this year, a selection of the farmers our suppliers source from have reached the silver level status. As part of La Morella Nature to Nuts ambition, we will continue in the next fiscal year to implement FSA among other hazelnut producers in Italy and pistachio producers in Spain.

Bee Friendly, is a European certification organization that aims to identify and promote pollinator-friendly products and production systems. This year, our Gourmet brand, Cacao Barry, committed to partner with Bee Friendly for the exclusive sourcing of certified almonds and FSA verified hazelnuts for their nuts-based recipes, including paste, praline and caramelized nuts. In 2021/22, Cacao Barry will commence the roll-out of this program.

Turkey's hazelnut supply chain faces several challenges. Seasonal migrant workers travel across Turkey during the summer months to harvest hazelnuts before moving on to other crops. It is common for children to accompany their parents, which risks children working alongside their parents without access to school or childcare.
Barry Callebaut has begun a pilot program this year with a hazelnut supplier in Turkey to ensure the mapping of farms, training of farmers on good labor conditions, and allocation of safe areas for children to stay during harvest. In the coming year, we are extending the project with the onboarding of a second supplier.

Our measured impact

Our Forever Chocolate KPIs for sustainable chocolate are focused on the percentage of sustainably sourced raw materials. In 2020/21, we sourced 66% (+8%) of our ingredients, excluding cocoa, from sustainable sources. Including cocoa, we sourced 48%, (+2%) of our ingredients from sustainable sources.

Bringing sustainability commitments into reality is our goal as a partner to our customers. Growing consumer awareness of sustainability issues has led to growing demand for sustainable and traceable cocoa products in recent years. As such, our customer requirements for sustainable cocoa have increased in line with consumption trends. This is reflected in the increase to 43% (+15%) in the percentage of cocoa and chocolate products sold that contain 100% sustainable cocoa or chocolate.

Key metric

48%

Percentage of sustainable sourced agricultural raw materials

Enabling KPIs

66%

Sustainably sourced non-cocoa raw materials

43%

Products sold containing 100% sustainable cocoa or chocolate

Our commitment to the UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our People

Our People

Fostering a unique culture for all to grow

Our people are at the heart of our success. Our company is strengthened by the contribution of each and every individual acting according to our values of customer focus, passion, entrepreneurship, team spirit and integrity, coupled with our love for cocoa and chocolate. These common values radiate far beyond our company to cocoa farmers, suppliers, customers, consumers and the communities in which we operate. We strive to create an inclusive environment with respect for the individual and for human rights, where ongoing development is encouraged and stimulated.

We focus on fostering our unique culture, attracting, developing and retaining great talent with diverse skills, while we build a unique work environment that will enable the sustainable growth of our company. This is the essence of our People Strategy under the vision "Diverse and Passionate People Shaping Together the Future of Barry Callebaut" as an integral part of our business strategy.

Our People Strategy as a compass for "BC cares"

The COVID-19 pandemic severely impacted the way we live and work. From the start, our priorities have been to protect our employees and the communities in which we operate whilst ensuring the continuous supply to our customers. As the pandemic evolved, we swiftly adapted our measures to reflect the actual local health situations. Our focus is on emphasizing safe behavior and encouraging vaccination, partnering with local authorities and engaging with opinion leaders, such as medical experts, community and religious leaders.

How much our people are at the heart of our success was evidenced by their agility to adapt and create new business opportunities, their creativity to come up with innovative solutions for our customers and their resilience in dealing with uncertainty.

Grassroot initiatives to nurture our team spirit, such as a virtual band contest and a virtual walk around the globe in support of "Seeds for Change", our global employee program for sustainability, saw very high employee participation. We launched wellbeing initiatives worldwide and created access to external mental health programs for all employees under the programs of "BC cares" in the Americas and "WellBean" in EMEA and Asia Pacific, supporting the health, safety and mental well-being of our employees.

The pandemic has taught us new ways of working and delivering performance, accelerating our digital transformation. We have integrated many of these learnings into our new global framework for working flexibly.

Diverse people, sustainable growth: #oneBC, our D&I strategy

Barry Callebaut is a growth company. We believe that sustainable growth can only be achieved if we are able to attract and retain talent across the world. We are committed to harnessing the power of diversity, bringing creativity and innovation in all we do to fuel business success whilst building an environment in which all employees can be at their best. This is at the core of our People Strategy, which we translated into a strategy for Diversity & Inclusion (D&I) named #oneBC.

#oneBC was launched successfully in January 2021. It is data-driven, with time-bound, metricated targets stemming from a thorough analysis of our people data. The analysis showed that, whilst all generations are well represented, we have an imbalance, widening at senior levels, in gender representation and in the origin of our talent.

Through #oneBC, we committed to achieve by 2025:

- 40% women at Director[1] level, up from 28% currently
- 30% women at Director[1] level in Sales, up from 13%
- 50% local talent at Director[1] level in countries of origin and emerging markets

Two newly created bodies, the D&I Council and the D&I Champions, support the implementation of our #oneBC strategy. The D&I Council, chaired by the CEO, assists the Executive Committee in implementing the strategy and reviewing progress. The D&I Champions, nominated by the Executive Committee, represent each Region and Function.

1 Equivalent to a sub-function head or a senior management position, often with direct reports

Employee Development

They work with their President, translating the Group's targets into specific regional and functional action plans, and oversee their implementation.

We are committed to nurturing an inclusive environment where everyone is given the opportunity to learn, contribute and fulfil their potential. We signed the UN Women's Empowerment Principles in April 2021 – a globally recognized public commitment that underpins our ambition to advance women's empowerment and diversity for the benefit of all.

Attracting, developing and retaining great talent

We have continued to embed our performance and development approach through tailored Individual Development Plans, supplying our leaders, managers and employees with tools and resources to support their personal growth. We are proud to have been rated as one of "The top 20 most attractive employers in Belgium" in an annual survey conducted by human resource consultancy Randstad which more than 14,000 respondents completed. We see this as a result of strengthening our recruitment capability, development programs and retention efforts.

Welcoming and onboarding new joiners is critical for their long-term success and growth at Barry Callebaut. During the pandemic, as most hires were virtual, we designed a systematic onboarding plan to allow new joiners to develop a sense of belonging and to begin building a network with colleagues across the world. It culminates in new joiners participating in an interactive virtual International Onboarding Program to gain insights into our business, its value drivers and our values. All of our new joiners participated in such a program.

We never stopped investing in our people skills and development. This year, we added a new People Management Essentials Program aimed to equip our people managers with essential management skills to our Marbach Curriculum. Around 500 colleagues across the world are following the 12-month program designed with a blended approach of e-learning and online classroom modules. We continued to invest in our senior leaders, through the Marbach Senior Leadership Program designed to equip them with the leadership and business skills required now and in the future. In addition, we developed an in-depth program specifically targeting our Sales employees. 600 colleagues have started the two-year Sales program and completed a total of 5,000 modules. This will strengthen our overall commercial capability.

In line with our objective of developing home-grown talent, specifically in our African operations, we sponsor together with other leading Swiss companies, the Master in Engineering Program run by the Ashesi University in Accra, Ghana, with support from the Federal Institute of Technology (ETH) in Zurich, Switzerland. We are supporting students with the goal to fuel our pipeline of African engineers for Africa.

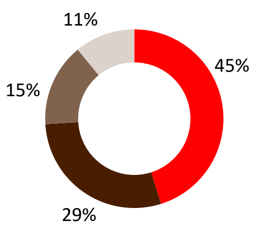
Recognizing and rewarding our employees

As a performance-oriented company, we reward our employees for their performance and incentivize them to generate long-term value for all our stakeholders. Our employees are rewarded for their contribution to the overall success of our company and for demonstrating behaviors in line with our core values. To ensure internal equity and external competitiveness, we regularly benchmark all compensation elements to market. We focus on gender-equal pay for work of equal value in all countries we operate in. In line with the revised Gender Equality Act in Switzerland that aims at ensuring gender-equal pay for work of equal value, we completed an Equal Pay Analysis across Switzerland; the results showed that the effect of gender compensation disparity is less than 5%.

Employee Development

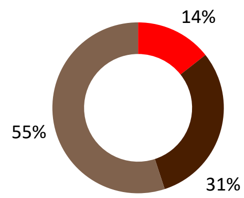
Employees by geographic footprint
As of August 31, 2021

EMEA (excl. Africa)	5,770
Americas	3,692
Asia Pacific	1,922
Africa	1,399
Number of employees	**12,783**



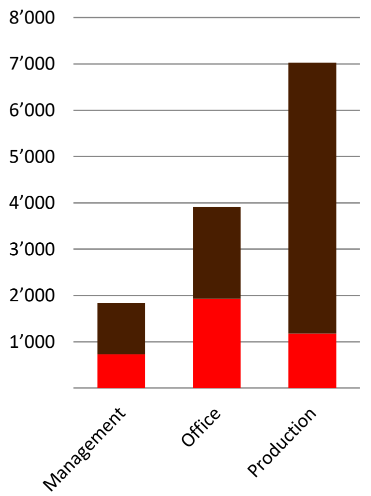
Employees by function
As of August 31, 2021

Management	1,839
Office	3,910
Production	7,034
Number of employees	**12,783**



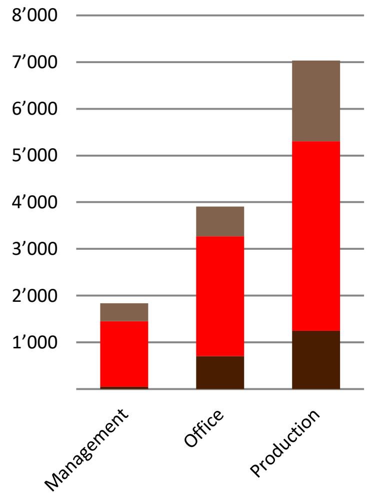
Gender of employees by function
As of August 31, 2021

Female
Male



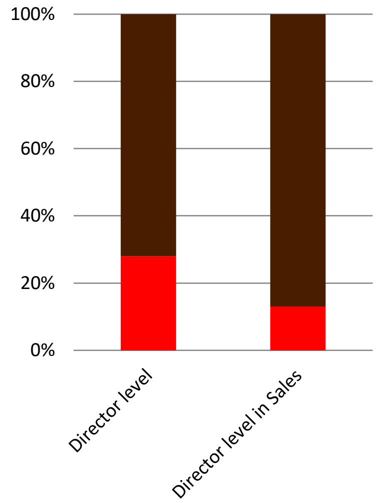
Age of employees by function
As of August 31, 2021

< 30
30–50
> 50

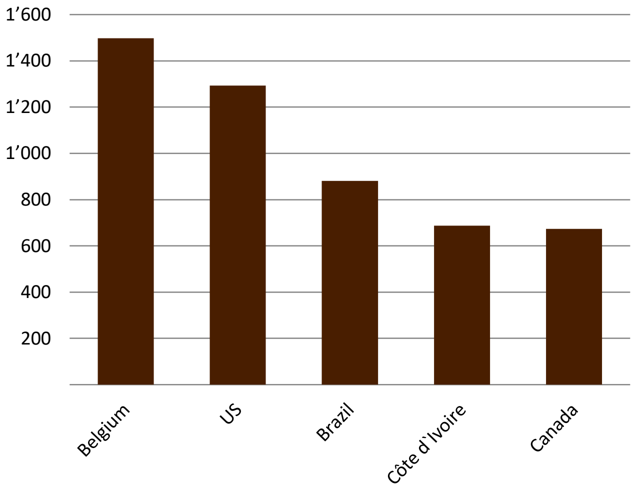


Gender representation at Director level
As of August 31, 2021 (in percent)

Female
Male



Top 5 nationalities
As of August 31, 2021, Number of employees



Average seniority in years by geographic footprint
As of August 31, 2021

EMEA (excl. Africa)	10.8
Americas	7.9
Asia Pacific	6.7
Africa	8.4

Chairman's & Value Awards 2021

The **Chairman's Award** recognizes employees who have demonstrated outstanding performance at work, as well as a strong commitment to local communities. Due to the COVID-19 pandemic, we could not bring together the Award winners, and therefore postponed the ceremony.

The **Value Award** recognizes managers and their teams who are willing to go the extra mile, who are putting all their passion into their work and, thus, have made a positive impact on the company in the past fiscal year. The awards are given for each of our five company values.

Passion
Andrea Doucet Donida
Montreal, Canada

Integrity
Markus Baisch
Singapore

Customer Focus
Wim Debedts
Wieze, Belgium

Entrepreneurship
Stojan Kemera
Belgrade, Serbia

Team Spirit
Hugo van der Goes (left)
Chicago, US

Dave Mitchell (right)
Chicago, US

Financial Reports

Consolidated Financial Statements

Consolidated Income Statement

for the fiscal year		2020/21	2019/20
in thousands of CHF	Notes		
Revenue from sales and services	**1.1**	**7,207,595**	**6,893,146**
Cost of goods sold		(6,060,392)	(5,829,445)
Gross profit		**1,147,203**	**1,063,701**
Marketing and sales expenses		(135,376)	(140,773)
General and administration expenses		(430,390)	(416,465)
Other income	1.3	3,060	4,820
Other expense	1.3	(17,809)	(28,131)
Operating profit (EBIT)	**1.1**	**566,688**	**483,152**
Finance income	3.8	3,628	6,978
Finance expense	3.8	(105,297)	(109,425)
Profit before income tax		**465,019**	**380,705**
Income tax expense	6.1	(80,514)	(69,211)
Net profit for the year		**384,505**	**311,494**
of which attributable to:			
shareholders of Barry Callebaut AG		383,939	316,054
non-controlling interests	3.2	566	(4,560)
Earnings per share			
Basic earnings per share (CHF)	3.3	70.04	57.66
Diluted earnings per share (CHF)	3.3	69.84	57.46

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the fiscal year		2020/21	2019/20
in thousands of CHF	Notes		
Net profit for the year		**384,505**	**311,494**
Cash flow hedges	3.7	20,531	16,708
Tax effect on cash flow hedges	3.7 / 6.2	(5,184)	(2,815)
Currency translation adjustments		41,407	(224,197)
Items that may be reclassified subsequently to the income statement		**56,754**	**(210,304)**
Remeasurement of defined benefit plans	4.2	11,677	31,917
Tax effect on remeasurement of defined benefit plans	6.2	(2,686)	(1,931)
Items that will never be reclassified to the income statement		**8,991**	**29,986**
Other comprehensive income for the year, net of tax		**65,745**	**(180,318)**
Total comprehensive income for the year		**450,250**	**131,176**
of which attributable to:			
shareholders of Barry Callebaut AG		449,660	136,050
non-controlling interests		590	(4,874)

Consolidated Financial Statements

Consolidated Balance Sheet

Assets

as of August 31,		2021	2020
in thousands of CHF	Notes		
Current assets			
Cash and cash equivalents	3.4	1,095,831	1,385,976
Short-term deposits		1,467	6,251
Trade receivables and other current assets	2.5	759,951	610,785
Inventories	2.4	2,043,333	1,909,917
Income tax receivables		74,854	62,099
Derivative financial assets	3.7	290,642	365,984
Total current assets		**4,266,078**	**4,341,012**
Non-current assets			
Property, plant and equipment	2.1	1,604,705	1,491,753
Right-of-use assets	2.2	259,928	186,948
Intangible assets	2.3	995,483	985,684
Employee benefit assets	4.2	15,056	14,888
Deferred tax assets	6.2	77,172	83,546
Other non-current assets		25,596	37,279
Total non-current assets		**2,977,940**	**2,800,098**
Total assets		**7,244,018**	**7,141,110**

Liabilities and equity

as of August 31,		2021	2020
in thousands of CHF	Notes		
Current liabilities			
Bank overdrafts	3.5	63,564	103,603
Short-term debt	3.5	119,427	461,375
Short-term lease liabilities	3.5	41,075	36,543
Trade payables and other current liabilities	2.6	1,433,470	1,119,643
Income tax liabilities		115,351	100,829
Derivative financial liabilities	3.7	350,911	528,492
Provisions	2.7	31,154	19,894
Total current liabilities		**2,154,952**	**2,370,379**
Non-current liabilities			
Long-term debt	3.5	1,930,054	2,006,328
Long-term lease liabilities	3.5	224,464	150,325
Employee benefit liabilities	4.2	138,333	154,041
Provisions	2.7	8,709	6,314
Deferred tax liabilities	6.2	86,298	79,999
Other non-current liabilities		15,991	18,457
Total non-current liabilities		**2,403,849**	**2,415,464**
Total liabilities		**4,558,801**	**4,785,843**
Equity			
Share capital	3.2	110	110
Retained earnings and other reserves		2,682,747	2,353,387
Total equity attributable to the shareholders of Barry Callebaut AG		**2,682,857**	**2,353,497**
Non-controlling interests	3.2	2,360	1,770
Total equity		**2,685,217**	**2,355,267**
Total liabilities and equity		**7,244,018**	**7,141,110**

Consolidated Financial Statements

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year		2020/21	2019/20
in thousands of CHF	Notes		
Net profit for the year		384,505	311,494
Income tax expense	6.1	80,514	69,211
Depreciation, amortization and impairment	2.1/2.2/2.3	230,696	230,186
Interest expense/(interest income)	3.8	93,584	95,337
Loss/(gain) on sale of property, plant and equipment, net	1.3	1,562	1,194
Increase/(decrease) of employee benefit liabilities		(7,940)	(5,490)
Equity-settled share-based payments	4.1	16,028	12,512
Change in working capital:		(41,137)	20,866
Inventories cocoa beans		40,104	(86,818)
Inventories other		(171,364)	(112,459)
Write down of inventories	2.4	31,661	40,039
Inventory fair value adjustment		(13,346)	(64,570)
Derivative financial assets/liabilities		(85,017)	47,579
Trade receivables and other current assets		(113,315)	117,412
Trade payables and other current liabilities		270,140	79,683
Provisions less payments	2.7	16,853	4,492
Other non-cash effective items		4,280	2,881
Cash generated from operating activities		**778,945**	**742,683**
Interest paid		(95,358)	(94,116)
Income taxes paid		(67,950)	(55,019)
Net cash from operating activities		**615,637**	**593,548**

Consolidated Financial Statements

Consolidated Cash Flow Statement

Cash flows from investing activities

for the fiscal year		2020/21	2019/20
in thousands of CHF	Notes		
Purchase of property, plant and equipment	2.1	(227,190)	(233,430)
Proceeds from sale of property, plant and equipment		6,422	2,804
Purchase of intangible assets	2.3	(48,054)	(47,464)
Proceeds from sale of intangible assets		33	311
Acquisition of subsidiaries/businesses net of cash acquired	5.1	(907)	(12,750)
Purchase of short-term deposits		(67)	(7,070)
Proceeds from sale of short-term deposits		4,923	1,682
Proceeds from sale/(purchase) of other non-current assets		(174)	102
Interest received		3,428	6,533
Net cash used in investing activities		**(261,586)**	**(289,282)**

Cash flows from financing activities

for the fiscal year		2020/21	2019/20
in thousands of CHF	Notes		
Proceeds from the issue of short-term debt	3.5	32,184	423,348
Repayment of short-term debt	3.5	(443,810)	(141,721)
Proceeds from the issue of long-term debt	3.5	137	1,593,050
Repayment of long-term debt	3.5	(28,433)	(1,075,336)
Payment of lease liabilities	3.5	(39,943)	(38,164)
Dividend paid to shareholders of Barry Callebaut AG	3.2	(120,715)	(142,710)
Purchase of treasury shares	3.5	(18,400)	(27,332)
Effect of changes in non-controlling interests		–	(9,110)
Net cash (used in)/from financing activities		**(618,980)**	**582,025**
Effect of exchange rate changes on cash and cash equivalents		14,823	(29,107)
Net (decrease)/increase in cash and cash equivalents		**(250,106)**	**857,184**
Cash and cash equivalents at beginning of year		1,282,373	425,189
Cash and cash equivalents at end of year		1,032,267	1,282,373
Net (decrease)/increase in cash and cash equivalents		**(250,106)**	**857,184**
Cash and cash equivalents	3.4	1,095,831	1,385,976
Bank overdrafts	3.5	(63,564)	(103,603)
Cash and cash equivalents as defined for the cash flow statement	**3.4**	**1,032,267**	**1,282,373**

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Attributable to the shareholders of Barry Callebaut AG	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustment	Total[1]	Non-controlling interests	Total equity
in thousands of CHF								
as of September 1, 2019	**110**	**(19,506)**	**3,083,698**	**(30,775)**	**(657,698)**	**2,375,829**	**14,320**	**2,390,149**
Currency translation adjustments	–	–	–	–	(223,919)	(223,919)	(278)	(224,197)
Effect of cash flow hedges	–	–	–	16,708	–	16,708	–	16,708
Tax effect on cash flow hedges	–	–	–	(2,815)	–	(2,815)	–	(2,815)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**13,893**	**(223,919)**	**(210,026)**	**(278)**	**(210,304)**
Remeasurement of defined benefit plans	–	–	31,953	–	–	31,953	(36)	31,917
Tax effect on remeasurement of defined benefit plans	–	–	(1,931)	–	–	(1,931)	–	(1,931)
Items that will never be reclassified to the income statement	**–**	**–**	**30,022**	**–**	**–**	**30,022**	**(36)**	**29,986**
Other comprehensive income, net of tax	**–**	**–**	**30,022**	**13,893**	**(223,919)**	**(180,004)**	**(314)**	**(180,318)**
Net profit for the year	–	–	316,054	–	–	316,054	(4,560)	311,494
Total comprehensive income for the year	**–**	**–**	**346,076**	**13,893**	**(223,919)**	**136,050**	**(4,874)**	**131,176**
Hedge reserve transferred to initial carrying amount of the hedged item	**–**	**–**	**–**	**(852)**	**–**	**(852)**	**–**	**(852)**
Dividend to shareholders	–	–	(142,710)	–	–	(142,710)	–	(142,710)
Purchase of treasury shares	–	(27,332)	–	–	–	(27,332)	–	(27,332)
Equity-settled share-based payments	–	23,533	(11,021)	–	–	12,512	–	12,512
Total contributions and distributions	**–**	**(3,799)**	**(153,731)**	**–**	**–**	**(157,530)**	**–**	**(157,530)**
Movements of non-controlling interest	–	–	–	–	–	–	(7,676)	(7,676)
Total changes in ownership interests	**–**	**–**	**–**	**–**	**–**	**–**	**(7,676)**	**(7,676)**
as of August 31, 2020	**110**	**(23,305)**	**3,276,043**	**(17,734)**	**(881,617)**	**2,353,497**	**1,770**	**2,355,267**
as of September 1, 2020	**110**	**(23,305)**	**3,276,043**	**(17,734)**	**(881,617)**	**2,353,497**	**1,770**	**2,355,267**
Currency translation adjustments	–	–	–	(118)	41,518	41,400	7	41,407
Effect of cash flow hedges	–	–	–	20,531	–	20,531	–	20,531
Tax effect on cash flow hedges	–	–	–	(5,184)	–	(5,184)	–	(5,184)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**15,229**	**41,518**	**56,747**	**7**	**56,754**
Remeasurement of defined benefit plans	–	–	11,660	–	–	11,660	17	11,677
Tax effect on remeasurement of defined benefit plans	–	–	(2,686)	–	–	(2,686)	–	(2,686)
Items that will never be reclassified to the income statement	**–**	**–**	**8,974**	**–**	**–**	**8,974**	**17**	**8,991**
Other comprehensive income, net of tax	**–**	**–**	**8,974**	**15,229**	**41,518**	**65,721**	**24**	**65,745**
Net profit for the year	–	–	383,939	–	–	383,939	566	384,505
Total comprehensive income for the year	**–**	**–**	**392,913**	**15,229**	**41,518**	**449,660**	**590**	**450,250**
Hedge reserve transferred to initial carrying amount of the hedged item	**–**	**–**	**–**	**2,787**	**–**	**2,787**	**–**	**2,787**
Dividend to shareholders	–	–	(120,715)	–	–	(120,715)	–	(120,715)
Purchase of treasury shares	–	(18,400)	–	–	–	(18,400)	–	(18,400)
Equity-settled share-based payments	–	26,111	(10,083)	–	–	16,028	–	16,028
Total contributions and distributions	**–**	**7,711**	**(130,798)**	**–**	**–**	**(123,087)**	**–**	**(123,087)**
as of August 31, 2021	**110**	**(15,594)**	**3,538,158**	**282**	**(840,099)**	**2,682,857**	**2,360**	**2,685,217**

1 Attributable to the shareholders of Barry Callebaut AG.

Notes to the Consolidated Financial Statements

Basis of Preparation

A. Organization and business activity

Barry Callebaut AG (the "Company") has its head office in Zurich, Switzerland, at Hardturmstrasse 181. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. These Consolidated Financial Statements comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is the world's leading manufacturer of high-quality chocolate and cocoa products – from sourcing and processing cocoa beans to producing the finest chocolates, including chocolate fillings, decorations, and compounds.

B. Basis of presentation

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 8, 2021 and are subject to approval by the Annual General Meeting of Shareholders on December 8, 2021.

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain items for which IFRS requires another measurement basis, in which case this is explicitly stated in the accounting policies. Significant accounting policies relevant to the understanding of the Consolidated Financial Statements are included in the corresponding notes. The Group has consistently applied its accounting policies to all periods presented in these Consolidated Financial Statements.

The Consolidated Financial Statements are presented in Swiss francs, which is the Company's functional currency.

All amounts have been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, the figures presented in the tables may not add up precisely to the totals provided.

Notes to the Consolidated Financial Statements

C. Use of judgment and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information related to judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the Consolidated Financial Statements, together with assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending August 31, 2021, are included in the following notes:

Note 2.2	Right-of-use assets: Determination of the lease term for options to extend or terminate the lease
Note 2.3	Intangible assets: Impairment testing for CGUs containing goodwill, i.e. key assumptions used for value-in-use calculations
Note 2.7	Provisions: Recognition and measurement of provisions
Note 4.2	Employee benefit: Measurement of defined benefit liabilities, i.e. actuarial assumptions
Note 6	Income taxes: Recognition and measurement of current and deferred tax liabilities and assets for uncertain tax positions and availability of future taxable profits against which tax loss carry forwards can be utilized

D. Introduction of new standards and interpretations in 2020/21 and later

The Group has adopted new standards, amendments and interpretations to the existing International Financial Reporting Standards (IFRS) that are mandatory for periods starting on or after January 1, 2021. These adoptions did not have any material impact on the current reporting period.

The Group has also performed an assessment of the new standards and interpretations with effective date of January 1, 2021 and with planned application in fiscal year 2021/22. Based on this assessment, the Group does not expect that the new standards and interpretations will have a material impact on the Consolidated Financial Statements.

	Effective date	Applied /Planned application by the Group in
Amendments to Standards and Interpretations		
Amendments to References to Conceptual Framework in IFRS Standards	January 1, 2020	Fiscal year 2020/21
Definition of a Business (Amendments to IFRS 3)	January 1, 2020	Fiscal year 2020/21
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020	Fiscal year 2020/21
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020	Fiscal year 2020/21
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2020	Fiscal year 2020/21
Covid-19-Related Rent Concessions (Amendment to IFRS 16) and beyond 30 June 2021	June 1, 2020 / April 1, 2021	Fiscal year 2020/21
Interest Rate Benchmark Reform, Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021	Fiscal year 2021/22
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022	Fiscal year 2022/23

Notes to the Consolidated Financial Statements

1 Operating Performance

1.1 Segment information

External segment reporting is based on the internal organizational and management structure, as well as on the internal information reviewed regularly by the Chief Operating Decision Maker. Barry Callebaut's Chief Operating Decision Maker has been identified as the Executive Committee.

The Executive Committee manages the business from a geographic view. Hence, Presidents were appointed for each Region. Since the Group's cocoa activities operate independently from the Regions, the Global Cocoa business is managed by the Executive Committee as its own segment in addition to the geographic regions of EMEA (Europe, Middle East and Africa), Americas and Asia Pacific. Furthermore, the Executive Committee also manages the Corporate functions independently. The Corporate segment mainly consists of headquarter services (including the Group's centralized Treasury department) to other segments. Thus, the Group reports the Corporate segment separately.

The Global Cocoa segment is responsible for the procurement of ingredients for chocolate production (mainly cocoa, sugar, dairy and nuts) and the Group's cocoa-processing business. Global Cocoa generates approximately 57% of its revenues from transactions with other operating segments of the Group.

The regional chocolate businesses consist of chocolate production related to the Product Groups of Food Manufacturers focusing on industrial customers and Gourmet & Specialties focusing on products for artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers as well as products for vending machines.

Financial information by reportable segments

2020/21 in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total segments	Corporate	Eliminations	Group
Revenue from external customers	3,128,480	1,830,334	443,990	1,804,791	7,207,595	–	–	7,207,595
Revenue from transactions with other operating segments of the Group	151,657	7,205	–	2,406,300	2,565,162	–	(2,565,162)	–
Revenue from sales and services	**3,280,137**	**1,837,539**	**443,990**	**4,211,091**	**9,772,757**	**–**	**(2,565,162)**	**7,207,595**
Operating profit (EBIT)	**339,234**	**186,574**	**56,983**	**86,476**	**669,267**	**(102,579)**	**–**	**566,688**
Depreciation and amortization	**(85,186)**	**(53,498)**	**(14,390)**	**(70,168)**	**(223,242)**	**(5,264)**	**–**	**(228,506)**
Impairment	**(1,518)**	**(61)**	**(74)**	**(522)**	**(2,175)**	**(15)**	**–**	**(2,190)**
Interest income						**3,640**		**3,640**
Interest expense						**(88,766)**		**(88,766)**
Total assets	**2,266,399**	**1,145,417**	**296,419**	**2,885,593**	**6,593,828**	**1,137,451**	**(487,261)**	**7,244,018**
Additions to property, plant, equipment, right-of-use assets and intangible assets, excluding acquisitions of subsidiaries/businesses	(165,538)	(86,158)	(23,085)	(123,978)	(398,759)	(10,582)	–	(409,341)

Notes to the Consolidated Financial Statements

2019/20 in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total segments	Corporate	Eliminations	Group
Revenue from external customers	2,915,805	1,759,526	400,229	1,817,586	6,893,146	–	–	6,893,146
Revenue from transactions with other operating segments of the Group	115,190	3,424	31	2,324,052	2,442,697	–	(2,442,697)	–
Revenue from sales and services	**3,030,995**	**1,762,950**	**400,260**	**4,141,638**	**9,335,843**	**–**	**(2,442,697)**	**6,893,146**
Operating profit (EBIT)	**269,085**	**182,378**	**42,726**	**87,123**	**581,312**	**(98,160)**	**–**	**483,152**
Depreciation and amortization	**(79,935)**	**(52,598)**	**(12,818)**	**(71,050)**	**(216,401)**	**(4,581)**	**–**	**(220,982)**
Impairment	**(1,377)**	**(1,141)**	**(11)**	**(6,535)**	**(9,064)**	**(140)**	**–**	**(9,204)**
Interest income						**6,697**		**6,697**
Interest expense						**(94,664)**		**(94,664)**
Total assets	**2,055,960**	**1,096,108**	**243,023**	**2,846,779**	**6,241,870**	**1,427,740**	**(528,500)**	**7,141,110**
Additions to property, plant, equipment, right-of-use assets and intangible assets, excluding acquisitions of subsidiaries/businesses	(117,935)	(64,916)	(17,775)	(112,529)	(313,155)	(4,684)	–	(317,839)

Global Cocoa comprises Group-wide sourcing and Global Cocoa processing functions for the benefit of all the Regions. Therefore, the major part of its operating profit (EBIT) is allocated to the Regions.

Segment revenue, segment operating profit (EBIT) and segment assets are measured based on IFRS principles.

Finance income and expense, the Group's share of result of equity-accounted investees and income taxes are not allocated to the respective segment for internal management purposes.

Additional entity-wide disclosures

Information on geographical regions

Barry Callebaut is domiciled in Switzerland, however, its major revenues are generated in other countries. The following table shows revenues reported based on the geographic location of customers and non-current assets other than financial instruments, deferred tax assets and employee benefit assets.

	2020/21	2019/20	2020/21	2019/20
in thousands of CHF	Revenue		Non-current assets	
US	1,294,863	1,265,168	454,948	434,746
Germany	509,933	519,899	98,082	98,824
UK	502,993	468,978	69,286	58,611
France	428,045	397,119	89,512	82,716
Mexico	402,741	374,579	16,737	15,386
Belgium	370,745	375,389	582,972	501,690
Brazil	362,318	351,592	77,223	69,392
Poland	319,115	311,394	78,873	85,687
Switzerland	61,109	59,888	67,504	51,072
Rest of EMEA	1,763,673	1,638,996	630,380	619,662
Rest of Americas	405,490	355,320	174,086	160,977
Asia Pacific	786,570	774,824	541,811	518,835
Total	**7,207,595**	**6,893,146**	**2,881,414**	**2,697,598**

Notes to the Consolidated Financial Statements

Information on Product Groups

The Group has numerous products that are sold to external customers. Therefore, for internal review by the Chief Operating Decision Maker, information on products is aggregated on a Product Group level. The following table breaks down external revenues into Product Groups:

Segment information by Product Group

in thousands of CHF	2020/21	2019/20[1]
Cocoa Products	1,804,791	1,817,586
Food Manufacturers	4,273,841	4,118,662
Gourmet & Specialties	1,128,963	956,898
Revenue from external customers	**7,207,595**	**6,893,146**

1 Certain Gourmet & Specialties customers have been shifted to the Food Manufacturers Product Group to better serve them. The minor reallocation represents less than 1% of Gourmet & Specialties volume and sales revenues in fiscal year 2019/20.

In fiscal year 2020/21, the biggest single customer contributed CHF 822.0 million or 11.4 % of total revenues reported across various regions (2019/20: CHF 807.9 million or 11.7%). No other single customer contributed more than 10% of total consolidated revenue.

Notes to the Consolidated Financial Statements

Accounting policies

Revenue recognition

Revenue from sales and services represent the net sales revenue from raw materials, semi-processed and processed goods transferred to customers and for services related to food processing.

Revenue is measured based on the contractually agreed transaction price at the amount, which the Group expects to receive in exchange for transferring promised goods or services to the customer.

Revenue is generally recognized at the point in time, when control of the goods has been transferred to the customer, which is upon delivery or shipment of the goods, according to the applicable Incoterms. The payment terms are typically between 30 and 90 days.

The Group recognizes revenue over time for highly customized products for which the Group has no alternative use. The nature of the Group's business means that the production of these goods and its delivery occur in short succession. The revenue for these products is recognized over time using the output method 'units delivered'.

Appropriate provisions are made for all additional costs to be incurred in connection with the sales, including the cost related to returns of goods, which do not meet agreed specifications and quality-related claims.

Type of commercial agreement	Commercial principle
Contract business	**Partnership agreements/Umbrella agreement** The Group enters into long-term partnership/umbrella agreements of between three to ten years supported by a framework agreement between the Group and the customer governing the conduct of business, payment terms, rights to goods and services. Partnership agreements typically include legally enforceable annual volume purchase commitments. Firm purchase commitments are agreed for delivery periods of typically three to six months.
	Volume agreements The customer commits to legally enforceable firm purchase commitments for certain volumes of specified goods. The conduct of business is ordinarily governed by Group's general terms and conditions.
Price list business	Based on forecasted sales and raw materials prices, the Group establishes a price list for the products in its portfolio. The price list then applies to sales for a period of typically six to twelve months.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Presidents of the Regions EMEA, Americas, Asia Pacific and Global Cocoa as well as the Chief Operations Officer, the Chief Innovation, Sustainability & Quality Officer and the Chief Human Resources Officer.

Notes to the Consolidated Financial Statements

1.2 Research and development expenses

in thousands of CHF	2020/21	2019/20
Research and development expenses	**(29,685)**	**(32,170)**

Research and development expenses not qualifying for capitalization are directly charged to the Consolidated Income Statement and are reported under "Marketing and sales expenses" and "General and administration expenses". The part qualifying for capitalization is reported as addition under internally generated assets in Note 2.3 – "Intangible assets".

1.3 Other income and expense

Composition of other income

in thousands of CHF	2020/21	2019/20
Rental income	421	641
Income from sustainability initiatives	1,300	1,919
Other	1,339	2,260
Total other income	**3,060**	**4,820**

Composition of other expense

in thousands of CHF	2020/21	2019/20
Restructuring costs	(296)	(1,931)
Litigations and claims	(9,517)	(9,589)
Net loss on sale of property, plant and equipment	(1,562)	(1,194)
Impairment of property, plant and equipment (Note 2.1)	(803)	(7,560)
Impairment of intangibles (Note 2.3)	(1,387)	(1,644)
Impairment of financial instruments	(3,549)	(4,134)
Acquisition related costs (Note 7.2/5.1)	(194)	(223)
Other	(501)	(1,856)
Total other expense	**(17,809)**	**(28,131)**

Gain on disposal of property, plant and equipment in the amount of CHF 0.5 million in fiscal year 2020/21 (2019/20: CHF 0.3 million) was netted against the loss on disposal of property, plant and equipment.

Notes to the Consolidated Financial Statements

2 Operating Assets and Liabilities

2.1 Property, plant and equipment

2020/21	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
in thousands of CHF					
At cost					
as of September 1, 2020	**672,799**	**2,023,649**	**118,363**	**168,854**	**2,983,665**
Additions[1]	5,938	30,389	2,807	199,766	238,900
Disposals	(5,069)	(40,302)	(6,170)	(365)	(51,906)
Currency translation adjustments	9,394	29,925	1,343	2,615	43,277
Reclassifications from under construction	57,855	132,948	10,954	(201,757)	–
Other reclassifications[2]	–	242	352	1,455	2,049
as of August 31, 2021	**740,917**	**2,176,851**	**127,649**	**170,568**	**3,215,985**
Accumulated depreciation and impairment losses					
as of September 1, 2020	**304,584**	**1,090,387**	**96,913**	**28**	**1,491,912**
Depreciation	22,563	109,610	8,089	–	140,262
Impairment (Note 1.3)	–	113	1	689	803
Disposals	(4,834)	(33,187)	(5,899)	–	(43,920)
Currency translation adjustments	3,935	16,614	1,157	27	21,733
Other reclassifications[2]	–	260	230	–	490
as of August 31, 2021	**326,248**	**1,183,797**	**100,491**	**744**	**1,611,280**
Net as of August 31, 2021	**414,669**	**993,054**	**27,158**	**169,824**	**1,604,705**

1 Cash outflow amounted to CHF 227.2 million, of which CHF 5.7 million related to prepayments. Of the additions, CHF 17.4 million related to not yet paid purchases of property, plant and equipment.
2 Reclassified from “Intangible assets” (net CHF 0.5 million) and “Right-of-use assets” (net CHF 1.0 million).

Notes to the Consolidated Financial Statements

2019/20	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
in thousands of CHF					
At cost					
as of September 1, 2019	**674,084**	**1,998,869**	**140,673**	**111,171**	**2,924,797**
Business combinations (Note 5.1)	143	2,802	38	–	2,983
Additions[1]	7,984	31,300	2,089	194,287	235,660
Disposals	(3,888)	(8,416)	(5,797)	(609)	(18,710)
Currency translation adjustments	(38,438)	(108,776)	(5,446)	(9,260)	(161,920)
Reclassifications from under construction	32,221	87,723	6,703	(126,647)	–
Other reclassifications[2]	693	20,147	(19,897)	(88)	855
as of August 31, 2020	**672,799**	**2,023,649**	**118,363**	**168,854**	**2,983,665**
Accumulated depreciation and impairment losses					
as of September 1, 2019	**292,523**	**1,037,783**	**100,313**	**28**	**1,430,647**
Depreciation	21,088	105,665	8,791	–	135,544
Impairment (Note 1.3)	7,072	947	(459)	–	7,560
Disposals	(3,291)	(6,389)	(5,032)	–	(14,712)
Currency translation adjustments	(13,376)	(50,974)	(3,733)	–	(68,083)
Other reclassifications[2]	568	3,355	(2,967)	–	956
as of August 31, 2020	**304,584**	**1,090,387**	**96,913**	**28**	**1,491,912**
Net as of August 31, 2020	**368,215**	**933,262**	**21,450**	**168,826**	**1,491,753**

1 Cash outflow amounted to CHF 233.4 million. CHF 0.1 million is related to purchases of property, plant and equipment that were acquired in the prior period. Additions of CHF 2.4 million were granted and are non-cash relevant.
2 Reclassified to “Intangible assets” (net CHF 0.1 million).

The Group periodically reviews the remaining useful lives of assets recognized in “Property, plant and equipment”.

Impairment losses of CHF 0.8 million were recognized in “Property, plant and equipment” in fiscal year 2020/21 (2019/20: CHF 7.6 million).

Repair and maintenance expenses for the fiscal year 2020/21 amounted to CHF 78.5 million (2019/20: CHF 75.3 million).

As at August 31, 2021, no non-currents assets were pledged as security for financial liabilities (2020: nil).

Notes to the Consolidated Financial Statements

Accounting policies

Property, plant and equipment

Property, plant and equipment is measured at the acquisition or construction cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life.

Estimated useful lives of major classes of depreciable assets are:

Buildings (including warehouses and installations)	20 to 50 years
Plant and machinery	5 to 20 years
Office equipment, furniture and motor vehicles	3 to 10 years

Maintenance and repair expenditures are charged to the income statement as incurred.

The carrying amounts of property, plant and equipment are reviewed at least at each reporting date to assess whether they are recoverable in the form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Borrowing costs

Borrowing costs related to the acquisition, construction, or production of a qualifying asset are capitalized in accordance with IAS 23. A qualifying asset is an asset that necessarily takes a substantial period of time in order to use or sell it as intended by the Group management.

Notes to the Consolidated Financial Statements

2.2 Right-of-use assets

The Group leases land and buildings for use as office and warehouse space. Lease contracts are entered on an individual basis and contain a wide range of different terms and conditions. Lease terms are typically fixed for a period of three to ten years. In many cases, lease contracts for buildings contain extension options, which provide operational flexibility and security. Such options are considered individually to determine whether the Group is reasonably certain to exercise the option. Furthermore, the Group maintains a fleet of leased cars with an average lease term of three years and lease vehicles with an average lease term of seven years. Lease term for hardware is an average of five years.

2020/21	Land and buildings	Plant and machinery	Office equipment and motor vehicles	Total
in thousands of CHF				
At cost				
as of September 1, 2020	**190,799**	**4,105**	**31,500**	**226,404**
Additions	105,443	177	16,671	122,291
Disposals	(5,669)	(33)	(2,421)	(8,123)
Lease modifications	(6,310)	(94)	(323)	(6,727)
Currency translation adjustments	2,224	41	455	2,720
Reclassifications[1]	(363)	(542)	(304)	(1,209)
as of August 31, 2021	**286,124**	**3,654**	**45,578**	**335,356**
Accumulated depreciation and impairment losses				
as of September 1, 2020	**29,317**	**1,109**	**9,030**	**39,456**
Depreciation	32,202	463	11,365	44,030
Disposals	(5,310)	(39)	(2,171)	(7,520)
Lease modifications	(821)	–	(94)	(915)
Currency translation adjustments	440	11	122	573
Reclassifications[1]	258	(256)	(198)	(196)
as of August 31, 2021	**56,086**	**1,288**	**18,054**	**75,428**
Net as of August 31, 2021	**230,038**	**2,366**	**27,524**	**259,928**

1 Reclassified to Property, plant and equipment (net CHF 1.0 million).

Notes to the Consolidated Financial Statements

2019/20	Land and buildings	Plant and machinery	Office equipment and motor vehicles	Total
in thousands of CHF				
At cost				
as of September 1, 2019	**183,834**	**3,828**	**23,570**	**211,232**
Business combinations	3,951	–	–	3,951
Additions	22,331	212	12,172	34,715
Disposals	(884)	(247)	(3,154)	(4,285)
Lease modifications	(5,525)	–	–	(5,525)
Currency translation adjustments	(12,908)	312	(1,088)	(13,684)
as of August 31, 2020	**190,799**	**4,105**	**31,500**	**226,404**
Accumulated depreciation and impairment losses				
as of September 1, 2019	**–**	**–**	**–**	**–**
Depreciation	30,141	678	9,791	40,610
Disposals	(293)	(45)	(755)	(1,093)
Currency translation adjustments	(531)	476	(6)	(61)
as of August 31, 2020	**29,317**	**1,109**	**9,030**	**39,456**
Net as of August 31, 2020	**161,482**	**2,996**	**22,470**	**186,948**

The following expenses related to the Group's leasing activities are recognized in the income statement:

in thousands of CHF	2020/21	2019/20
Expense relating to short-term leases	5,867	5,775
Expense relating to leases of low-value assets	1,305	796
Expense relating to variable lease payments not included in the measurement of lease liabilities	671	229
Lease-related expenses	**7,843**	**6,800**
Depreciation of right-of-use assets	44,030	40,610
Interests on lease liabilities	5,311	4,796
Total amount recognized in the income statement	**57,184**	**52,206**

In fiscal year 2020/21, the Group's total cash outflow for lease payments was CHF 53.1 million, including interest paid (2019/20: CHF 43.0 million).

Notes to the Consolidated Financial Statements

Accounting policies	
Definition of a lease	At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.
Recognition and measurement of a lease	The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate defined on a Group level, specific to the currency of the lease contract. Lease payments included in the initial measurement of the lease liability include for example fixed payments and variable payments that depend on an index or rate, which are initially measured using the index or rate at the commencement date. The lease liability is subsequently measured at amortized cost using the effective interest method, decreased by lease payments made. The lease liability is remeasured in case of changes in future lease payments (i.e. index-based rents) or any changes in the assessments of extension or termination options. For such remeasurements, a corresponding adjustment generally is made to the right-of-use asset. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred, an estimate of costs for restoration obligations, payments made at or before the commencement date and less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the underlying asset (determined on the same basis as those of property, plant and equipment). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies judgment to determine the lease terms for lease contracts that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of right-of-use assets and lease liabilities recognized in the balance sheet.
Short-term leases and leases of low-value assets	The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and do not contain a purchase option, and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

2.3 Intangible assets

2020/21	Goodwill	Brand names and licenses	Internally generated intangible assets	Other / Under development	Total
in thousands of CHF					
At cost					
as of September 1, 2020	**822,779**	**61,957**	**502,491**	**44,764**	**1,431,991**
Additions	–	–	23,624	24,438	48,062
Disposals	–	–	(14,589)	(1,214)	(15,803)
Currency translation adjustments	6,808	266	3,980	625	11,679
Reclassifications from under development	–	–	19,653	(19,653)	–
Other reclassifications[1]	–	–	675	(1,221)	(546)
as of August 31, 2021	**829,587**	**62,223**	**535,834**	**47,739**	**1,475,383**
Accumulated amortization and impairment losses					
as of September 1, 2020	**–**	**52,506**	**360,912**	**32,889**	**446,307**
Amortization	–	1,842	37,567	4,805	44,214
Impairment (Note 1.3)	–	174	1,045	168	1,387
Disposals	–	–	(14,565)	(1,205)	(15,770)
Currency translation adjustments	–	193	3,215	354	3,762
Other reclassifications[1]	–	–	283	(283)	–
as of August 31, 2021	**–**	**54,715**	**388,457**	**36,728**	**479,900**
Net as of August 31, 2021	**829,587**	**7,508**	**147,377**	**11,011**	**995,483**

1 Reclassified to “Property, plant and equipment” (net CHF 0.5 million).

2019/20	Goodwill	Brand names and licenses	Internally generated intangible assets	Other / Under development	Total
in thousands of CHF					
At cost					
as of September 1, 2019	**859,630**	**71,821**	**470,197**	**58,931**	**1,460,579**
Business combination (Note 5.1)	60	–	–	–	60
Additions	–	333	22,226	24,905	47,464
Disposals	–	(9,964)	(9,793)	(1,804)	(21,561)
Currency translation adjustments	(36,911)	(1,043)	(13,462)	(3,246)	(54,662)
Reclassifications from under development	–	8	32,300	(32,308)	–
Other reclassifications[1]	–	802	1,023	(1,714)	111
as of August 31, 2020	**822,779**	**61,957**	**502,491**	**44,764**	**1,431,991**
Accumulated amortization and impairment losses					
as of September 1, 2019	**–**	**57,745**	**344,055**	**32,448**	**434,248**
Amortization	–	4,461	35,587	4,780	44,828
Impairment (Note 1.3)	–	–	1,505	139	1,644
Disposals	–	(9,964)	(9,880)	(1,406)	(21,250)
Currency translation adjustments	–	(538)	(10,691)	(1,954)	(13,183)
Other reclassifications[1]	–	802	336	(1,118)	20
as of August 31, 2020	**–**	**52,506**	**360,912**	**32,889**	**446,307**
Net as of August 31, 2020	**822,779**	**9,451**	**141,579**	**11,875**	**985,684**

1 Reclassified from “Property, plant and equipment” (net CHF 0.1 million).

Notes to the Consolidated Financial Statements

Additions and reclassification from under development to internally generated intangible assets amounted to CHF 43.3 million in fiscal year 2020/21 (2019/20: CHF 54.5 million). This mainly included costs related to various projects of internally generated software and amounted to CHF 38.5 million (2019/20: CHF 51.6 million). The remainder is related to the development of recipes and innovations of CHF 4.7 million that were recorded under internally generated intangible assets (2019/20: CHF 2.9 million). Additions to other intangible assets mainly included projects under development.

The remaining amortization period for brand names varies between one and ten years, for licenses up to ten years, for software between one and eight years and for other including patents between one and twelve years.

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 829.6 million (2019/20: CHF 822.8 million). The allocation to the segments is as follows:

as of August 31,	2021	2020
in million CHF		
Global Cocoa	441.2	437.3
EMEA	303.1	301.4
Americas	80.7	79.4
Asia Pacific	4.6	4.7
Total	**829.6**	**822.8**

Goodwill acquired in a business combination is allocated to the respective segment that is expected to benefit from the synergies of the business combination, at acquisition date. Due to the Group’s fully integrated business in the Regions, the segments represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Thus, the impairment test is performed on a segment level.

For the impairment test, the recoverable amount of a cash-generating unit is based on its value-in-use and is compared to the carrying amount of the corresponding cash-generating unit. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the weighted average cost of capital (WACC).

The Group performs its impairment test during the fourth quarter of the fiscal year. This approach was chosen because the Mid-Term Plan, covering the next five fiscal years, is updated annually in the third quarter. The Mid-Term Plan is based on the assumption that there are no major changes to the Group’s organization. The residual value is calculated from an estimated continuing value, which is primarily based on the fifth year of the Mid-Term Plan. The terminal growth rate used for determining the residual value does not exceed the expected long-term growth rate of the industry.

The annual impairment tests did not result in a need to recognize impairment losses in fiscal year 2020/21.

Notes to the Consolidated Financial Statements

The key sensitivities in the impairment test are the WACC as well as the terminal growth rate.

Key assumptions used for value-in-use calculations

	2021		2020	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Cocoa	7.7%	1.2%	9.2%	0.8%
EMEA	6.4%	0.8%	7.9%	0.2%
Americas	6.8%	2.0%	7.6%	1.5%
Asia Pacific	6.8%	1.5%	7.5%	1.9%

The Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

Accounting policies

Goodwill	Goodwill on acquisitions is the excess of acquisition date fair value of the total consideration transferred plus the recognized amount of any non-controlling interest in the acquiree and the acquisition date fair value of assets acquired, liabilities and contingent liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually on the same date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Negative goodwill is recognized directly in the Consolidated Income Statement. At the acquisition date, any acquired goodwill is allocated to each of the cash-generating units (CGUs). The Group defines its CGUs for goodwill impairment testing based on the way that it monitors and derives economic benefits from the acquired goodwill. The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount, based on their value in use, which corresponds to their future projected cash flows discounted at an appropriate pre-tax rate of return. The cash flows correspond to estimates made by Group Management in financial plans and business strategies covering a period of five years after making adjustments to consider the assets in their current condition. They are then projected to perpetuity using a multiple which corresponds to a steady growth rate. The Group assesses the uncertainty of these estimates by making sensitivity analyses. Where the recoverable amount of the CGUs is less than the carrying amount, an impairment loss is recognized.
Research and development costs	Research costs are expensed as incurred. Development costs for projects related to recipes and product innovations are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, if it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful life. The amortization periods adopted do not exceed five years.

Notes to the Consolidated Financial Statements

Brand names, licenses and other intangible assets	Other acquired intangible assets include brand names, licenses, customer relationships, patents and trademarks, software and projects to improve the processes. Patents and licenses are amortized over their period of validity. All other intangible assets are amortized on a straight-line basis over their anticipated useful life not exceeding ten years. The amortization charge is included in the positions "General and administration expenses" and "Cost of goods sold" in the Consolidated Income Statement.

2.4 Inventories

as of August 31,	2021	2020
in thousands of CHF		
Cocoa beans stocks	733,872	772,030
Semi-finished and finished products	1,079,440	953,859
Other raw materials and packaging materials	230,021	184,028
Total inventories	**2,043,333**	**1,909,917**

As at August 31, 2021, the value of cocoa and chocolate inventories designated in a hedging relationship amounted to CHF 1,134.6 million (2019/20: CHF 1,187.4 million), on which a fair value hedge adjustment of CHF 15.4 million was recorded (2019/20: CHF 2.2 million). For further detail of hedged inventories refer to Note 3.7.9 – "Effect of hedge accounting on the financial position and performance".

In 2020/21, materials used of CHF 4,951.3 million (2019/20: CHF 4,796.5 million) were recognized as an expense during the year and included in "Cost of goods sold".

In fiscal year 2020/21, inventory write-downs of CHF 31.7 million were recognized as an expense (2019/20: CHF 40.0 million).

As at August 31, 2021, no inventories were pledged as security (August 31, 2020: nil)

Accounting policies

Inventories	Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. Those inventories that are allocated as hedged items in a fair value hedge relationship are adjusted for the change in the fair value attributable to the hedged cocoa price risk. The weighted average method is used in assigning the cost of inventories.

Notes to the Consolidated Financial Statements

2.5 Trade receivables and other current assets

as of August 31,	2021	2020
in thousands of CHF		
Trade receivables	484,974	387,404
Accrued income	32,362	22,643
Loans and other receivables	38,446	12,257
Other current financial assets	20,278	16,655
Receivables representing financial assets	**576,060**	**438,959**
Prepayments	57,791	57,655
Other current non-financial assets	707	1,802
Other tax receivables and receivables from government	125,393	112,369
Other receivables	**183,891**	**171,826**
Total trade receivables and other current assets	**759,951**	**610,785**

The Group runs asset-backed securitization programs, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The amount of the receivables sold net of discounts as at August 31, 2021, was CHF 360.5 million (2020: CHF 323.8 million). This amount was derecognized from the balance sheet. The amount is the combination of the gross value of the receivables sold of CHF 381.2 million (2020: CHF 340.9 million) and the discount applicable of CHF 20.7 million (2020: CHF 17.1 million).

Net amounts payable to these programs amounted to CHF 70.3 million as at August 31, 2021 (2020: CHF 85.8 million), consisting of the balance of receivables collected before the next rollover date of CHF 91.0 million (2020: CHF 102.9 million), less the discount on receivables sold of CHF 20.7 million (2020: CHF 17.1 million). These amounts are included in Note 2.6 – “Trade payables and other current liabilities” on a net basis.

The discount is retained by the programs to establish a dilution reserve, a yield reserve, and an insurance first loss reserve.

Trade receivables with the fair value of CHF 87.1 million (and CHF 87.2 million nominal amount) as at August 31, 2021 (2020: fair value CHF 75.9 million, nominal amount CHF 76.0 million), are held for realization through sale under the asset-backed securitization programs and are therefore classified as measured at fair value through profit or loss. All other trade receivables, accrued income, loans, other receivables and other current financial assets are measured at amortized cost.

Interest expense paid under the asset-backed securitization programs amounted to CHF 3.1 million (2019/20: CHF 4.2 million) and was reported under “Interest expense”.

For detailed information about the expected credit losses calculated on the Group’s financial assets measured at amortized cost refer to Note 3.7.4 – “Credit risk and concentration of credit risk”.

Notes to the Consolidated Financial Statements

Accounting policies

Trade receivables

Trade receivables, with the exception of those receivables that are managed under the asset-backed securitization programs, are stated at amortized cost, less lifetime expected credit losses.

The Group maintains asset-backed securitization programs for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under “Loans and other receivables” or “Other payables” is the amount of the discount minus the receivables already collected at the balance sheet date, but not yet remitted to the asset-purchasing company. Before being sold, the receivables that are managed under the asset-backed securitization programs are classified as financial assets measured at fair value through profit or loss.

Other financial assets

Other financial assets are the items reported in the lines “Loans and other receivables” and “Other current financial assets”. Other financial assets are classified as measured at amortized cost less expected impairment losses. The Group’s other financial assets have contractual cash flows that are solely principal, and the Group’s interest and business model is to hold these assets to collect contractual cash flows.

All purchases and sales of financial assets are recognized on the trade date. Financial assets are recognized when the Group becomes a party to the contractual provisions and are initially measured at fair value, which represents the transferred consideration, plus transaction costs.

Financial assets are derecognized when the Group loses control of the contractual rights to the cash flows of the assets. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

Allowance for impairment losses of financial assets

At each reporting date, the Group recognizes an impairment allowance for financial assets measured at amortized cost.

The impairment allowance represents the Group’s estimates of lifetime expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets.

Impairment losses are reflected in the allowance account of the respective financial asset class and recognized in the Consolidated Income Statement as follows:

Financial asset class	Line item in Consolidated Income Statement
Cash and cash equivalents	Finance expense
Deposits	Other expense
Trade receivables	Revenue from sales and services
Other receivables	Other expense
Other financial assets	Other expense

Notes to the Consolidated Financial Statements

2.6 Trade payables and other current liabilities

as of August 31,	2021	2020
in thousands of CHF		
Trade payables	891,208	652,379
Accrued expenses	134,408	102,681
Other payables	199,987	188,759
Payables representing financial liabilities	**1,225,603**	**943,819**
Accrued wages and social security	140,952	119,700
Other taxes and payables to government	64,008	51,951
Deferred income	2,907	4,173
Other liabilities	**207,867**	**175,824**
Total trade payables and other current liabilities	**1,433,470**	**1,119,643**

The Group has payables related to asset-backed securitization programs, see Note 2.5 – “Trade receivables and other current assets”. Other payables also consist of outstanding ledger balances with commodity brokers.

Accounting policies

Trade payables and other current financial liabilities	Trade payables and other current financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

Notes to the Consolidated Financial Statements

2.7 Provisions

in thousands of CHF	Restructuring	Litigation & claims	Other	Total
as of September 1, 2020	**1,432**	**7,115**	**17,661**	**26,208**
Additions	1,789	17,354	7,787	26,930
Use of provisions[1]	(963)	(2,356)	(7,412)	(10,731)
Release of unused provisions	(1,493)	(1,156)	(320)	(2,969)
Currency translation adjustments	3	59	363	425
as of August 31, 2021	**768**	**21,016**	**18,079**	**39,863**
of which:				
Current	**768**	**19,433**	**10,953**	**31,154**
Non-current	**–**	**1,583**	**7,126**	**8,709**

1 The amount under "Other" includes a reclassification of CHF 3.6 million to inventory. The reclassification is not cash flow relevant.

Litigation & claims

The amount includes provisions for certain litigations and claims that have been recognized to cover legal and administrative proceedings that arise in the ordinary course of business. Group companies are involved in various legal actions and claims as they arise in the ordinary course of the business. This includes labor and non-income tax claims, claims related to transactions such as acquisitions and disposals or claims from customers for product liability and recalls. Customer claims are generally covered by a global insurance policy.

Provisions have been made, where quantifiable, for probable outflows. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as of August 31, 2021. Any payments to be made will depend upon the date on which legally binding decrees and decisions are issued.

Other provisions

Other provisions include amounts that have been provided to cover the negative outcome of onerous contracts. The total provision for onerous contracts amounted to CHF 7.9 million as at August 31, 2021 (2020: CHF 7.9 million), and is expected to be fully utilized during the coming twelve months. The non-current portion was partially carried on from previous fiscal year and covers different types of risk, including non-income tax risks and warranties, and the majority is expected to be used within three years.

Accounting policies

Provisions	Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate thereof can be made. Provisions are recorded for identifiable claims and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is communicated.

Notes to the Consolidated Financial Statements

3 Capital and Financial Risk Management

3.1 Capital management

The Group continues to apply its policy to maintain a sound capital base to support the continued development of the business. The Board of Directors seeks to maintain a prudent balance between debt and equity. In compliance with bank covenants, there is also a minimum tangible net worth value (equity – intangible assets) set at CHF 750 million.

The target payout ratio to shareholders is set in a range of 35% to 40% of the net profit in the form of a dividend. The target payout ratio and the form of the payout recommended by the Board is reviewed on an annual basis and is subject to the decision at the Annual General Meeting of Shareholders.

The Group's subsidiaries have complied with applicable local statutory capital requirements.

3.2 Equity

Share

as of August 31,	2021	2020
in thousands of CHF		
Share capital is represented by 5,488,858 (2020: 5,488,858) authorized and issued shares of each CHF 0.02 fully paid in (2020: 0.02)	110	110

Share capital and dividends

The issued share capital is divided into 5,488,858 registered shares with a nominal value of CHF 0.02 (2020: CHF 0.02). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind. The Company has one class of shares, which carries no right to a fixed dividend.

By resolution of the Annual General Meeting on December 9, 2020, the shareholders approved the proposed distribution of dividends in the amount of CHF 22.00 per share, effected through a dividend payment of CHF 120.7 million. The payment was made to shareholders on January 7, 2021.

During the fiscal year 2019/20, the payout of CHF 26.00 per share was effected through a dividend payment out of retained earnings in the amount of CHF 142.7 million. The payment was made to shareholders on January 8, 2020.

Treasury shares

Treasury shares are valued at weighted average cost and have been deducted from equity. The book value of the treasury shares as at August 31, 2021, amounted to CHF 15.6 million (2020: CHF 23.3 million).

The fair value of the treasury shares as at August 31, 2021, amounted to CHF 18.4 million (2020: CHF 25.7 million). As at August 31, 2021, the number of outstanding shares amounted to 5,480,985 (2020: 5,476,021) and the number of treasury shares to 7,873 (2020: 12,837). During this fiscal year, 9,138 shares have been purchased, 14,102 transferred to employees and members of the Board of Directors under the employee stock ownership program (2019/20: 14,840 purchased; 13,301 transferred).

Notes to the Consolidated Financial Statements

Retained earnings

As at August 31, 2021, retained earnings contain legal reserves of CHF 15.6 million (2020: CHF 23.3 million), which are not distributable to the shareholders pursuant to Swiss law.

Hedging reserves

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that are expected to occur. For further detail about the hedge reserves, refer to Note 3.7.9 – "Effect of hedge accounting on the financial position and performance".

Cumulative translation adjustment (CTA)

Cumulative translation adjustments comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in non-controlling interests

in thousands of CHF	2020/21	2019/20
as of September 1,	**1,770**	**14,320**
Non-controlling share of profit/(loss)	566	(4,560)
Change in non-controlling interests	–	(7,676)
Non-controlling share of other comprehensive income	24	(314)
as of August 31,	**2,360**	**1,770**

The non-controlling interests are not material for the Group.

Accounting policies	
Transactions with non-controlling interests	The Group applies the policy of treating transactions with non-controlling interests equal to transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Notes to the Consolidated Financial Statements

3.3 Earnings per share

in CHF	2020/21	2019/20
Basic earnings per share (CHF)	70.04	57.66
Diluted earnings per share (CHF)	69.84	57.46

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

in thousands of CHF	2020/21	2019/20
Net profit for the year attributable to shareholders of the parent company, used as numerator for basic earnings per share	383,939	316,054
Adjusted net profit for the year used as numerator for diluted earnings per share	383,939	316,054

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

	2020/21	2019/20
Number of shares issued	5,488,858	5,488,858
Weighted average number of treasury shares held	(7,288)	(7,414)
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	**5,481,570**	**5,481,444**
Dilution potential of equity-settled share-based payments	15,910	18,927
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	**5,497,480**	**5,500,371**

3.4 Cash and cash equivalents

Cash and cash equivalents amounted to CHF 1,095.8 million as of August 31, 2021 (prior year CHF 1,386.0 million), and comprised cash on hand, cheques, bank balances and unrestricted bank deposit balances with an original maturity of 90 days or less. Bank overdrafts amounted to CHF 63.6 million as of August 31, 2021 (prior year CHF 103.6 million), and are repayable on demand, forming an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Notes to the Consolidated Financial Statements

3.5 Financial liabilities

3.5.1 Bank overdrafts and short-term debt

as of August 31,	2021	2020
in thousands of CHF	Carrying amounts	
Bank overdrafts	**63,564**	**103,603**
Commercial paper	–	400,796
Short-term debt	54,318	60,083
Short-term portion of long-term debt (Note 3.5.2)	65,095	482
Other	14	14
Short-term debt	**119,427**	**461,375**
Short-term lease liabilities	**41,075**	**36,543**
Short-term financial liabilities	**224,066**	**601,521**

Short-term financial liabilities are mainly denominated in EUR and XOF as shown in the table below:

as of August 31,	2021			2020		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	82,807	(0.55%)	2.00%	415,697	(0.46%)	0.74%
XOF	60,876	3.90%	5.80%	104,158	4.25%	5.80%
USD	26,734	1.03%	3.00%	24,741	1.03%	3.00%
TRL	11,767	12.52%	21.80%	2,663	6.50%	17.29%
BRL	11,743	3.16%	10.14%	26,890	3.75%	9.01%
CLP	8,828	1.44%	2.51%	9,759	1.20%	4.14%
INR	5,222	6.46%	9.17%	4,364	6.84%	8.50%
Other	16,090	0.22%	9.30%	13,249	(0.79%)	9.30%
Total	**224,067**			**601,521**		

3.5.2 Long-term debt

as of August 31,	2021	2020	2021	2020
in thousands of CHF	Carrying amounts		Fair values	
Senior Notes	847,577	837,225	911,853	910,472
Schuldscheindarlehen	1,081,756	1,103,551	1,025,810	1,103,551
Less current portion (Note 3.5.1)	(65,095)	(482)	(65,095)	(482)
Other Loans	65,816	66,034	65,817	66,034
Total long-term debt	**1,930,054**	**2,006,328**	**1,938,385**	**2,079,575**
Long-term lease liabilities	**224,464**	**150,325**	**224,464**	**150,325**
Long-term financial liabilities	**2,154,518**	**2,156,653**	**2,162,849**	**2,229,900**

On June 20, 2013, the Group issued a 5.5% Senior Note with maturity in 2023 for an amount of USD 400 million (CHF 364 million). The Senior Note was issued at a price of 98.122% and includes a coupon step-up clause of 0.25% (limited to 1.00% per annum) per downgraded notch per rating agency. The coupon currently amounts to 5.5% (2019/20: 5.5%).

On May 24, 2016, the Group issued a 2.375% Senior Note with maturity in 2024 for an amount of EUR 450 million (CHF 484 million). The Senior Note was issued at a price of 99.104%. The coupon amounts to 2.375%.

On October 3, 2019, the Group extended the maturity of its EUR 750 million Revolving Credit Facility to June 2024. On March 24, 2020, the Group amended its

EUR 750 million Revolving Credit Facility into a EUR 1,000 million Revolving Credit Facility with maturity in 2024. This Facility was not used in the fiscal year 2020/21.

There are financial covenants related to the Revolving Credit Facility which comprise of profitability per tonne, interest cover ratio and tangible net worth value.

On February 13, 2019, the Group issued a EUR 467 million (CHF 502 million) and CHF 152 million Schuldscheindarlehen. An amount of EUR 191 million with maturity in 2026, an amount of EUR 254 million with maturity in 2027 and an amount of EUR 22 million with maturity in 2029 which were raised in euros. An amount of CHF 11 million with maturity in 2026, an amount of CHF 131 million with maturity in 2027 and an amount of CHF 10 million with maturity in 2029 which were raised in Swiss francs. The weighted average interest rate at issuance date is 1.47% p.a.[1]

On May 27, 2020, the Group issued a EUR 60 million (CHF 65 million) private placement with maturity in 2022.

On July 27, 2020, the Group issued a EUR 377 million (CHF 408 million) and CHF 20 million Schuldscheindarlehen. This results in an amount of EUR 128.5 million with maturity in 2025, an amount of EUR 65 million with maturity in 2027, an amount of EUR 126.5 million with maturity in 2028, and an amount of EUR 57 million with maturity in 2030 which were raised in euros. An amount of CHF 15 million with maturity in 2025, an amount of CHF 5 million with maturity 2027 which were raised in Swiss francs. The weighted average interest rate is 1.57% p.a.[2]

The USD 400 million Senior Note, the EUR 450 million Senior Note, the EUR 1,000 million Revolving Credit Facility, the EUR 467 million and CHF 152 million Schuldscheindarlehen, the EUR 60 million private placement, the EUR 377 million and CHF 20 million Schuldscheindarlehen all rank pari passu. The Senior Notes, the Revolving Credit Facility, the private placement as well as the two Schuldscheindarlehen issuances are guaranteed by Barry Callebaut AG.

Given lower working capital requirements and the available cash balance, the Group further reduced its debt portfolio in July 2021 by prepaying part of the floating-rated Schuldscheindarlehen issued in July 2020 for an amount of CHF 27.0 million, and decided not to roll forward commercial paper hedged with fixed-to-floating interest rate derivatives for an amount of CHF 135.2 million.

as of August 31,	2021	2020
in thousands of CHF		
2021/22	–	93,305
2022/23	398,248	379,311
2023/24	508,085	496,257
2024/25	175,009	183,974
2025/26 (and thereafter for 2020)	237,120	1,003,806
2026/27 (and thereafter for 2021)	836,056	–
Long-term financial liabilities	**2,154,518**	**2,156,653**

1 The floating-rate tranches, which represent 56% of the total transaction amount, have a 6-month-IBOR base rate floored at 0%.
2 The floating-rate tranches, which represent 31% of the total transaction amount, have a 6-month-IBOR base rate floored at 0%.

Notes to the Consolidated Financial Statements

The weighted average maturity of the long-term financial liabilities (i.e. without any portion falling due in less than 12 months) decreased from 5.4 years to 5.1 years.

Long-term financial liabilities are to a major extent denominated in EUR, USD and CHF and transacted at fixed interest rates.

as of August 31,	2021			2020		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR[1]	1,393,669	1.00%	2.38%	1,478,353	1.20%	2.38%
EUR[2]	98,551	0.09%	3.00%	32,845	0.90%	8.51%
USD	444,591	1.51%	5.50%	431,193	1.03%	5.50%
CHF	184,457	0.42%	1.72%	175,315	0.04%	1.60%
XOF	5,202	3.90%	5.80%	6,922	4.35%	5.80%
SEK	5,191	0.47%	1.75%	5,299	0.47%	1.75%
SGD	2,475	1.13%	3.21%	6,264	1.13%	3.21%
Other	20,382	0.22%	17.48%	20,462	0.22%	17.29%
Long-term financial liabilities	**2,154,518**			**2,156,653**		

1 Includes: Senior Note, Schuldscheindarlehen, private placement.
2 Includes: Long-term lease liabilities, Other long-term debt.

Notes to the Consolidated Financial Statements

3.5.3 Changes in liabilities and equity from financing activities

	Short-term debt	Long-term debt	Lease liabilities	Retained earnings	Share capital	Treasury shares	Non-controlling interests	Total
in thousands of CHF	Financial liabilities			Equity				
as of September 1, 2019	**196,400**	**1,533,818**	**206,348**	**3,083,698**	**110**	**(19,506)**	**14,320**	**5,015,188**
Cash flows from financing activities	**281,627**	**517,714**	**(38,164)**	**(142,710)**	**–**	**(27,332)**	**–**	**591,135**
Proceeds from the issue of short-term debt	423,348	–	–	–	–	–	–	423,348
Repayment of short-term debt	(141,721)	–	–	–	–	–	–	(141,721)
Proceeds from the issue of long-term debt	–	1,593,050	–	–	–	–	–	1,593,050
Repayment of long-term debt	–	(1,075,336)	–	–	–	–	–	(1,075,336)
Payment of lease liabilities	–	–	(38,164)	–	–	–	–	(38,164)
Dividend payment	–	–	–	(142,710)	–	–	–	(142,710)
Purchase of treasury shares	–	–	–	–	–	(27,332)	–	(27,332)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–
Other changes related to liabilities	**(16,653)**	**(45,205)**	**18,684**	**–**	**–**	**–**	**–**	**(43,174)**
Amortized structuring fee	–	2,538	–	–	–	–	–	2,538
Change in accrued finance expense other	–	918	–	–	–	–	–	918
New leases and modifications	–	–	28,767	–	–	–	–	28,767
Interest expense	70,652	–	4,796	–	–	–	–	75,448
Interest paid	(70,103)	–	(4,796)	–	–	–	–	(74,899)
Foreign exchange movements	(17,691)	(48,172)	(10,083)	–	–	–	–	(75,946)
Reclassification	489	(489)	–	–	–	–	–	–
Other changes related to equity	**–**	**–**	**–**	**335,055**	**–**	**23,533**	**(12,550)**	**346,038**
as of August 31, 2020	**461,374**	**2,006,327**	**186,868**	**3,276,043**	**110**	**(23,305)**	**1,770**	**5,909,187**
as of September 1, 2020	**461,374**	**2,006,327**	**186,868**	**3,276,043**	**110**	**(23,305)**	**1,770**	**5,909,187**
Cash flows from financing activities	**(411,626)**	**(28,296)**	**(39,943)**	**(120,715)**	**–**	**(18,400)**	**–**	**(618,980)**
Proceeds from the issue of short-term debt	32,184	–	–	–	–	–	–	32,184
Repayment of short-term debt	(443,810)	–	–	–	–	–	–	(443,810)
Proceeds from the issue of long-term debt	–	137	–	–	–	–	–	137
Repayment of long-term debt	–	(28,433)	–	–	–	–	–	(28,433)
Payment of lease liabilities	–	–	(39,943)	–	–	–	–	(39,943)
Dividend payment	–	–	–	(120,715)	–	–	–	(120,715)
Purchase of treasury shares	–	–	–	–	–	(18,400)	–	(18,400)
Other changes related to liabilities	**69,679**	**(47,977)**	**118,614**	**–**	**–**	**–**	**–**	**140,316**
Amortized structuring fee	–	2,958	–	–	–	–	–	2,958
Change in accrued finance expense other	–	515	–	–	–	–	–	515
New leases and modifications	–	–	115,527	–	–	–	–	115,527
Interest expense	68,541	–	5,311	–	–	–	–	73,852
Interest paid	(68,873)	–	(5,311)	–	–	–	–	(74,184)
Foreign exchange movements	4,855	13,706	3,087	–	–	–	–	21,648
Reclassification	65,156	(65,156)	–	–	–	–	–	–
Other changes related to equity	**–**	**–**	**–**	**382,830**	**–**	**26,111**	**590**	**409,531**
as of August 31, 2021	**119,427**	**1,930,054**	**265,539**	**3,538,158**	**110**	**(15,594)**	**2,360**	**5,840,054**

Notes to the Consolidated Financial Statements

Accounting policies

Financial liabilities	Financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.
Lease liabilities	The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate defined on a Group level, specific to the currency of the lease contract. Lease payments included in the initial measurement of the lease liability include for example fixed payments and variable payments that depend on an index or rate, which are initially measured using the index or rate at the commencement date. The lease liability is subsequently measured at amortized cost using the effective interest method, decreased by lease payments made. The lease liability is remeasured in case of changes in future lease payments (i.e. index-based rents) or any changes in the assessments of extension or termination options. For such remeasurements, a corresponding adjustment generally is made to the right-of-use asset. The Group applies judgment to determine the lease terms for lease contracts that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and assets recognized in the balance sheet.
Short-term leases and leases of low-value assets	The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and do not contain a purchase option, and leases with asset's fair value, when newly purchased, is lower than CHF 5,000. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 Capital and lease commitments and guarantees

Capital and lease commitments

as of August 31,	2021	2020
in thousands of CHF		
Property, plant and equipment	5,254	4,225
Intangible assets	128	101
Leased assets	14,357	–
Total capital commitments	**19,739**	**4,326**

Leased assets commitments are mainly related to buildings.

Guarantees in favor of third parties

Group companies have issued guarantee commitments for the fiscal year 2020/21 in the amount of CHF 0.6 million (2019/20: CHF 1.3 million). These are mainly related to third-party suppliers.

Notes to the Consolidated Financial Statements

3.7 Financial risk management

The nature of its business exposes the Group to a variety of financial risks including the effects of changes in market prices (commodity prices, foreign exchange rates, and interest rates) as well as credit risks and liquidity risks.

The Group's overall strategy for managing these risks is consistent with the Group's objectives to maintain cost leadership, reduce earnings volatility in a cost-effective manner and minimize potential adverse effects of such market exposures on the financial performance of the Group. The Group's sourcing centers and Treasury department continuously monitor and hedge the exposures to commodity price risk, foreign currency and interest rate risk. The Group Commodity Risk Committee (GCRC) and Finance Committee regularly reviews, and monitors, the adherence to policies and defined risk limits. The Group manages its business based on the following two business models:

- Contract business: sales contracts for cocoa ingredients and industrial or gourmet chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date on which the cocoa ingredients or chocolate is planned to be delivered to the customers.
- Price list business: Barry Callebaut sets price lists for certain Gourmet, Specialties & Decorations, and Beverage products. These price lists are normally updated at intervals of six to twelve months. Customers buy products based on the issued price lists without fixed commitments on quantities.

3.7.1 Commodity price risks

a) Commodity risk management

The manufacturing of the Group's products requires raw materials such as cocoa beans, sugar and sweeteners, dairy, nuts, oils and fats. Therefore, the Group is exposed to commodity price risks.

The Group's sourcing centers manage the commodity risk in compliance with the Group Commodity Risk Management (GCRM) Policy. The GCRC monitors the Group's commodity risk management activities and acts as the decision-making body for the Group in this respect. The members of the GCRC include the Group's Chief Financial Officer (CFO) who acts as Chairman of the Committee, the President of Global Cocoa, the VP Group Accounting, Reporting & Risk Management, the CFO Global Cocoa, the VP Global Cocoa Trading & Sourcing, the Head of Global Sourcing (for non-cocoa materials) and the VP Group Treasury & Tax.

The GCRC reports to the Group's Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) and must inform the latter about key Group commodity risk issues and the key mitigation decisions taken. The AFRQCC reviews and approves GCRC requests and ensures that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's Value at Risk (VaR) limit for the major raw material components. The AFRQCC makes recommendations to the Board of Directors and advises the Board of Directors on important risk matters and/or asks for approval. The Board of Directors is the highest approval authority for all GCRM matters and approves the GCRM Policy as well as the Group VaR limit.

The Group applies a 95% ten-day VaR limit to manage the consolidated exposure to commodity price risk. The VaR framework of the Group is based on the standard historical VaR methodology, taking 2,000 days (equivalent to seven years) of the most recent prices, based on which the day-to-day relative price changes are calculated. This simulation of past market conditions is not predicting the future movement in commodity prices, and therefore it does not represent actual losses. It only represents an indication of

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the future commodity price risks based on historical volatility. VaR is applied to materials with prices considered to exceed certain volatility levels (e.g. cocoa beans and cocoa products, dairy products, sugar and sweeteners, nuts, oils and fats). As at August 31, 2021, the Group had a total VaR for raw materials of CHF 9.3 million (2020: CHF 9.4 million), well within the Group limit. The average VaR over the fiscal year 2020/21 was CHF 8.0 million (2019/20: CHF 11.5 million). The VaR is used together with a calculation of the expected shortfall and worst cases as well as the use of stress test scenarios.

The GCRC allocates the Group VaR limit into VaR limits for cocoa and non-cocoa raw materials such as sugar, dairy, oils and fats. These two VaR limits are then allocated to limits in tonnes to the related risk reporting units for each of the two areas.

b) Cocoa price risk and the Group's hedging strategy

The Group's purchasing and sourcing centers make sourcing and risk management decisions for cocoa beans, semi-finished cocoa products and ingredients including hedging commodity price risk exposures. Within the overall limits as defined by the AFRQCC, the Group's purchasing and sourcing centers can also act as a broker-trader with the objective to generate profits from fluctuations in raw material prices or broker-trader margins.

The fair value of the Group's open sales and purchase commitments and inventory are fluctuating in line with price movements in the respective commodity markets and are therefore hedged. It is the Group's policy to hedge its cocoa price risk resulting from its inventory and purchase and sales contracts. The cocoa price risk component in cocoa inventories, purchase and sales contracts as well as chocolate inventories and sales contracts are hedged with exchange traded or over-the-counter cocoa bean derivatives applying fair value hedge accounting. The Group also applies cash flow hedge accounting whereby the cocoa price risk and foreign exchange risk from forecasted sales are hedged with cocoa bean futures and foreign exchange forward contracts.

In order to calculate the cocoa bean price risk exposure embedded in the various cocoa ingredients and chocolate inventories, purchase and sales contracts, the cocoa processing entities translate the various cocoa ingredient volumes of these positions into cocoa bean equivalents, using technical yields (to calculate how many cocoa beans are needed to produce those cocoa ingredient volumes). These technical ratios vary according to cocoa ingredient types and cocoa-processing units. The chocolate entities calculate the bean equivalent in their positions using the prevailing market/commercial ratios. The entities use this approach and these ratios to enter into the appropriate volume of hedging instruments in order to hedge the cocoa bean price risk component in their positions. The Group also uses the same hedging ratios in hedge accounting as described above.

The cocoa bean price risk component is contractually specified in the purchase and sales contracts of cocoa ingredients and chocolate products. Therefore, the cocoa bean price risk component is considered separately identifiable and reliably measurable in the Group's hedged items (cocoa ingredients purchase contracts, cocoa inventories, chocolate inventories, cocoa ingredients sales contracts and chocolate sales contracts) as well as in its hedging instruments (cocoa bean futures and other contracts accounted for as derivatives).

c) Sugar price risk hedges

The Group applies cash flow hedge accounting for hedging relationships when it hedges its commodity price risk and its foreign exchange risks attributable to its forecasted sugar purchases with sugar futures and with foreign exchange forward contracts, respectively. When the Group enters into agreements with sugar suppliers where the price of the

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forecasted sugar purchases will be indexed to the raw sugar world market price, it hedges these forecasted sugar purchases with sugar futures.

The raw sugar world market price risk component is a contractually specified element in the hedged items. Therefore, the raw sugar world market price risk component is considered separately identifiable and reliably measurable in the Group's hedged items (forecasted sugar purchases) as well as in its hedging instruments (sugar futures).

d) Fuel price risk hedges

The Group is exposed to fuel oil prices through fuel index commercial contracts with shipping and logistics companies. The Group enters into correlated derivative contracts to mitigate the fuel price volatility associated with the highly probable expense. The hedging relationship is accounted as cash flow hedges. The GCRC approves the duration of hedged exposure and applies counterparty limits to monitor the derivative instruments' credit exposure.

3.7.2 Foreign currency risks

The Group operates across the world and consequently is exposed to multiple currency risks, albeit primarily in CHF, EUR, USD, and GBP. The Group actively monitors its transactional currency exposures and consequently enters into foreign currency hedges with the aim of preserving the value of assets, commitments, and anticipated transactions. The related accounting treatment is explained in the section "Accounting policies".

All risks relating to foreign currency exposures of assets and liabilities, certain unrecognized firm commitments and highly probable forecasted purchases and sales are centralized as far as possible within the Group's Treasury department, where the hedging strategies are defined.

Accordingly, the consolidated foreign currency exposures are hedged in compliance with the Group's Treasury Policy, mainly by means of forward currency contracts entered into with financial institutions of a high credit rating. The Group's Treasury Policy imposes a dual risk control framework of both open position limits and near-time fair valuation of net currency exposures. Both levels of control are substantially interlinked, avoiding excessive net currency exposures and substantial volatility in the Consolidated Income Statement.

The Group's Treasury department is supervised by the Group Finance Committee, which meets on a regular basis. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the VP Group Financial Planning & Analysis, the VP Group Treasury & Tax, the VP Group Accounting, Reporting & Risk Management, and other Group Finance stakeholders.

The Group's Treasury Policy, giving guidance on treasury risk management including foreign currency and interest rate risks, is approved by the AFRQCC. The Group's Risk Management department reviews the consistency of the Group's treasury management strategy with the Group's Treasury Policy and reports the status to the Group's CFO periodically. The AFRQCC is informed by the CFO about the status and important matters in their quarterly meetings and approves requests of the Group Finance Committee on important treasury risk matters including foreign currency risks for recommendation to the Board of Directors. The Board of Directors is the highest approval authority for all Group Treasury Risk Management matters.

The table below provides an overview of the net exposure of CHF, EUR, USD, and GBP against the main functional currencies in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged as from identification on an intraday basis in line with the approved exposure limits. In case of small deviations from

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the agreed foreign exchange exposure limits, approval has to be sought from the Group's Treasury and Risk Management department. For significant deviations, approval from the AFRQCC is required. Companies with the same functional currency are shown in one group. The CFA in Côte d'Ivoire, XOF, and respectively Cameroon, XAF, both have fixed-rate regimes. At present, both are pegged, independently from each other, at 656 per euro. The Serbian dinar (RSD) is a managed floating exchange rate linked to the euro.

Net foreign currency exposures against major functional currencies

as of August 31,	2021				2020			
Net exposure in thousands of CHF/EUR/USD/GBP	CHF	EUR	USD	GBP	CHF	EUR	USD	GBP
CHF	–	123	(595)	(378)	–	(32,950)	49,418	(130)
EUR	(138)	–	(5,836)	(29,662)	8,340	–	18,183	(9,482)
USD	(619)	(88)	–	(208)	(260)	(1,190)	–	(623)
BRL	(118)	744	(67)	–	(118)	1,040	177	–
GHS	1	(38)	5,449	–	–	–	–	–
MXN	–	29	(1,745)	–	5	–	(514)	–
RSD	–	(73,309)	–	–	–	–	–	–
RUB	–	1,272	(8,589)	114	–	248	(3,548)	(14)
XAF	–	(22,451)	–	–	–	(20,056)	–	–
XOF	–	14,836	–	–	–	29,814	–	–
Total	**(874)**	**(78,882)**	**(11,383)**	**(30,134)**	**7,967**	**(23,094)**	**63,716**	**(10,249)**

In order to quantify and manage the Group's consolidated exposure to foreign currency risks, the historical VaR has been implemented. The VaR concept serves as the analytical instrument for assessing the Group's foreign currency risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of one day, will not be exceeded at a confidence level of 95% using seven years of historical market prices for each major currency pair. The VaR is used together with the calculation of the expected shortfall and worst cases as well as the use of stress test scenarios. The VaR is based on static exposures during the time horizon of the analysis. However, the simulation of past market conditions is not predicting the future movement in foreign currency rates. Therefore, it does not represent actual losses. It only represents an indication of future foreign currency risks. As of August 31, 2021, the Group had a VaR of CHF 0.4 million (2020: CHF 0.5 million). The average VaR over the fiscal year 2020/21 was CHF 0.2 million (2019/20: CHF 0.4 million).

Value at Risk per main exposure currencies

as of August 31,	2021	2020
Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies		
Total Group	**444**	**503**
CHF	7	41
EUR	180	180
USD	184	503
GBP	306	95
Others	285	34
Diversification effect	54%	41%

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3.7.3 Interest rate risks

The Group is exposed to changes in interest rates through its short- and long-term debt obligations. The Group's Treasury department manages and oversees the financing of the Group, and the related interest rate risks and, to the extent possible, provides the necessary liquidity in the required functional currency for the companies of the Group. Consequently, the Group's debt obligations are adjusted with the real currency mix of the Group's liabilities in order to reflect the correct exposure to interest rates.

It is the Group's policy to manage its interest costs using an optimal mix of fixed and floating rate debt. This is achieved by entering into interest rate derivative instruments in which the Group exchanges at fixed and floating interest rates. To avoid volatility in the Consolidated Income Statement, cash flow hedge accounting is applied to those derivative instruments.

As described in the section "Foreign currency risks", the Group's Treasury department is supervised by the Group Finance Committee, which meets on a regular basis. The Group Finance Committee monitors the Group's interest rate risk and acts as a decision-taking body for the Group in this respect.

The Group's Treasury Policy also covers the management of interest rate risks. The VP Group Treasury & Tax reports the status periodically to the Group's CFO, who informs the AFRQCC in their quarterly meetings. The AFRQCC approves requests from the Group Finance Committee on important treasury matters, including interest rate risks, and provides recommendations to the Board of Directors, which is the highest approval authority for all Group treasury matters.

The following schedule provides an overview of all interest-bearing items per year-end closing:

as of August 31,	2021	2020
in thousands of CHF		
Fixed interest-bearing items		
Carrying amount of financial liabilities	1,773,412	1,662,431
Reclassification due to interest rate derivative	340,106	494,202
Net fixed interest position	**2,113,518**	**2,156,633**
Floating interest-bearing items		
Carrying amount of financial assets	(1,097,299)	(1,392,227)
Carrying amount of financial liabilities	605,172	1,095,742
Reclassification due to interest rate derivative	(340,106)	(494,202)
Net floating interest position	**(832,233)**	**(790,687)**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (bps) up and 10 bps down on the Group's equity and Consolidated Income Statement, net of tax. The calculation is performed on both, the portion of the outstanding debt (excluding the asset-backed securitization programs; see Note 2.5 "Trade receivables and other current assets") at floating interest rates and the outstanding derivatives exchanging floating into fixed interest rates at the respective year-end. This sensitivity analysis only indicates the potential impact for the respective fiscal year at the prevailing conditions in the financial markets. Consequently, it does not represent actual or future gains or losses, which are strictly managed and controlled, as stipulated by the Group's Treasury Policy.

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as of August 31,	2021				2020			
Impact on	Income statement		Equity		Income statement		Equity	
in thousands of CHF	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease
Floating rate bearing items	4,273	(427)	–	–	5,811	(581)	–	–
Interest rate swaps	–	–	17,422	(1,692)	–	–	23,295	(2,106)
Total interest rate sensitivity	**4,273**	**(427)**	**17,422**	**(1,692)**	**5,811**	**(581)**	**23,295**	**(2,106)**

3.7.4 Credit risk and concentration of credit risk

Credit risk arising from customers, i.e. the risk of counterparties defaulting, is governed by the Group's Credit Management Policy. This policy defines the Group's credit management process such as the roles and responsibilities of the regional credit control organization, the initial customer account approval, setting and changing credit limits and payment terms, regular monitoring controls, collection effort process, credit insurance procedures, and credit allowances. System controls ensure a credit control assessment is conducted when accepting customers' new orders and before goods are dispatched whenever a customer's credit limit is exceeded due to outstanding or overdue open amounts.

The Group mitigates credit risk through the use of asset-backed securitization programs and factoring facilities (see Note 2.5 "Trade receivables and other current assets").

The Group has also has a credit risk insurance program whereby the majority of its customers with outstanding amounts larger than EUR 70,000 are insured as far as possible.

The Group's credit risk exposure also arises from derivative financial instruments, i.e. foreign exchange derivatives, interest rate derivatives, and commodity derivatives, which are entered into with financial institutions. The Group has foreign exchange and interest rate derivatives with financial institutions acting on an international scale and having sound credit ratings. In case of commodity derivatives, the Group enters into futures transactions deals in the New York and the London terminal markets through its brokers. The mark-to-market exposures in relation to these hedging contracts are regularly and substantially collateralized pursuant to margin agreements in place with such counterparties. Counterparty exposures towards such financial institutions are monitored through limit utilization on a regular basis by the Group's Treasury department and reported to the Group Finance Committee and the AFRQCC.

As of August 31, 2021, the largest customer represents 8% (2020: 8%) whereas the ten biggest customers represent 30% (2020: 29%) of trade receivables. The Group does not have a material credit risk concentration as it maintains a large, geographically diverse customer base. The extent of the Group's credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 1,968.2 million as of August 31, 2021 (2020: CHF 2,182.3 million).

All financial assets measured at amortized cost are first assessed for individual impairment. Subsequently, expected credit loss is calculated by applying the annualized Credit Default Swap rates (CDS) of the country of domicile (pro rated in line with average payment terms; where available, the individual CDS of the counterparty is applied) and a premium of 25 bps per annum. The net expenses representing additions to the allowance for impairment losses and releases of the unused allowance recognized according to the approach described above amounted to CHF 6.6 million in 2020/21 (2019/20: CHF 14.6 million).

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The following table summarizes the expected credit losses on the Group's trade receivables at balance sheet date:

Ageing of trade receivables

as of August 31, in thousands of CHF	2021	2020
Total trade receivables measured at amortized cost, gross	422,913	336,432
of which:		
insured receivables	255,505	203,957
uninsured receivables with an individual balance over CHF 1 million	77,720	61,516
uninsured receivables with an individual balance below CHF 1 million	89,688	70,959
Less lifetime expected credit losses for trade receivables	(25,084)	(24,969)
Total trade receivables measured at amortized cost (Note 3.7.8)	**397,829**	**311,463**
of which:		
not overdue	372,625	287,526
lifetime expected credit losses for trade receivables not overdue	(3,749)	(5,885)
expected credit loss rate	1.01%	2.05%
past due less than 90 days	27,080	31,932
lifetime expected credit losses for trade receivables past due less than 90 days	(3,106)	(4,638)
expected credit loss rate	11.62%	14.52%
past due more than 90 days	23,207	16,974
lifetime expected credit losses for trade receivables past due more than 90 days	(18,228)	(14,446)
expected credit loss rate	78.55%	85.11%
Total trade receivables measured at amortized cost (Note 3.7.8)	**397,829**	**311,463**

The Group has insured certain credit risks through a credit insurance policy. The majority of customers with a material outstanding amount are credit insured by this policy.

Movements in allowance for impairment losses of financial assets

The movements in allowance for impairment losses of financial assets are as follows:

in thousands of CHF	Cash and cash equivalents	Deposits	Trade receivables	Other receivables	Other financial assets	Total
as of September 1, 2020	**502**	**19**	**24,969**	**10,838**	**10**	**36,338**
Changes to expected credit losses on financial assets already recognized at the beginning of the fiscal year	20	–	317	3,650	2	3,989
Changes to expected credit losses on new financial assets originated during the fiscal year	593	1	7,032	1,574	7	9,207
Write-offs	(28)	–	(1,020)	(1,295)	–	(2,343)
Unused amounts reversed	(100)	(9)	(6,392)	(94)	(4)	(6,599)
Currency translation adjustment	11	–	178	(317)	–	(128)
as of August 31, 2021	**998**	**11**	**25,084**	**14,356**	**15**	**40,464**

in thousands of CHF	Cash and cash equivalents	Deposits	Trade receivables	Other receivables	Other financial assets	Total
as of September 1, 2019	**964**	**10**	**14,984**	**8,948**	**11**	**24,917**
Changes to expected credit losses on financial assets already recognized at the beginning of the fiscal year	17	–	1,034	745	–	1,796
Changes to expected credit losses on new financial assets originated during the fiscal year	253	21	13,493	2,011	5	15,783
Write-offs	(14)	–	(810)	(669)	–	(1,493)
Unused amounts reversed	(671)	(11)	(2,024)	(254)	(5)	(2,965)
Currency translation adjustment	(47)	(1)	(1,708)	57	(1)	(1,700)
as of August 31, 2020	**502**	**19**	**24,969**	**10,838**	**10**	**36,338**

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3.7.5 Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the Group's Treasury department.

Financing needs are covered through a combination of adequate credit lines with reputable financial institutions as well as through short-term and long-term debt capital market instruments (see Note 3.5 "Financial liabilities").

Contractual maturities

The table below provides an overview of contractual maturities for financial liabilities and derivatives:

as of August 31, 2021	Carrying amount	In the first year	In the second to the fifth year	After five years	Contractual amount
in thousands of CHF					
Non-derivative financial liabilities					
Bank overdrafts	(63,564)	(63,564)	–	–	(63,564)
Short-term debt	(119,427)	(119,427)	–	–	(119,427)
Trade payables	(891,208)	(891,208)	–	–	(891,208)
Lease liabilities	(265,539)	(41,075)	(98,774)	(125,690)	(265,539)
Long-term debt	(1,930,054)	(49,251)	(1,331,099)	(727,421)	(2,107,771)
Other current liabilities	(334,395)	(334,395)	–	–	(334,395)
Derivatives					
Interest rate derivatives	(11,117)	(1,746)	(7,063)	(2,183)	(10,992)
Currency derivatives					
Inflow	36,646	3,999,467	43,761	–	4,043,228
Outflow	(22,096)	(4,860,701)	(43,686)	–	(4,904,387)
Commodity derivatives					
Inflow	13,265	3,156,706	156,140	628	3,313,474
Outflow	(76,967)	(1,428,596)	(12,548)	–	(1,441,144)
Total net	**(3,664,456)**	**(633,790)**	**(1,293,269)**	**(854,666)**	**(2,781,725)**

as of August 31, 2020	Carrying amount	In the first year	In the second to the fifth year	After five years	Contractual amount
in thousands of CHF					
Non-derivative financial liabilities					
Bank overdrafts	(103,603)	(103,603)	–	–	(103,603)
Short-term debt	(461,375)	(461,375)	–	–	(461,375)
Trade payables	(652,379)	(652,379)	–	–	(652,379)
Lease liabilities	(186,868)	(38,948)	(89,809)	(80,299)	(209,056)
Long-term debt	(2,006,328)	(45,950)	(1,206,955)	(960,148)	(2,213,053)
Other current liabilities	(291,440)	(291,440)	–	–	(291,440)
Derivatives					
Interest rate derivatives	(14,465)	(2,107)	(9,558)	(2,370)	(14,035)
Currency derivatives					
Inflow	(35,712)	4,368,281	63,652	–	4,431,933
Outflow	52,353	(3,962,906)	(62,311)	–	(4,025,217)
Commodity derivatives					
Inflow	106,490	1,466,391	62,924	–	1,529,315
Outflow	(271,086)	(1,144,631)	(81)	–	(1,144,712)
Total net	**(3,864,413)**	**(868,667)**	**(1,242,138)**	**(1,042,817)**	**(3,153,622)**

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3.7.6 Derivative financial assets and liabilities and hedge accounting

as of August 31,	2021		2020	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk	–	11,117	–	14,465
Commodity price risk	12,825	372	12,873	9,575
Foreign exchange risk	6	–	1,224	1,675
Fair value hedges				
Commodity price risk	199,754	276,467	106,410	246,384
Foreign exchange risk	14,605	12,661	38,726	37,732
No hedge accounting designation				
Commodity price risk	29,750	29,192	143,815	171,735
Foreign exchange risk	33,702	21,102	62,936	46,926
Total derivative financial assets	**290,642**	–	**365,984**	–
Total derivative financial liabilities	–	**350,911**	–	**528,492**

Derivative financial assets and liabilities consist of hedged items and hedging instruments designated in a cash flow hedging model or a fair value hedging model and derivative financial instruments with no hedge accounting designation.

In the current fiscal year, the Group designated groups of items in a hedge relationship whenever the items are managed together on a net basis for risk management purposes. This resulted in a greater proportion of economic hedges being designated in a fair value hedge as opposed to having no hedge accounting designation.

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3.7.7 Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

				Related amounts not set off in the balance sheet		
as of August 31, 2021	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities/ assets set off in the balance sheet	Net amounts of financial assets/ liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
in thousands of CHF						
Derivative financial assets	591,365	(300,723)	290,642	(37,364)	(336)	252,942
Derivative financial liabilities	651,634	(300,723)	350,911	(37,364)	(22,121)	291,426

				Related amounts not set off in the balance sheet		
as of August 31, 2020	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities/ assets set off in the balance sheet	Net amounts of financial assets/ liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
in thousands of CHF						
Derivative financial assets	724,143	(358,159)	365,984	(120,785)	(24,731)	220,468
Derivative financial liabilities	886,651	(358,159)	528,492	(120,785)	(12,568)	395,139

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default, insolvency or bankruptcy or following other events predefined in the contract by the counterparty. The cash collateral received and deposited is reported on lines “Trade payables and other current liabilities” and “Trade receivables and other current assets” in the Consolidated Balance Sheet.

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3.7.8 Fair value of financial instruments

a) Methods and assumptions

The carrying value of the following financial instruments approximates fair value because of the short period to maturity:

- Cash and cash equivalents
- Short-term deposits
- Trade receivables
- Other receivables representing financial instruments
- Bank overdrafts
- Short-term debt
- Trade payables
- Other payables representing financial instruments
- Lease liabilities

Long-term debt

In calculating the fair value of long-term debts, future principal and interest payments are discounted at market interest rates.

Derivative financial assets and liabilities

The fair value measurement of some derivatives requires assumptions and management's assessment of certain market parameters. Whenever possible, fair valuation is based on market prices. If required, a valuation model which takes into consideration discounted cash flows, dealer and supplier quotes for similar instruments and recent arm's-length transactions is used. This valuation model takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield.

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Carrying amount and fair value of each class of financial assets and liabilities are presented in the table below:

as of August 31, 2021	Financial assets (mandatorily) measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities (mandatorily) measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in thousands of CHF						
Cash and cash equivalents	–	1,095,831	–	–	1,095,831	1,095,831
Short-term deposits	–	1,467	–	–	1,467	1,467
Trade receivables	87,145	397,829	–	–	484,974	484,974
Derivative financial assets	290,642	–	–	–	290,642	290,642
Accrued income	–	32,362	–	–	32,362	32,362
Loans and other receivables	–	38,446	–	–	38,446	38,446
Other current financial assets	–	20,278	–	–	20,278	20,278
Other non-current financial assets	–	4,247	–	–	4,247	4,247
Total financial assets	**377,787**	**1,590,460**	**–**	**–**	**1,968,247**	**1,968,247**
Bank overdrafts	–	–	–	63,564	63,564	63,564
Short-term debt	–	–	–	119,427	119,427	119,427
Short-term lease liabilities	–	–	–	41,075	41,075	41,075
Trade payables	–	–	–	891,208	891,208	891,208
Accrued expenses	–	–	–	134,408	134,408	134,408
Other payables	–	–	–	199,987	199,987	199,987
Derivative financial liabilities	–	–	350,911	–	350,911	350,911
Long-term debt	–	–	–	1,930,054	1,930,054	1,938,385
Long-term lease liabilities	–	–	–	224,464	224,464	224,464
Total financial liabilities	**–**	**–**	**350,911**	**3,604,187**	**3,955,098**	**3,963,429**

as of August 31, 2020	Financial assets (mandatorily) measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities (mandatorily) measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in thousands of CHF						
Cash and cash equivalents	–	1,385,976	–	–	1,385,976	1,385,976
Short-term deposits	–	6,251	–	–	6,251	6,251
Trade receivables	75,941	311,463	–	–	387,404	387,404
Derivative financial assets	365,984	–	–	–	365,984	365,984
Accrued income	–	22,643	–	–	22,643	22,643
Loans and other receivables	–	12,257	–	–	12,257	12,257
Other current financial assets	–	16,655	–	–	16,655	16,655
Other non-current financial assets	–	4,017	–	–	4,017	4,017
Total financial assets	**441,925**	**1,759,262**	**–**	**–**	**2,201,187**	**2,201,187**
Bank overdrafts	–	–	–	103,603	103,603	103,603
Short-term debt	–	–	–	461,375	461,375	461,375
Short-term lease liabilities	–	–	–	36,543	36,543	36,543
Trade payables	–	–	–	652,379	652,379	652,379
Accrued expenses	–	–	–	102,681	102,681	102,681
Other payables	–	–	–	188,759	188,759	188,759
Derivative financial liabilities	–	–	528,492	–	528,492	528,492
Long-term debt	–	–	–	2,006,328	2,006,328	2,079,575
Long-term lease liabilities	–	–	–	150,325	150,325	150,325
Total financial liabilities	**–**	**–**	**528,492**	**3,701,993**	**4,230,485**	**4,303,732**

Notes to the Consolidated Financial Statements

b) Fair value hierarchy of financial instruments

The fair value measurements of financial assets and liabilities are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: The fair value is based on unadjusted, quoted prices in active markets which give the best possible objective indication for the fair value of a financial asset or liability. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- Level 2: The estimation of the fair value is based on the results of a valuation model. The valuation model for commodity derivatives includes quoted prices in active markets, recent arm's-length transactions or dealer and supplier quotes adjusted for the specific characteristics of the underlying commodities such as the cost of carry, differentials for the properties and conversion yields. Observable market data is used for the valuation of foreign exchange and interest rate derivatives. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- Level 3: The valuation models used are based on parameters and assumptions not observable on the market.

The following table summarizes the levels applied with regard to financial assets and financial liabilities measured at fair value:

as of August 31, 2021	Level 1	Level 2	Level 3	Total
in thousands of CHF				
Trade receivables	–	–	87,145	**87,145**
Derivative financial assets	99,692	190,950	–	**290,642**
Derivative financial liabilities	125,818	225,093	–	**350,911**

as of August 31, 2020	Level 1	Level 2	Level 3	Total
in thousands of CHF				
Trade receivables	–	–	75,941	**75,941**
Derivative financial assets	193,554	172,430	–	**365,984**
Derivative financial liabilities	210,634	317,858	–	**528,492**

As at August 31, 2021, no contracts were irrevocably designated as executory contracts measured at fair value, applying the fair value option, leading to derivative financial assets or derivative financial liabilities (2020: CHF 18.3 million and CHF 40.0 million). The fair value of each executory contract measured at fair value using the fair value option was calculated using the methods described in Level 2.

The Group maintains asset-backed securitization programs for trade receivables, transferring the contractual rights to the cash flow or third-party receivables. These receivables are derecognized. Trade receivables measured at fair value are receivables dedicated to the securitization programs, but not yet remitted to the asset-purchasing company.

Notes to the Consolidated Financial Statements

The value of the trade receivables measured at fair value was calculated using a discounted cash flow method based on the nominal value and the discount rates (mainly representing the risk-free rate and credit risk of the counterparty) between the Group and the purchasing party.

There have been no transfers between the fair value hierarchy levels during the fiscal years 2020/21 and 2019/20.

3.7.9 Effect of hedge accounting on the financial position and performance

a) Impact of hedging instruments designated in hedging relationships

The impact of hedging instruments designated in hedging relationships as of August 31, 2021 on the Group's Consolidated Balance Sheet is as follows:

in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
as of August 31, 2021		Assets	Liabilities	
Cash flow hedges				
Interest rate risk	340.1	–	11.1	1.0
Commodity risk	16.4	12.8	0.4	15.6
Foreign exchange risk	–	–	–	–
Fair value hedges				
Commodity risk	(27.7)	65.2	101.0	(45.6)
Foreign exchange risk				
Forward and futures contracts	(861.2)	7.5	3.3	(17.9)
Receivables	202.5	202.5	–	–
Payables	(307.3)	–	307.3	1.6
Debts	–	–	–	(0.1)
Cash instruments	18.8	18.8	–	–

in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
as of August 31, 2020		Assets	Liabilities	
Cash flow hedges				
Interest rate risk	494.2	–	14.5	3.9
Commodity risk	36.5	12.9	9.5	20.5
Foreign exchange risk	(16.4)	1.2	1.7	–
Fair value hedges				
Commodity risk	(439.3)	56.7	100.9	90.1
Foreign exchange risk				
Forward and futures contracts	423.1	10.4	13.8	38.8
Receivables	269.5	269.5	–	2.3
Payables	(295.8)	–	295.8	(4.5)
Debts	(0.5)	–	0.5	–
Cash instruments	14.9	14.9	–	0.0

Notes to the Consolidated Financial Statements

b) Impact of hedged items designated in hedging relationships

The impact of hedged items designated in hedging relationships as of August 31, 2021 on the Group's Consolidated Balance Sheet is as follows:

in CHF million	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item		From the accumulated amount of fair value hedge adjustments: part related to hedged items that ceased to be adjusted for hedging gains or losses		Fair value changes of the hedged item used as a basis to calculate hedge ineffec-tiveness	Cash flow hedge reserve
as of August 31, 2021	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
Cash flow hedges								
Interest rate risk	n/a	n/a	n/a	n/a	n/a	n/a	(1.0)	(15.7)
Commodity price risk	n/a	n/a	n/a	n/a	n/a	n/a	(15.6)	16.0
Foreign exchange risk	n/a	n/a	n/a	n/a	n/a	n/a	–	–
Fair value hedges								
Commodity price risk								
Cocoa and chocolate stocks	1,134.6	n/a	15.4	n/a	–	n/a	0.9	n/a
Risk component of cocoa and chocolate purchase and sales contracts	134.5	175.4	134.5	175.4	–	–	48.9	n/a
Foreign exchange risk								
Firm purchase and sales commitments denominated in foreign currency	7.1	9.4	7.1	9.4	–	–	17.0	n/a

in CHF million	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item		From the accumulated amount of fair value hedge adjustments: part related to hedged items that ceased to be adjusted for hedging gains or losses		Fair value changes of the hedged item used as a basis to calculate hedge ineffec-tiveness	Cash flow hedge reserve
as of August 31, 2020	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
Cash flow hedges								
Interest rate risk	n/a	n/a	n/a	n/a	n/a	n/a	(3.9)	(20.0)
Commodity price risk	n/a	n/a	n/a	n/a	n/a	n/a	(20.7)	3.9
Foreign exchange risk	n/a	n/a	n/a	n/a	n/a	n/a	–	(1.5)
Fair value hedges								
Commodity price risk								
Cocoa and chocolate stocks	1,187.4	n/a	2.2	n/a	–	n/a	5.0	n/a
Risk component of cocoa and chocolate purchase and sales contracts	49.7	145.5	49.7	145.5	–	–	(91.2)	n/a
Foreign exchange risk								
Firm purchase and sales commitments denominated in foreign currency	28.3	24.0	28.3	24.0	–	–	(32.8)	n/a

Notes to the Consolidated Financial Statements

c) Impact of the hedging relationships on the Consolidated Income Statement and other comprehensive income

The above hedging relationships affected the Consolidated Income Statement and other comprehensive income as follows:

Cash flow hedges	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedge ineffectiveness recognized in the Consolidated Income Statement	Amount reclassified from the cash flow hedge reserve to the Consolidated Income Statement	Line item in the Consolidated Income Statement impacted by the reclassification from cash flow hedge reserve
as of August 31, 2021				
in CHF million				
Interest rate risk	3.4	–	2.5	Finance expense
Commodity price risk	14.4	–	(1.2)	Cost of goods sold
Foreign exchange risk	0.5	–	0.9	Cost of goods sold

Cash flow hedges	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedge ineffectiveness recognized in the Consolidated Income Statement	Amount reclassified from the cash flow hedge reserve to the Consolidated Income Statement	Line item in the Consolidated Income Statement impacted by the reclassification from cash flow hedge reserve
as of August 31, 2020				
in CHF million				
Interest rate risk	1.8	–	2.5	Finance expense
Commodity price risk	8.5	–	7.3	Cost of goods sold
Foreign exchange risk	(2.1)	–	(1.5)	Cost of goods sold

This table includes the changes in the fair value of the hedging instruments recognized in Other comprehensive income throughout the entire fiscal years 2020/21 and 2019/20 (including hedge accounting relationships ended during the fiscal year).

The table in section 3.7.9a “Impact of hedging instruments designated in hedging relationships” (refer to column “Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness”) includes the fair value changes of hedging instruments that are related to hedge accounting relationships, which were still active as at August 31, 2021.

Notes to the Consolidated Financial Statements

Fair value hedges	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
as of August 31, 2021		
in CHF million		
Commodity price risk	4.2	Cost of goods sold
Foreign exchange risk	0.6	Cost of goods sold

Fair value hedges	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
as of August 31, 2020		
in CHF million		
Commodity price risk	3.8	Cost of goods sold
Foreign exchange risk	3.8	Cost of goods sold

Certain ineffectiveness can arise during the hedging process. The main sources of hedge ineffectiveness are considered to be timing differences between entering into the hedged items and into the hedging instruments and differences between the maturity profile of the hedged items and the hedging instruments.

Notes to the Consolidated Financial Statements

The following table provides further information about the effect of cash flow hedges on equity:

in thousands of CHF	Commodity price risk	Foreign exchange risk	Interest rate risk	Total hedging reserve
as of September 1, 2019	**(9,955)**	**2,427**	**(23,247)**	**(30,775)**
Movements in the period:				
Gains/(losses) taken into equity	8,449	(2,105)	1,781	8,125
Transfer to initial carrying amount of the hedged item	(122)	(730)	–	(852)
Transfer to the Consolidated Income Statement for the period	7,259	(1,489)	2,472	8,242
thereof:				–
due to hedged cash flows that are no longer expected to occur/ineffectiveness	(2,170)	1,712	–	(458)
due to hedged item affected the Consolidated Income Statement	9,429	(3,201)	2,472	8,700
Tax effect on cashflow hedges	(1,860)	316	(1,271)	(2,815)
Currency translation adjustment	11	36	294	341
as of August 31, 2020	**3,782**	**(1,545)**	**(19,971)**	**(17,734)**
as of September 1, 2020	**3,782**	**(1,545)**	**(19,971)**	**(17,734)**
Movements in the period:				
Gains/(losses) taken into equity	14,373	546	3,443	18,362
Transfer to initial carrying amount of the hedged item	2,558	230	–	2,788
Transfer to the Consolidated Income Statement for the period	(1,221)	917	2,473	2,169
thereof:	–			
due to hedged cash flows that are no longer expected to occur/ineffectiveness	10,211	(488)	–	9,723
due to hedged item affected the Consolidated Income Statement	(11,432)	1,405	2,473	(7,554)
Tax effect on cashflow hedges	(3,547)	(158)	(1,479)	(5,184)
Currency translation adjustment	15	(5)	(129)	(119)
as of August 31, 2021	**15,960**	**(15)**	**(15,663)**	**282**

Notes to the Consolidated Financial Statements

3.7.10 Timing, nominal amount and pricing of hedging instruments

The following table provides information about the maturity of the nominal amount and interest rates attached to the swaps held by the Group as of August 31, 2021 to hedge its interest rate risk:

as of August 31, 2021	Period of maturity			
	First year	Second to fifth year	After five years	Total
Nominal amount (CHF million)	–	113.0	227.1	340.1
Average interest rate	–	0.30%	0.34%	0.33%

as of August 31, 2020	Period of maturity			
	First year	Second to fifth year	After five years	Total
Nominal amount (CHF million)	–	292.0	202.2	494.2
Average interest rate	–	0.20%	0.37%	0.27%

The following table provides information about the foreign exchange forwards and futures in case of the major foreign currency hedging pairs held by the Group as of August 31, 2021 to hedge its foreign exchange risk:

as of August 31, 2021	Period of maturity			
	Current year	Next year	After next year	Total
GBP exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	169.0	(539.0)	(43.0)	(413.0)
Average foreign exchange rate (EUR/GBP)	0.876	0.870	0.868	n/a
USD exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	(104.0)	(126.0)	(11.0)	(241.0)
Average foreign exchange rate (EUR/USD)	1.191	1.198	1.207	n/a
GBP exposure hedging in entities whose functional currency is USD				
Nominal amount (CHF million, long/(short))	129.0	(8.0)	(9.0)	112.0
Average foreign exchange rate (USD/GBP)	0.740	0.721	0.719	n/a
USD exposure hedging in entities whose functional currency is BRL				
Nominal amount (CHF million, long/(short))	(89.0)	–	–	(89.0)
Average foreign exchange rate (BRL/USD)	0.187	–	–	n/a

as of August 31, 2020	Period of maturity			
	Current year	Next year	After next year	Total
GBP exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	72.5	(230.7)	(50.2)	(208.4)
Average foreign exchange rate (EUR/GBP)	0.917	0.920	0.933	n/a
USD exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	(39.3)	(75.2)	4.2	(110.3)
Average foreign exchange rate (EUR/USD)	1.124	1.230	1.155	n/a
GBP exposure hedging in entities whose functional currency is USD				
Nominal amount (CHF million, long/(short))	159.1	20.5	3.7	183.3
Average foreign exchange rate (USD/GBP)	0.781	0.790	0.786	n/a
USD exposure hedging in entities whose functional currency is BRL				
Nominal amount (CHF million, long/(short))	(104.0)	–	–	(104.0)
Average foreign exchange rate (BRL/USD)	0.182	–	–	n/a

Notes to the Consolidated Financial Statements

Accounting policies

Derivative financial instruments

Derivative financial instruments are accounted for at fair value with fair value changes recognized in the Consolidated Income Statement.

As the Group also acts as a cocoa bean trader, certain cocoa bean purchase and sales contracts are net cash settled and therefore, contracts allocated to the same portfolio are treated as derivative contracts.

Additionally, the Group may apply the fair value option for its third-party executory forward purchase and sales contracts (available under IFRS 9 as an alternative to the off-balance sheet treatment). These exemptions are applied for those cocoa contracts where the measurement eliminates or significantly reduces an accounting mismatch that would otherwise occur on own use contracts.

Hedge accounting

The Group requires cocoa beans and semi-finished cocoa products for its operations. The Group is exposed to adverse cocoa price movements on the purchase side due to increasing cocoa prices, on the sales side and inventory held due to decreasing cocoa prices. The Group applies hedge accounting to hedge its cocoa price risk embedded in its chocolate inventories and sales contracts as well as in the cocoa inventories, purchase and sales contracts, and uses cocoa bean futures to manage cocoa price risks.

The Group is also exposed to increasing sugar prices and fuel oil prices with regard to its forecasted sugar purchases and forecasted fuel consumption, respectively. The Group therefore applies cash flow hedge accounting when it hedges its sugar price risk embedded in its forecasted sugar purchases with sugar futures.

The Group enters into sales and purchase contracts denominated in various currencies. The foreign currency risks exposure arising from these firm commitments and highly probable transactions are hedged by the Group's Treasury department. The Group applies fair value hedge accounting to its firm commitments.

The Group's interest rate risk is managed with interest rate derivatives. Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relationship is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

The impact of hedging accounting is presented on the Group's Consolidated Balance Sheet as follows:

Hedging instrument/item	Line item on Consolidated Balance Sheet
Cash flow hedges:	
Interest rate swaps	Derivative financial assets and liabilities
Commodity futures contracts	Derivative financial assets and liabilities
Foreign exchange forward and future contracts	Derivative financial assets and liabilities
Fair value hedges:	
Cocoa and chocolate stocks	Inventories
Risk component of cocoa and chocolate purchase and sales contracts	Derivative financial assets and liabilities
Commodity futures contracts	Derivative financial assets and liabilities
Foreign exchange forward and future contracts	Derivative financial assets and liabilities
Firm purchase and sales commitments denominated in foreign currency	Derivative financial assets and liabilities
Receivables	Trade receivables and other current assets
Payables	Trade payables and other current liabilities
Debt	Short-term debt; long-term debt
Cash instruments	Cash and cash equivalents

Notes to the Consolidated Financial Statements

Fair value hedging – for commodity price risks and foreign currency exchange risks related to the contract business

To reflect the Group's activities of hedging its cocoa price risk exposure embedded in the cocoa and chocolate inventories and unrecognized firm commitments, the Group applies fair value hedge accounting. In this fair value hedge accounting relationship, the chocolate inventories and unrecognized firm sales commitments and the cocoa inventories, unrecognized firm purchase and sales commitments, respectively, are designated as hedged items whereby cocoa bean futures are designated as hedging instruments. When cocoa and chocolate inventory is designated as a hedged item, the subsequent cumulative change in the fair value of the inventory attributable to the hedged cocoa price risk is adjusting the carrying amount of the hedged item (change of inventory cost value) with a corresponding gain or loss in the Consolidated Income Statement.

When unrecognized firm cocoa and chocolate commitments (purchase and sales contracts) are designated as hedged items, the subsequent cumulative change in the fair value of these contracts attributable to the hedged cocoa price risk is recognized as an asset or a liability (reported as "Derivative financial assets" and "Derivative financial liabilities") with a corresponding gain or loss in the Consolidated Income Statement. The hedging instrument is recorded at fair value under "Derivative financial assets" or "Derivative financial liabilities", and the changes in the fair value of the hedging instrument are also recognized in the Consolidated Income Statement.

For foreign currency exchange risks related to firm purchase and sales commitments in certain entities, fair value hedge accounting is applied. The hedge relationship is between the unrecognized firm commitments (hedged items) and the foreign currency forward contracts and/or monetary items (hedging instruments). The changes in fair value of the hedging instruments (attributable to foreign currency exchange rate movements) are recognized in the Consolidated Income Statement. The cumulative change in the fair value of the hedged items (unrecognized firm commitments) attributable to the foreign currency risk is recognized as "Derivative financial assets" or "Derivative financial liabilities" with a corresponding gain or loss in the Consolidated Income Statement.

Accounting for cash flow hedges

For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. Gains or losses that are recognized in other comprehensive income are transferred to the Consolidated Income Statement in the same period in which the hedged exposure affects the Consolidated Income Statement. The ineffective part of any gain or loss is recognized immediately in the Consolidated Income Statement at the time hedge effectiveness is tested.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognized in other comprehensive income is kept in other comprehensive income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is immediately transferred to the Consolidated Income Statement.

Notes to the Consolidated Financial Statements

Cash flow hedging – for commodity price risks (cocoa and sugar price risk) and foreign currency exchange risks arising from forecasted purchase and sales transactions	The Group enters into sugar futures to hedge the sugar price risk exposure embedded in certain forecasted sugar purchases, and into foreign exchange forwards and futures contracts to hedge the currency risk arising from these forecasted sugar purchases. The Group applies cash flow hedge accounting for these hedging relationships whereby the sugar futures and the foreign exchange forwards and futures are designated as hedging instruments to hedge the variability in cash flows attributable to the risk of sugar price movements and to the foreign currency risk, respectively, in the hedged forecasted sugar purchases. Where no firm commitments exist, the Group may enter into cocoa bean futures to hedge the cocoa price risk arising from forecasted sales, and into foreign exchange forwards and futures contracts to hedge the currency risk arising from forecasted sales transactions denominated in foreign currencies. The related entities apply cash flow hedge accounting whereby the cocoa bean futures and the foreign exchange forwards and futures are designated as hedging instruments to the underlying forecasted sales to hedge the variability in cash flow that is attributable to the risk of cocoa price movements and to the foreign exchange risk, respectively.
Cash flow hedging – for interest rate risks	The Group applies cash flow hedge accounting for interest rate derivatives, converting a portion of floating rate borrowings to fixed-rate borrowings.
Cash flow hedging – for logistical expenditure (fuel oil)	The Group also enters into fuel oil swaps to hedge its exposure to fuel oil price movements in its forecasted freight expenditures, and it applies cash flow hedge accounting for this hedging relationship.
No hedge accounting designation	The Group's purchasing and sourcing centers and the Group's Treasury department have derivative financial instruments that are measured at fair value without being assigned to a hedge accounting relationship.

Notes to the Consolidated Financial Statements

3.8 Financial result

Composition of finance income

in thousands of CHF	2020/21	2019/20
Interest income	3,640	6,697
Share of result of equity-accounted investees, net of tax	(59)	282
Foreign exchange gains, net	47	–
Total finance income	**3,628**	**6,978**

Composition of finance expense

in thousands of CHF	2020/21	2019/20
Interest expense	(88,766)	(94,664)
Amortization of structuring fees	(2,958)	(2,538)
Charges on undrawn portion of committed credit facilities	(2,381)	(1,337)
Net interest costs related to defined benefit plans (Note 4.2)	(3,119)	(3,495)
Total interest expense	**(97,224)**	**(102,034)**
Bank charges and other financial expense	(4,286)	(3,763)
Foreign exchange losses, net	–	(1,158)
Loss on derivative financial instruments	(3,787)	(2,471)
Total finance expense	**(105,297)**	**(109,425)**

Interest expenses include among other the cost of leasing, the cost of interest rate swaps resulting from paying fixed interest rates in exchange for receiving floating interest rates. All interest rate derivative financial instruments are in a cash flow hedge relationship where the effective portion of the changes in fair value are recognized in Other comprehensive income.

Structuring fees are mainly attributable to the amortization of fees capitalized for the EUR 1,000 million Revolving Credit Facility (as amended and extended from time to time), the USD 400 million Senior Note, issued June 2013, the EUR 450 million Senior Note, issued May 2016, the EUR 467 million and CHF 152 million equivalent Schuldscheindarlehen, issued February 2019, the EUR 60 million private placement, issued May 2020, and the EUR 377 million and CHF 20 million equivalent Schuldscheindarlehen, issued July 2020.

The foreign exchange gains are mainly attributable to price volatility in the global foreign currency markets.

Notes to the Consolidated Financial Statements

4 Employees

4.1 Personnel expenses

in thousands of CHF	2020/21	2019/20
Wages and salaries	(571,930)	(542,500)
Compulsory social security contributions	(105,112)	(93,379)
Equity-settled share-based payments (Note 4.2)	(16,028)	(12,512)
Expenses related to defined benefit pension plans (Note 4.2)	(15,860)	(12,469)
Expenses related to other long-term benefit plans (Note 4.2)	(238)	(1,086)
Contributions to defined contribution plans (Note 4.2)	(13,532)	(11,617)
Increase in liability for long service leave	–	(79)
Total personnel expenses	**(722,700)**	**(673,642)**
Amounts capitalized as assets	25,599	26,203
Total personnel expenses recognized in Consolidated Income Statement	**(697,101)**	**(647,439)**

Notes to the Consolidated Financial Statements

4.2 Employee benefits

Post-employment and other long-term employee benefits

The Group operates a number of independent defined benefit plans and other post-retirement or long-term benefit plans, in line with local legal and tax requirements.

The largest defined benefit pension plans (funded) are located in Switzerland, Belgium, the US and the UK. Together, these plans represent 95% (2019/20: 95%) of the Group's total gross defined benefit pension liabilities and 98% (2019/20: 98%) of the Group's total plan assets.

The amounts recognized in the Consolidated Balance Sheet are as follows:

as of August 31,	2021			2020			2021	2020
in thousands of CHF	Defined benefit pension plans						Other long-term benefit plans	
	Funded	Unfunded	Total	Funded	Unfunded	Total	Total	Total
Switzerland								
Weighted average duration in years	16	–		18	–		–	–
Present value of liabilities	104,571	–	104,571	92,258	–	92,258	–	–
Fair value of plan assets	(85,436)	–	(85,436)	(72,401)	–	(72,401)	–	–
Net plan liabilities (assets)	**19,135**	**–**	**19,135**	**19,857**	**–**	**19,857**	**–**	**–**
Belgium								
Weighted average duration in years	17	–		14	–		12	15
Present value of liabilities	106,740	–	106,740	97,507	–	97,507	10,547	10,539
Fair value of plan assets	(51,579)	–	(51,579)	(46,551)	–	(46,551)	–	–
Net plan liabilities (assets)	**55,161**	**–**	**55,161**	**50,956**	**–**	**50,956**	**10,547**	**10,539**
US								
Weighted average duration in years	10	–		12	–		4	5
Present value of liabilities	78,387	–	78,387	84,830	–	84,830	71	115
Fair value of plan assets	(58,747)	–	(58,747)	(46,802)	–	(46,802)	–	–
Net plan liabilities (assets)	**19,640**	**–**	**19,640**	**38,028**	**–**	**38,028**	**71**	**115**
UK								
Weighted average duration in years	18	–		18	–		–	–
Present value of liabilities	80,674	–	80,674	72,462	–	72,462	–	–
Fair value of plan assets	(95,730)	–	(95,730)	(87,350)	–	(87,350)	–	–
Net plan liabilities (assets)	**(15,056)**	**–**	**(15,056)**	**(14,888)**	**–**	**(14,888)**	**–**	**–**
Rest of the world								
Weighted average duration in years	16	10		16	9		21	21
Present value of liabilities	17,517	17,489	35,006	17,386	17,032	34,418	5,003	5,843
Fair value of plan assets	(6,230)	–	(6,230)	(5,714)	–	(5,714)	–	–
Net plan liabilities (assets)	**11,287**	**17,489**	**28,776**	**11,672**	**17,032**	**28,704**	**5,003**	**5,843**
Total								
Present value of liabilities	387,889	17,489	405,378	364,443	17,032	381,475	15,621	16,497
Fair value of plan assets	(297,722)	–	(297,722)	(258,819)	–	(258,819)	–	–
Net plan liabilities (assets)	**90,167**	**17,489**	**107,656**	**105,624**	**17,032**	**122,656**	**15,621**	**16,497**
Net balances recognized in the Consolidated Balance Sheet								
Net employee benefit assets	–	–	**(15,056)**	–	–	**(14,888)**	–	–
Net employee benefit liabilities	–	–	**122,712**	–	–	**137,544**	**15,621**	**16,497**

Notes to the Consolidated Financial Statements

The changes in the present value of the employee benefit liabilities are as follows:

in thousands of CHF	2020/21	2019/20	2020/21	2019/20
	Defined benefit pension plans		Other long-term benefit plans	
Present value of defined benefit liabilities as of September 1,	**381,476**	**412,134**	**16,497**	**18,674**
Currency translations	(60)	44	(9)	79
Current service cost	15,814	15,119	1,210	1,545
Past service cost	46	(2,650)	–	–
Remeasurement of other long-term employee benefits	–	–	(972)	(841)
Interest expense	4,621	4,737	436	509
Losses/(gains) on curtailment	–	1	–	382
Total recognized in income statement	**20,421**	**17,251**	**665**	**1,674**
Actuarial losses/(gains)	6,274	(24,340)	(1,301)	(1,325)
thereof:				
arising from changes in demographic assumptions	(6,130)	(225)	–	(937)
arising from changes in financial assumptions	12,574	(17,697)	(813)	(38)
arising from experience adjustments	(170)	(6,418)	(488)	(350)
Exchange differences on foreign plans	5,514	(9,404)	310	(2,110)
Total recognized in other comprehensive income	**11,788**	**(33,744)**	**(991)**	**(3,435)**
Reclassifications	–	–	–	318
Contribution by employees	4,425	4,342	–	–
Benefits received	9,237	6,977	–	–
Benefits paid	(21,969)	(25,484)	(550)	(734)
Total other	**(8,307)**	**(14,165)**	**(550)**	**(416)**
Present value of defined benefit liabilities as of August 31,	**405,378**	**381,476**	**15,621**	**16,497**
thereof:				
funded plans	387,889	364,444	–	–
unfunded plans	17,489	17,032	15,621	16,497

The Group expects to pay CHF 17.0 million in employer contributions to defined pension plans in the next fiscal year (2020/21: CHF 23.0 million).

Actuarial losses amounted to CHF 5.0 million for the current fiscal year (2019/20: actuarial gains of CHF 25.7 million), which is mainly related to changes in the financial assumptions such as the development of discount rates. The respective amounts were recognized in Other comprehensive income.

The movement in the fair value of plan assets is as follows:

in thousands of CHF	2020/21	2019/20
	Defined benefit pension plans	
Opening fair value of plan assets as of September 1,	**258,819**	**251,170**
Currency translations	(30)	75
Interest income	1,938	1,751
Gains/(losses) on curtailment	–	1
Total recognized in income statement	**1,908**	**1,827**
Return on plan assets excluding interest income	16,650	6,253
Exchange differences on foreign plans	5,221	(4,660)
Total recognized in other comprehensive income	**21,871**	**1,593**
Contributions by employer	21,757	16,469
Contributions by employees	4,425	4,341
Benefits received	9,237	6,976
Benefits paid	(20,295)	(23,557)
Total other	**15,124**	**4,229**
Fair value of plan assets as of August 31,	**297,722**	**258,819**

Notes to the Consolidated Financial Statements

The plan assets consist of the following categories of securities:

as of August 31,	2021	2020
in thousands of CHF	Defined benefit pension plans	
Equities	95,387	72,984
Bonds	149,962	136,751
Insurance portfolio	13,219	12,029
Cash and other assets	39,154	37,055
Total fair value of plan assets	**297,722**	**258,819**

Most of the equity and debt securities have a quoted market price in an active market. Real estate and alternative investments, which include hedge fund, private equity, infrastructure and commodity investments, usually have a quoted market price or a regularly updated net asset value.

The plan assets do not include any ordinary shares issued by the Company nor any property occupied by the Group or one of its subsidiaries.

The amounts recognized in the Consolidated Income Statement are as follows:

	2020/21	2019/20	2020/21	2019/20
in thousands of CHF	Defined benefit pension plans		Other long-term benefit plans	
Current service costs	15,814	15,119	1,210	1,545
Net interest expense	2,683	2,986	436	509
Net currency translations	(30)	(31)	(9)	79
Past service cost	46	(2,650)	–	–
Losses/(gains) on curtailments and settlements	–	–	–	382
Remeasurement	–	–	(972)	(841)
Total expenses related to defined benefit plans and other long-term benefit plans recognized in income statement	**18,513**	**15,424**	**665**	**1,674**

in thousands of CHF	2020/21	2019/20
Total defined contribution expenses recognized in income statement	**13,532**	**11,617**

The expenses related to defined benefit pension plans and other long-term benefit plans are recognized in the following line items in the Consolidated Income Statement:

in thousands of CHF	2020/21	2019/20
Cost of goods sold	3,355	3,850
Marketing and sales expenses	1,278	529
General and administration expenses	10,703	8,449
Research and development expenses	762	727
Personnel expenses	**16,098**	**13,555**
Interest expense	3,119	3,495
Foreign exchange gains/(losses)	(38)	48
Finance expense	**3,081**	**3,543**
Total expenses related to defined benefit plans and other long-term benefit plans recognized in income statement	**19,179**	**17,098**

Notes to the Consolidated Financial Statements

Actuarial assumptions

Weighted average actuarial assumptions used are as follows:

	2020/21	2019/20	2020/21	2019/20
	Defined benefit pension plans		Other long-term benefit plans	
Discount rate	1.7%	1.7%	2.8%	2.6%
Expected rate of pension increase	0.6%	0.0%	0.0%	0.0%
Expected rate of salary increase	2.4%	1.5%	2.3%	1.3%

The applicable mortality tables in the Group's largest defined benefit plans and underlying longevity assumptions are summarized in the following table:

	Mortality table	2021	2020	2021	2020
		Life expectancy at age 65 for a male member		Life expectancy at age 65 for a female member	
Switzerland	LPP 2020 (2020: LPP2015)	22	22	24	24
Belgium	MR / FR	21	21	25	25
UK	S3NMA / S3NFA	22	22	25	25
US	PRI-2012	21	21	22	23

Sensitivity analysis

Reasonable and possible changes at the reporting date to one of the relevant actuarial assumptions, with all other assumptions held constant, would have affected the defined benefit liabilities by the amounts shown below:

as of August 31,	2021	2020	2021	2020
in thousands of CHF	Increase		Decrease	
Discount rate (1% movement)	(56,670)	(74,480)	73,412	74,480
Expected rate of pension increase (1% movement)	21,956	23,842	(21,956)	(23,842)
Expected rate of salary increase (1% movement)	27,717	26,971	(27,717)	(26,971)
Life expectancy at age 65 (1 year)	9,187	9,096	(9,187)	(9,096)

Notes to the Consolidated Financial Statements

Description of the defined benefit plans

The characteristics of the most significant defined benefit pension plans of the Group are further described as follows:

Defined benefit plans Switzerland

The retirement benefit plans for all Swiss Group entities are mainly defined benefit plans where contributions are expressed as a percentage of the insured actual salary. The employer is affiliated to a collective foundation with reinsurance of actuarial risks arising from the plan with an insurance company. Members benefit from a guaranteed minimum interest on accrued savings and conversion rates at retirement in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). This law defines the minimum pensionable salary and the minimum retirement credits. In addition to retirement benefits, the Swiss retirement benefit plans also provide for temporary partial or total disability benefits as well as for pre-retirement death benefits including widows' and orphans' benefits.

The benefit plans are outsourced to external insurance companies, which are responsible for the operation of the plan including the allocation of plan assets. The governance and the supervision as well as the responsibility to make changes in the plan lie with a Board of Trustees. It consists equally of employer and employee nominated representatives.

The applicable regulation requires the retirement benefit plans of all Swiss Group entities to be funded on the basis of employer and employee contributions, including risk premiums and savings contributions. In case of underfunding, recovery measures must be taken, such as the additional financing from the employer or from the employer and employees, or the reduction of benefits or a combination of both.

The plan regulations in Switzerland were partially modified and certain components of the Swiss pension plans that meet the specific requirements are accounted for as defined contribution plans.

Defined benefit plans – Other countries

In the US, the Group maintains a retirement benefit plan only for pensioners and deferred pensioners related to a discontinued operation. Effective July 31, 2005, all benefits in the plan were closed for new entrances and further benefit accruals. The pension plan's funding is governed by ERISA and the applicable laws and regulations under Internal Revenue Code (IRC) sections 404, 412, and 430. Barry Callebaut is the plan sponsor and usually funds the minimum required contribution based on these regulations. The investment management is outsourced to investment management companies and the plan is governed by a Board of Trustees.

In Belgium, the Group operates defined benefit plans for events of retirement, temporary and permanent disability and death in service put in place by the employer in addition to legal retirement plans. These are company collective plans introduced on July 1, 1993. The retirement benefit plans are funded by a combination of employer and employee contributions as regulated by the Belgian Pension Act. The contributions are expressed as a percentage of the insured actual salary. The plans are fully insured. The funding of the defined benefit plans are externalized to an insurance company who is responsible for the operation of the plan including the allocation of plan assets. The governance and the supervision as well as the responsibility to make changes in the plan lie with a Board of Trustees. The legislation requires a minimum funding level. In the situation where the plan assets are not sufficient, the employer has to pay an additional contribution to the collective financing fund.

Notes to the Consolidated Financial Statements

In the UK, the Group operates a defined benefit retirement scheme in which members receive benefits based on the final salary with the contributions paid by the employer on a balance of cost basis. Effective January 31, 2014, all benefits in the plan were closed for new entrances and further benefit accruals. The plan is run by the Board of Trustees in accordance with the Trust Deed & Rules and legislation. The Trustees are required by law to fund the plan on prudent funding assumptions under the Trust Deed & Rules of the plan. The contributions payable by the Company to fund the plan are set by the Trustees after consulting the Company. The investment management is outsourced to investment management companies.

Share-based payments

Share awards are granted to participants according to individual contracts and the current employee stock ownership program.

Long-Term Incentive Plan (LTIP)

The purpose of the LTIP is to provide the participants with an ownership interest in Barry Callebaut and to reward them for the long-term performance of the company. The LTIP thus aligns their interests to those of the shareholders.

The current LTIP has been in place since fiscal year 2016/17 and has been amended for the fiscal year 2018/19, where members of the Executive Committee were granted a fourth exceptional tranche, which vests subject to a four-year cliff vesting based on outperforming the Mid-Term Plan targets in terms of volume growth (CAGR; 25%), EBIT (25%), cumulative Free cash flow (25%) and Return on invested capital (ROIC) (25%) for the period September 2018 to August 2022. The maximum payout opportunity for this tranche is 100% of target. For the fiscal year 2020/21, there is no such additional tranche.

The grant of share units under the LTIP is based on a target LTI amount determined individually for each plan participant. The individual LTI amount is divided by the average share price of the last three months of the preceding fiscal year in order to calculate the number of share units awarded. The share units vest in three tranches over three fiscal years, i.e. 25% on the first, 25% on the second and 50% on the third anniversary of the grant date.

The first two tranches are restricted share units (RSU) that vest subject to the LTIP participant continuing to be employed by Barry Callebaut.

The third tranche consists of performance share units (PSU) that vest subject to meeting two performance criteria over the three-year vesting period.

The first performance criterion, accounting for 50% of the respective PSU grant, is the relative share price development of Barry Callebaut versus a peer group of companies in the chocolate, ingredients and FMCG sector: AAK, Fuji Oil, Givaudan, Hershey, Kellogg's, Kerry, Lindt, Mondelez, Nestlé, Olam and Unilever. The objective (100% vesting) is to achieve median performance, e.g. to outperform half of the peer companies. There is no vesting for a performance below the first quartile of the peer group (threshold), and the vesting is capped at 300% for delivering the best performance in the peer group.

The second performance criterion, accounting for 50% of the relevant PSU grant, is ROIC. The ROIC performance was introduced in fiscal year 2016/17 in order to reward the sustainable management of the Company's assets. The three-year ROIC target was set by the Board of Directors on the basis of the long-term strategic plan of the Company. The vesting also ranges from 0% to 300% of target. Consequently, the overall vesting of the LTI award (including RSU and PSU) ranges from 50% and 200% of the initially determined number of share units granted.

Notes to the Consolidated Financial Statements

The Board of Directors reserves the right to suspend or adjust the vesting of the share units in case of a negative result from continuous operations of the Barry Callebaut Group. Once the shares are vested and transferred, they are free of any sales restrictions. Any award granted under the LTIP is subject to clawback and malus provisions. In case of a material misstatement of financial results or a serious reputational damage to Barry Callebaut due to fraud of willful intent, or of a gross misconduct which would qualify as a cause for termination, the Board of Directors may forfeit or claim back vested or unvested share units, within a period of two years after the vesting of the award.

The overall vesting of the LTI award (including RSU, PSU and the fourth exceptional tranche) ranges from 50% to 200% of the initially determined number of the share units granted for members of the Executive Committee.

The share awards granted entitle the participants to full shareholders rights upon vesting of the share units (RSU/PSU) and their conversion into shares. In case of resignation or dismissal for cause during the vesting period (which ranges between one and three years), the initially granted, but not yet vested share units are forfeited.

The fair value of the RSU granted (no performance condition) is estimated by taking the market price at grant date less the present value of the expected dividends that will not be received on these RSU during the vesting period. 2,913 share awards were granted in fiscal year 2020/21 with an average fair value of CHF 1,964 (in fiscal year 2019/20: 2,726 share awards with an average fair value of CHF 1,982).

The fair value of the PSU, of which the vesting is conditional upon the relative share price performance, is assessed as per grant date based on a valuation performed by external experts applying the “Monte Carlo simulation” method. The most relevant parameters relating to Barry Callebaut and the relevant peer group are the risk-free interest rate, annualized volatility, the share price and the dividend yields. The risk-free rates reflect three-year government bonds of the country of origin of the respective company and range from –0.8% to 1.0%. The volatilities and correlations are based on daily returns of a company’s share at its respective exchange of origin over a three-year period preceding the start of the vesting cycle (the annualized volatility for Barry Callebaut and its peer group ranges from 17.2% to 29.3%). The dividend yields are based on dividends paid over a three-year period preceding the start of the vesting cycle and range from 0.7% to 4.0%. The share prices are denominated in their respective currency and retrieved for the specified point in time. The base share price taken into account for Barry Callebaut is the share price at grant date and amounted to CHF 2,000.

The fair value of PSU, of which the vesting is conditional upon the Group’s ROIC performance, is taken at fair value of the Barry Callebaut share at grant date discounted for dividends until the vesting. As this part is based on the Group’s performance relating to ROIC, the relative value is adjusted periodically during the vesting period, based on an estimation of the ROIC performance at vesting date.

In fiscal year 2020/21, 1,626 PSU were granted to members of the ExCo with an average fair value of CHF 2,431 (in fiscal year 2019/20: 1,494 share awards with an average fair value of CHF 2,366). To the other plan participants, 1,116 share awards with an average fair value of CHF 2,431 per share were granted in fiscal year 2020/21 (in fiscal year 2019/20: 1,219 share awards with an average fair value of CHF 2,366).

Board of Directors

The Board of Directors receives share awards annually for the respective service period. These share awards are not part of the share plans described above and are determined by the NCC as a fixed number of shares. The total number of shares awarded for the service period amounted to 1,266 with an average fair value of CHF 1,930 per share (2019/20: 1,830 share awards with an average fair value of CHF 1,999 per share).

Notes to the Consolidated Financial Statements

Recognition in financial statements

The fair value of the share awards at grant date is recognized over the vesting period as a personnel expense under either of these share plans. For 2020/21, the amount thus recognized (before taxes) was CHF 16.0 million with a corresponding increase in equity (2019/20: CHF 12.5 million). Of the amount recognized in 2020/21, CHF 13.3 million related to the LTIP (2019/20: CHF 8.9 million) and CHF 2.7 million to the BoD plan (2019/20: CHF 3.6 million).

Accounting policies

Employee benefit liabilities/post-employment benefits

The Group operates a number of independently defined benefit plans and other post-retirement or long-term benefit plans, which conform to local legal and tax requirements.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, applying the discount rate and deducting the fair value of any plan assets.

The calculation of defined benefit liabilities is performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling are recognized immediately in Other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group's employee benefit schemes are exposed to changes in legislation and to investment return and matching risks, longevity risks and solvency risks. These risks may all require additional contributions and are therefore reviewed on a regular basis by the companies' management or by the relevant Board of Trustees as follows:

- Changes in legislation: monitoring of country-specific legislation changes
- Investment return risk: analysis and optimization of the allocation and performance of assets as well as monitoring of compliance with investment guidelines
- Investment matching risk: analysis and optimization of asset-liability matching and periodic fair valuation of assets and liabilities
- Longevity risk: analysis of mortality assumptions and monitoring of demographic development
- Solvency risk: monitoring of solvency of external solution providers

Notes to the Consolidated Financial Statements

Defined contribution plans	Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Group has no further payment obligations once the contributions have been paid.
Post-employment benefits other than pensions	Certain subsidiaries provide health care and insurance benefits for a portion of their retired employees and their eligible dependents. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is also included in the position "Other long-term benefit plans".
Other long-term employee benefits	Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations (including jubilee plans and other long-service award plans). That benefit is discounted to determine its present value. Related remeasurement costs are recognized in the Consolidated Income Statement. The related liability is included in the position "Other long-term benefit plans".
Termination benefits	Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for restructuring.
Long-Term Incentive Plan	For the LTIP, Barry Callebaut AG shares are purchased on the market and passed on to satisfy the awards. In accordance with IFRS 2, the compensation costs relating to share awards granted under this deferred share plan are recognized in the Consolidated Income Statement over the vesting period at their fair value as at the grant date.

5 Group Structure and Related Parties

5.1 Acquisitions

Acquisitions in 2020/21

There were no acquisitions completed in fiscal year 2020/21.

Acquisitions in 2019/20

GKC Foods

On July 1, 2020, the Group acquired GKC Foods (Australia) Pty Ltd, a producer of chocolate, coatings and fillings, serving many consumer chocolate brands in Australia and New Zealand. GKC is based in Melbourne, Australia.

This strategic acquisition established Barry Callebaut's direct presence and manufacturing capacity in the growing Australian market, empowered the Group to expand its position in the industrial chocolate market and to leverage its value-adding Gourmet & Specialties business in the new market.

Barry Callebaut's investment involved upgrading and expanding the factory's existing infrastructure. GKC employed around 50 people at the site, including pre-existing employees, who transferred to Barry Callebaut.

The preliminary fair value of the purchase consideration amounted to CHF 3.4 million; CHF 2.8 million was fully paid in cash, the remaining CHF 0.6 million was recognized as "Other payables" and paid in October 2020 upon finalizing the completion statement. The acquisition-related costs in the amount of CHF 0.2 million were expensed and included in "Other expenses" in fiscal year 2019/20. The agreement with the seller did not contain arrangements for contingent considerations.

The purchase price allocation resulted in net identifiable assets of CHF 3.3 million, resulting in a goodwill of CHF 0.1 million. Identifiable net assets consisted mainly of CHF 4.0 million of right-of-use assets and a respective lease liability and CHF 3.0 million of property, plant and equipment.

Since July 1, 2020, the acquired business contributed CHF 0.3 million to revenues from sales and services and a CHF 0.4 million loss to net profit for the fiscal year 2019/20. Had it been consolidated from September 1, 2019, it would have contributed revenues from sales and services of CHF 3.1 million and a loss to net profit of CHF 0.5 million in the Consolidated Income Statement for the fiscal year 2019/20.

5.2 Discontinued operations and disposal

The Group did not have any discontinued operations or disposals in 2020/21 and 2019/20.

Notes to the Consolidated Financial Statements

5.3 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2021, are as follows:[1]

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Switzerland	Barry Callebaut Cocoa AG	Zürich	100	EUR	81,515
	Barry Callebaut Management Services AG	Zürich	100	CHF	100,000
	Barry Callebaut Schweiz AG	Dübendorf	100	CHF	4,600,000
	Barry Callebaut Sourcing AG	Zürich	100	CHF	2,000,000
	Cabosse Naturals Switzerland AG	Zürich	100	CHF	1,000,000
Australia	Barry Callebaut (Australia) Pty Ltd	Melbourne	100	AUD	10
	GKC Foods (Australia) Pty Ltd	Melbourne	100	AUD	100,000
Belgium	Barry Callebaut Belgium N.V.	Lebbeke-Wieze	100	EUR	61,521,544
	Barry Callebaut Manufacturing Halle BV	Halle	100	EUR	15,488,952
	Barry Callebaut Services N.V.	Lebbeke-Wieze	100	EUR	929,286,000
	Cabosse Naturals N.V.	Halle	100	EUR	1,161,148
	International Business Company Belgium BV	Kortrijk (Heule)	100	EUR	65,000
	Pierre Iserentant SA	Thimister-Clermont	100	EUR	260,908
Brazil	Barry Callebaut Brasil Indústria e Comércio de Produtos Alimentícios Ltda.	São Paulo	100	BRL	451,750,810
Cameroon	Barry Callebaut Cameroon SA	Douala	100	XAF	10,000,000
	Société Industrielle Camerounaise des Cacaos SA	Douala	81	XAF	1,959,531,000
Canada	Barry Callebaut Canada Inc.	St.-Hyacinthe	100	CAD	142,000,000
	D'Orsogna Sweet Ingredients Ltd	Ontario	100	CAD	1,000,000
Chile	Barry Callebaut Chile SpA	Santiago	100	CLP	27,988,650,000
China	Barry Callebaut (Suzhou) Chocolate Co., Ltd.	Suzhou	100	CNY	219,137,532
	Barry Callebaut (Suzhou) Chocolate R&D Center Co., Ltd.	Suzhou	100	CNY	13,970,504
Côte d'Ivoire	Barry Callebaut Négoce SA	Abidjan	100	XOF	3,700,000,000
	Biopartenaire SA	Yamoussoukro	100	XOF	7,600,000,000
	Société Africaine de Cacao SA	Abidjan	100	XOF	25,695,651,316
	Societe Ivoirienne de Services Agricoles SA	Abidjan	100	XOF	10,000,000
Czech Republic	Barry Callebaut Czech Republic s.r.o.	Prague	100	CZK	200,000
Denmark	Barry Callebaut Denmark ApS	Hostebro	100	DKK	500,000
Ecuador	Barry Callebaut Ecuador SA	Guayaquil	100	USD	5,050,000
France	Barry Callebaut France SAS	Hardricourt	100	EUR	67,900,000
	Barry Callebaut Manufacturing France SAS	Hardricourt	100	EUR	6,637,540
	Barry Callebaut Nord Cacao SAS	Gravelines	100	EUR	3,037,000
Germany	Barry Callebaut Cocoa Germany GmbH	Hamburg	100	EUR	25,000
	Barry Callebaut Deutschland GmbH	Cologne	100	EUR	52,000
	Barry Callebaut Manufacturing Norderstedt GmbH & Co. KG	Norderstedt	100	EUR	50,100
	C.J. van Houten & Zoon Holding GmbH	Norderstedt	100	EUR	72,092,155
	Tagungs- und Seminarzentrum Schloss Marbach GmbH	Öhningen	100	EUR	1,600,000
Ghana	Barry Callebaut Ghana Ltd.	Tema	100	USD	9,204,219
	Nyonkopa Cocoa Buying Ltd.	Kumasi	100	GHS	4,250,000
	BC Farm Services Ltd.	Kumasi	100	GHS	2,850,000
Great Britain	Barry Callebaut (UK) Ltd	Banbury	100	GBP	3,200,000
	Barry Callebaut Beverages UK Ltd	Chester	100	GBP	40,000
	Barry Callebaut Manufacturing (UK) Ltd	Banbury	100	GBP	15,467,852
Greece	Barry Callebaut Hellas Single Member SA	Athens	100	EUR	25,000
Hong Kong	Barry Callebaut Hong Kong Limited	Hong Kong	100	HKD	2
India	Barry Callebaut India Private Ltd	Mumbai	100	INR	292,299,040
	Barry Callebaut Cocoa & Chocolate Ingredients India Private Limited	Pune	100	INR	93,546,460
Indonesia	P.T. Barry Callebaut Comextra Indonesia	Makassar	100	USD	31,460,000
Indonesia	P.T. Barry Callebaut Indonesia	Bandung	100	IDR	66,213,000,000
	P.T. Papandayan Cocoa Industries	Bandung	100	USD	40,000,000
Israel	Barry Callebaut Israel Ltd	Tel Aviv	100	ILS	10

Notes to the Consolidated Financial Statements

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Italy	Barry Callebaut Italia S.p.A.	Milano	100	EUR	104,000
	Barry Callebaut Manufacturing Italia S.p.A.	Milano	100	EUR	2,646,841
	Dolphin S.r.l.	Milano	100	EUR	110,000
	D'Orsogna Dolciaria S.r.l.	San Vito Chietino	100	EUR	5,000,000
Japan	Barry Callebaut Japan Ltd.	Amagasaki	100	JPY	835,000,000
Korea	Barry Callebaut Chocolate Asia Pacific Pte. Ltd., Korea Branch	Seoul	100	KRW	–
Malaysia	Barry Callebaut Malaysia Sdn Bhd	Petaling Jaya	100	USD	11,119,936
	Barry Callebaut Manufacturing Malaysia Sdn Bhd	Johor Bahru	100	USD	10,000,000
	Barry Callebaut Services Asia Pacific Sdn Bhd	Petaling Jaya	100	MYR	500,000
Mexico	Barry Callebaut Chocolates, S. de R.L. de CV	Nuevo Leon	100	MXN	3,000
	Barry Callebaut Cocoa Management Services SA de CV	Mexico City	100	MXN	100,000
	Barry Callebaut Mexico Distributors SA de CV	Escobedo N.L.	100	MXN	108,950,000
	Barry Callebaut Mexico, S. de R.L. de CV	Monterrey	100	MXN	13,027,200
	Barry Callebaut Servicios, SA de CV	Mexico City	100	MXN	50,000
	DCMX Cocoa, SA de CV	Mexico City	100	MXN	1,304,967
	Centro de Capacitación Academia de Chocolate México S.A.P.I. de C.V.	Mexico City	100	MXN	10,000
Morocco	Barry Callebaut Maroc SARLAU	Casablanca	100	MAD	280,000
Nigeria	BC Nigeria Cocoa & Chocolate Limited	Lagos	100	NGN	10,000,000
Philippines	Cocoa Ingredients (Philippines) Inc.	Makati City	100	USD	200,000
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	Łódź	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	Łódź	100	PLN	50,000
	Barry Callebaut SSC Europe Sp. z.o.o.	Łódź	100	PLN	2,000,000
Russia	Barry Callebaut NL Russia LLC	Moscow-Chekhov	100	RUB	864,510,182
	CJSC Inforum-Prom	Kasimov	100	RUB	100,000
	Barry Callebaut Kaliningrad LLC	Kaliningrad	100	RUB	100,000
Serbia	Barry Callebaut South East Europe d.o.o.	Belgrade	100	RSD	38,460,161
Singapore	Barry Callebaut Chocolate Asia Pacific Pte. Ltd	Singapore	100	USD	80,121,785
	Barry Callebaut Cocoa Asia Pacific Pte Ltd	Singapore	100	USD	558,130,230
South Africa	Barry Callebaut South Africa (Pty) Ltd	Johannesburg	100	ZAR	–
Spain	Barry Callebaut Ibérica SLU	Barcelona	100	EUR	25,000
	Barry Callebaut Manufacturing Ibérica SA	Gurb	100	EUR	987,600
	La Morella Nuts SA	Castellvell del Camp	100	EUR	344,553
Sweden	ASM Foods AB	Mjölby	100	SEK	2,000,000
	Barry Callebaut Sweden AB	Kågeröd	100	EUR	11,428
Tanzania	Biolands International Ltd.	Moshi	100	TZS	40,000,000
Thailand	Barry Callebaut Thailand Company Ltd	Bangkok	100	USD	5,000,000
The Netherlands	Barry Callebaut Cocoa Netherlands B.V.	Zundert	100	EUR	18,000
	Barry Callebaut Decorations B.V.	Zundert	100	EUR	18,242
	Barry Callebaut Nederland B.V.	Zundert	100	EUR	21,435,000
	Dings-Decor B.V.	Nuth	70	EUR	22,689
	Hoogenboom Benelux B.V.	Zundert	100	EUR	18,152
Turkey	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	Istanbul	100	TRL	183,000,000
Uganda	Barry Callebaut Est Africa Ltd	Kampala	100	UGX	–
United Arab Emirates	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti., Dubai Branch	Dubai	100	AED	–
USA	Barry Callebaut North America Holding Inc.	Wilmington, DE	100	USD	1,003
	Barry Callebaut USA Holding Inc.	Wilmington, DE	100	USD	1,001
	Barry Callebaut U.S.A. LLC	Wilmington, DE	100	USD	–
	Barry Callebaut USA Service Company Inc.	Wilmington, DE	100	USD	1,000

1 The following subsidiaries are inactive or in liquidation: Bio United Ltd, GOR Trade LLC, C.J. van Houten & Zoon Holding GmbH, Barry Callebaut Holdings (UK) Ltd., BC Chocodesign Participacoes Ltda., Barry Callebaut Produktions Deutschland GmbH, Barry Callebaut Nigeria, Biopartenaire SA, Barry Callebaut Cocoa USA Inc. and P.T. Barry Callebaut Comextra Indonesia.

Notes to the Consolidated Financial Statements

Accounting policies

Scope of consolidation/ subsidiaries

The Consolidated Financial Statements of the Group include all the assets, liabilities, income and expenses of Barry Callebaut AG and the companies which it controls. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Non-controlling interests are shown as a component of equity in the balance sheet, and the share of the net profit attributable to non-controlling interests is shown as a component of the net profit for the year in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the acquisition method. Subsidiaries disposed of are included up to the effective date of disposal.

All intragroup balances and unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

5.4 Significant shareholders and related parties

Significant shareholders

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

as of August 31,	2021	2020
Jacobs Holding AG	30.1%	40.1%
Renata Jacobs	5.0%	5.0%
BlackRock, Inc.[1]	3.1%	3.1%

1 Based on notifications through the electronic publication platform of the SIX Swiss Exchange.

Related parties

Significant transactions and balances between the Group and related parties are as follows:

in thousands of CHF	Nature of cost/revenue	2020/21	2019/20
Other operating expenses charged by related parties		**(250)**	**(250)**
Jacobs Holding AG	Management services	(250)	(250)

as of August 31,		2020/21	2019/20
in thousands of CHF			
Other payables to related parties		**63**	**117**
Jacobs Holding AG		63	117

Compensation of key management personnel

The key management personnel is defined as the Board of Directors and the Executive Committee. Key management compensation consists of the following:

in million CHF	2020/21	2019/20
Short-term employee benefits	15.6	14.6
Post-employment benefits	2.3	2.4
Share-based payments	10.2	9.6
Total	**28.1**	**26.6**

Further details related to the requirements of the Swiss Transparency law (Art. 663b^{bis} and 663c Swiss Code of Obligations) are disclosed in Notes 2.8, 3.4 and 3.5 in the Financial Statements of Barry Callebaut AG and in the Remuneration Report.

Notes to the Consolidated Financial Statements

6 Taxes

6.1 Income taxes

Income tax expense

in thousands of CHF	2020/21	2019/20
Current income tax expenses	(76,250)	(72,161)
Deferred income tax expenses	(4,264)	2,950
Total income tax expenses	**(80,514)**	**(69,211)**

Reconciliation of income taxes

in thousands of CHF	2020/21	2019/20
Profit before income taxes	**465,019**	**380,705**
Expected income tax expenses at weighted average applicable tax rate	(99,245)	(70,166)
Non-tax deductible expenses	(6,193)	(8,335)
Tax-deductible items not qualifying as an expense under IFRS	28,310	25,685
Tax-exempt income	15,638	10,418
Income recognized for tax declarations purposes only	(8,083)	(1,606)
Prior-period-related items	(11,788)	193
Changes in tax rates	1,549	(2)
Losses carried forward not yet recognized as deferred tax assets	(6,711)	(28,261)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	6,009	2,863
Total income taxes	**(80,514)**	**(69,211)**

For the reconciliation above the weighted average applicable tax rate was 21.3% in 2020/21 (2019/20: 18.4 %).

The weighted average applicable tax rate has, year-on-year, increased mainly due to changes in the country mix of profit before taxes, that was significantly impacted by COVID-19 in the prior fiscal year, and to a lesser extent by modified corporate tax rates in certain tax jurisdictions. The prior-year income tax expense of CHF 69.2 million includes a one-off, cash-neutral tax expense of CHF 1.0 million resulting from the Swiss tax reform, related to the revaluation of the deferred tax assets and liabilities to the newly enacted cantonal tax rates which became effective as of January 1, 2020. The application of the Swiss tax reform has resulted in the recognition of a deferred tax income of CHF 12.8 million in 2020/21 (2019/20: CHF 9.4 million).

The Group’s effective tax rate in 2020/21 is 17.3% (2019/20: 17.9% excluding the one-off deferred tax impact related to the Swiss tax reform).

The tax relief on losses carried forward previously not recognized as deferred tax assets of CHF 6.0 million (2019/20: CHF 2.9 million) consists of CHF 5.9 million tax relief of utilization on tax losses carried forward previously not recognized (2019/20: CHF 2.9 million) and CHF 0.1 million of tax losses recognized for the first time in 2020/21 (2019/20: CHF 0.0 million).

Notes to the Consolidated Financial Statements

6.2 Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

in thousands of CHF	Inventories	Property, plant, equipment/ intangible assets	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
as of September 1, 2019	**11,197**	**(78,885)**	**22,377**	**(609)**	**24,878**	**27,628**	**6,586**
Charged to the income statement	(1,654)	(17,919)	11,050	(956)	13,845	(1,416)	2,950
Recognized in other comprehensive income	–	–	(23)	2	(4,726)	–	(4,747)
Effect of disposals	–	(1,882)	1	–	(165)	51	(1,995)
Currency translation effects	(511)	4,388	(2,476)	63	457	(1,168)	753
as of August 31, 2020	**9,032**	**(94,298)**	**30,929**	**(1,500)**	**34,289**	**25,095**	**3,547**
as of September 1, 2020	**9,032**	**(94,298)**	**30,929**	**(1,500)**	**34,289**	**25,095**	**3,547**
Charged to the income statement	(6,336)	(43,264)	22,520	735	12,963	9,118	(4,264)
Recognized in other comprehensive income	–	–	(2,154)	–	(5,716)	–	(7,870)
Effect of disposals	–	28	(28)	–	(1)	–	(1)
Currency translation effects	35	(1,758)	1,038	(25)	(613)	785	(538)
as of August 31, 2021	**2,731**	**(139,292)**	**52,305**	**(790)**	**40,922**	**34,998**	**(9,126)**

For fiscal year 2020/21, deferred tax expense recognized in other comprehensive income amounted to CHF 7.9 million (2019/20: deferred tax expense CHF 4.7 million), and this relates to remeasurement of defined benefit plans of CHF 2.7 million (2019/20: deferred tax expense of CHF 1.9 million) and to cash flow hedging reserves CHF 5.2 million (2019/20: deferred tax expense of CHF 2.8 million).

Recognized deferred tax assets and liabilities

The recognized deferred tax assets and liabilities, without setoff of balances within the same tax jurisdiction, are attributable to the following:

as of August 31,	2021			2020		
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	14,003	(11,272)	2,731	19,289	(10,257)	9,032
Property, plant and equipment/intangible assets	9,799	(149,091)	(139,292)	13,835	(108,133)	(94,298)
Other assets	58,585	(6,280)	52,305	41,738	(10,809)	30,929
Provisions	1,072	(1,862)	(790)	540	(2,040)	(1,500)
Other liabilities	67,119	(26,197)	40,922	48,135	(13,846)	34,289
Tax losses carried forward	34,998	–	34,998	25,095	–	25,095
Tax assets/(liabilities)	**185,576**	**(194,702)**	**(9,126)**	**148,632**	**(145,085)**	**3,547**
Setoff within same tax jurisdiction	(108,404)	108,404	–	(65,086)	65,086	–
Reflected in the balance sheet	**77,172**	**(86,298)**	**(9,126)**	**83,546**	**(79,999)**	**3,547**

Notes to the Consolidated Financial Statements

For fiscal year 2020/21, deferred tax assets amounting to CHF 0.0 million (2019/20: CHF 11.5 million) were recognized that are depending on future taxable profits in excess of existing taxable temporary differences for entities which suffered fiscal losses in the current period. Such fiscal losses in prior fiscal year 2019/20 were fully resulting from the economic impact of the COVID-19 crisis and did not recur in fiscal year 2020/21.

Tax losses carried forward excluded from recognition of related deferred tax assets

Tax losses carried forward not recognized as deferred tax assets have the following expiry dates:

as of August 31,	2021	2020
in thousands of CHF		
Expiry:		
Within 1 year	51	683
After 1 up to 2 years	1,020	114
After 2 up to 3 years	1,039	1,095
After 3 up to 10 years	11,120	6,733
After 10 years	305	241
Unlimited	376,287	406,955
Total unrecognized tax losses carried forward	**389,822**	**415,821**

Tax losses carried forward utilized during the year 2020/21 were CHF 38.7 million (2019/20: CHF 41.0 million). The related tax relief amounted to CHF 10.5 million, of which CHF 4.6 million were already recognized as a deferred tax asset in the previous year (2019/20: CHF 7.3 million of which CHF 4.4 million were already recognized as a deferred tax asset in the previous year) and CHF 5.9 million that were previously not recognized (2019/20: CHF 2.9 million).

As at August 31, 2021, the Group had unutilized tax losses carried forward of approximately CHF 531.1 million (2019/20: approximately CHF 516.7 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 141.2 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 35.0 million (2019/20: CHF 100.9 million recognized resulting in a deferred tax asset of CHF 25.1 million). The net increase of CHF 9.9 million in the deferred tax asset on recognized tax losses carried forward consists of CHF 13.7 million recognition of current year tax losses carried forward, CHF 4.6 million decrease resulting from utilization of tax losses already recognized as a deferred tax asset in prior year, CHF 0.0 million increase due to tax rate changes and CHF 0.8 million increase relating to currency translation adjustments.

Notes to the Consolidated Financial Statements

Accounting policies	
Taxes	Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on management fees and royalties received or paid are reported under "Other expenses". Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen. Income taxes are calculated in accordance with the tax regulations in effect in each country. Current and deferred tax liabilities and assets for uncertain tax positions according to IFRIC 23 are considered based on the probability of the related uncertain tax positions and measured based on the single most probable outcome or the weighted average expected outcome of the uncertain tax positions. The Group determines the expected income tax rate by weighing the applicable tax rates in the jurisdictions concerned based on the profit before taxes per jurisdiction. The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for the respective fiscal year. Deferred income taxes are recognized using the balance sheet liability method. Deferred income tax applies to all temporary differences arising between the tax values of assets and liabilities and their values in the Consolidated Financial Statements. The recoverability of deferred tax assets is assessed based on the availability of sufficient fiscal profitability in the future to absorb the future tax deduction of the related temporary differences or the related tax losses carried forward. Deferred tax liabilities related to the investments in subsidiaries and joint ventures are not recognized to the extent the Group is able to control the timing of the reversal of these temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

7 Other Disclosures

7.1 Other accounting policies

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the reporting date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as Cost of goods sold. Otherwise, foreign currency gains and losses are classified as Finance income and Finance expense.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs at reporting date rates of exchange. Income statement and cash flow statement are translated at the average rates of exchange for the period. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in other comprehensive income. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve is reclassified to the Consolidated Income Statement as part of the gain or loss on disposal.

Major foreign exchange rates

	2020/21		2019/20	
	Closing rate	Average rate	Closing rate	Average rate
BRL	0.1766	0.1699	0.1659	0.2077
EUR	1.0814	1.0861	1.0755	1.0753
GBP	1.2616	1.2377	1.2056	1.2265
MXN	0.0456	0.0446	0.0413	0.0464
RUB	0.0125	0.0121	0.0122	0.0142
USD	0.9170	0.9087	0.9038	0.9656
XOF/XAF (unit 1,000)	1.6486	1.6557	1.6396	1.6393

Government grants

Provided there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of property, plant and equipment and thus recognized in the Consolidated Income Statement on a straight-line basis over the useful life of the asset.

Other grants that compensate the Group for expenses incurred are deferred and recognized in the Consolidated Income Statement over the period necessary to match them with the costs they are intended to compensate.

7.2 Subsequent events

ECC Group acquisition

On June 24, 2021, Barry Callebaut announced the acquisition of two related companies, Europe Chocolate Company NV (ECC), a privately owned manufacturer of chocolate specialties and decorations and Flanders Quality Machines NV (FQM), a privately owned manufacturer of machinery for chocolate specialties and decorations. The companies began manufacturing specialty chocolate ingredients in 1993. They collectively operated a chocolate factory and a warehouse in Malle, Belgium, and employed about 70 people. The transaction, subject to several closing conditions, was successfully closed on September 1, 2021, and the Group acquired 100% of outstanding shares of the two companies.

This strategic acquisition expanded the Group's value-adding specialties capabilities, allowing Barry Callebaut to cater to the increasing demand of Food Manufacturers for highly customized specialty chocolate and decorations and expanded its specialized chocolate molding capabilities by allowing the Group to offer tailor-made solutions thanks to the advanced in-house developed technology.

The purchase consideration was composed of an upfront payment and deferred consideration based on the achievement of performance conditions. The upfront payment of CHF 22.4 million was paid on September 1, 2021 and is subject to customary purchase price adjustments. The acquisition-related costs amount to CHF 0.2 million, were expensed in current fiscal year and included in “Other expenses”.

The purchase price allocation could not be completed nor could a reasonable estimate be made since the final measurement of the assets and liabilities is still in progress.

Statutory Auditor's Report

To the General Meeting of Barry Callebaut AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Barry Callebaut AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 August 2021 and the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Valuation of Inventory

Derivative Financial Instruments and Hedge Accounting

Valuation of Goodwill

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventory

Key Audit Matter

Inventory forms a significant part of the Group's assets, amounting to CHF 2,043.3 million as of 31 August 2021.

Inventory consists of physical items and is managed globally by using own capacities, third party warehouses and logistics services providers.

Inventory is measured at the lower of cost and net realisable value, except for inventory that qualifies as the hedged item in a fair value hedge relationship (cocoa and non-cocoa commodities, semi-finished and finished products). These inventories are measured at cost, adjusted for the hedging gain or loss on the hedged item.

We focused on this area because of its size, the assumptions used in the valuation, volatility of raw material prices and the complexity of the supply chain, which are relevant when determining the amounts recorded, including the elimination of unrealized profits on inventory.

Our response

We have, amongst others, performed the following audit procedures:

- Obtaining an understanding over the supply chain and testing selected key controls over the recognition and measurement of inventory;
- Testing on a sample basis the accuracy of cost for inventory by verifying purchase prices and actual production costs, and testing the net realisable value by comparing actual cost with relevant market data;
- Testing on a sample basis the application and accuracy of hedge accounting and the underlying fair values;
- Evaluating the adequacy of the intercompany profit elimination on inventory and related derivative financial instruments by assessing the methodology applied based on our knowledge and understanding of the Group;
- Testing the model and recalculating the amounts used in determining the amounts of unrealised profits to be eliminated from inventory and related derivative financial instruments.

For further information on Inventory refer to the following:

- Notes to the Consolidated Financial Statements – 2.4 Inventories (page 74)

Derivative Financial Instruments and Hedge Accounting

Key Audit Matter

The Group reports derivative financial assets at fair value of CHF 290.6 million and derivative financial liabilities at fair value of CHF 350.9 million as of 31 August 2021.

Derivative financial instruments are used to manage and hedge commodity price risks, foreign currency exchange risks and interest rate risks. These instruments are typically designated in a fair value or cash flow hedge relationship. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value.

The fair value of the derivative financial instruments is based on quoted prices in active markets or on valuation models using observable input data.

We focused on this area because of the number of contracts and the complexity related to their measurement and related to hedge accounting.

Our response

We have performed, amongst other audit procedures, the following test work:

— Obtaining an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments;

— Reconciling derivative financial instruments data to third party confirmations;

— Comparing input data used in the Group's valuation models to independent sources and externally available market data;

— Comparing valuation of derivative financial instruments with market data or results from alternative, independent valuation models;

— Testing on a sample basis the application and accuracy of hedge accounting;

— Considering the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.

For our audit procedures in connection with eliminating unrealised profits on inventory and related derivative financial instruments, we refer to the Key Audit Matter "Valuation of Inventory".

For further information on Derivative Financial Instruments and Hedge Accounting refer to the following:

— Notes to the Consolidated Financial Statements – 3.7 Financial risk management (pages 87 to 108)

Valuation of Goodwill

Key Audit Matter

The Group reports goodwill totalling CHF 829.6 million as of 31 August 2021, arising from past business combinations.

Management has to assess goodwill for impairment on a yearly basis using a discounted cash flow model to determine the value in use of goodwill balances. This requires the use of a number of key assumptions and judgments, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied.

Furthermore, in case of business combinations occurring during the reporting period, management applies judgement in allocating the goodwill to the appropriate cash-generating units (CGUs).

We focused on this area in light of the amounts involved and the level of judgement and estimation required.

Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment testing, the appropriateness of the assumptions, and the methodology used by management to prepare its cash flow forecasts. We involved our own valuation specialists to support our procedures.

In particular, we performed the following:

— Gaining an understanding and assessing the reasonableness of business plans by comparing the assumptions to prior year;

— Comparing business plan data against budgets and the mid-term plan as approved by the Board of Directors;

— Recalculating independently the value in use;

— Challenging the robustness of the key assumptions used to determine the value in use, cash flow forecasts, long-term growth rates and the discount rates based on our understanding of the commercial prospects of the related CGUs and by comparing them with publicly available data, where possible;

— Conducting sensitivity analysis, taking into account the Group's historical forecasting accuracy; and

— Comparing the sum of net asset value to the market capitalisation of the Group.

We also considered the appropriateness of disclosures in the consolidated financial statements.

For further information on Goodwill refer to the following:

— Notes to the Consolidated Financial Statements – 2.3 Intangible assets (pages 71 to 74)

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Regula Tobler
Licensed Audit Expert

Zurich, 8 November 2021

Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year	2020/21	2019/20
in thousands of CHF		
Income		
Dividend income	150,000	100,000
License income	62,365	61,721
Management fees	47,304	45,040
Other finance income	4,327	1,645
Other operating income	3,260	118
Total income	**267,256**	**208,524**
Expenses		
Finance expense	(19,159)	(14,264)
Personnel expense	(72,054)	(47,680)
Other operating expense	(53,292)	(35,874)
Depreciation / impairment of property, plant and equipment	(657)	(721)
Amortization / impairment of intangible assets	(4,540)	(1,106)
Total expenses	**(149,702)**	**(99,645)**
Profit before taxes	**117,554**	**108,879**
Income taxes	(6)	(1,180)
Net profit for the year	**117,548**	**107,699**

Available earnings

in thousands of CHF	2020/21	2019/20
Available earnings as of September 1,	**1,440,794**	**1,475,805**
Dividends to shareholders (gross)	(120,715)	(142,710)
Net profit	117,548	107,699
Available earnings as of August 31,	**1,437,627**	**1,440,794**

Financial Statements of Barry Callebaut AG

Balance Sheet

Assets

as of August 31, in thousands of CHF	2021	2020
Current assets		
Cash and cash equivalents	732	605
Other short-term receivables		
Other short-term receivables from third parties	694	411
Other short-term receivables from Group companies	34,501	27,802
Short-term interest-bearing receivables from Group companies	15	–
Prepaid expenses and accrued income	910	159
Total current assets	**36,852**	**28,977**
Non-current assets		
Investments in Group companies	2,282,374	2,280,816
Property, plant and equipment	9,841	1,551
Intangible assets		
Trademarks	5	91
Patents/R&D Development projects	1,465	1,394
Other	208	269
Total non-current assets	**2,293,893**	**2,284,121**
Total assets	**2,330,745**	**2,313,098**

Liabilities and shareholders' equity

as of August 31, in thousands of CHF	2021	2020
Current liabilities		
Other short-term payables		
to third parties	6,874	6,524
to Group companies	16,603	13,723
Short-term interest-bearing loans from Group companies	255,943	222,635
Short-term provisions	30,294	30,082
Accrued expenses and deferred income		
to third parties	18,074	14,352
to Group companies	1,932	1,827
to shareholders	62	117
Total current liabilities	**329,782**	**289,260**
Non-current liabilities		
Long-term interest-bearing loans from Group companies	553,174	580,600
Long-term provision	7	–
Total non-current liabilities	**553,181**	**580,600**
Total liabilities	**882,963**	**869,860**
Shareholders’ equity		
Share capital	110	110
Legal capital reserves		
Reserves from capital contributions	39	39
Legal retained earnings		
General legal retained earnings	25,600	25,600
Voluntary retained earnings		
Available earnings		
Profit brought forward	1,320,079	1,333,095
Net profit for the year	117,548	107,699
Treasury shares	(15,594)	(23,305)
Total shareholders’ equity	**1,447,782**	**1,443,238**
Total liabilities and shareholders’ equity	**2,330,745**	**2,313,098**

Financial Statements of Barry Callebaut AG

Notes to the Financial Statements

1 Principles

1.1 General aspects
These financial statements have been prepared in accordance with the provisions of the Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Due to rounding, the figures presented in the tables may not add up precisely.

1.2 Investments
Investments are stated at historical costs less any allowance for impairment.

1.3 Treasury shares
Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the date of acquisition. In case of a resale of treasury shares, the gain or loss is recognized through the income statement as other finance income or finance expense.

1.4 Share-based payments
Should treasury shares be used for share-based payment programs for Board members and employees, the difference between the original acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

1.5 Short-term interest-bearing loans
Short-term interest-bearing loans are recognized on the balance sheet at nominal value.

1.6 Long-term interest-bearing loans
Long-term interest-bearing loans are recognized on the balance sheet at nominal value.

1.7 Revenue recognition for management fees and licence income
Management fees and license income are recorded as revenue when realized.

1.8 Foregoing a cash flow statement and additional disclosures in the notes
As Barry Callebaut AG has prepared its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS), the Company elected to forego presenting additional information on interest-bearing loans and audit fees in the notes as well as a cash flow statement in accordance with the law.

Financial Statements of Barry Callebaut AG

2 Information on balance sheet and income statement items

2.1 Prepaid expenses and accrued income

Short-term prepaid expenses and accrued income mainly consist of prepayments for future events, annual subscriptions and annual contributions for social securities.

2.2 Investments

as of August 31,					2021	2020
Name and domicile	Municipality of registration	Share capital		Purpose	Percentage of ownership[1]	
Barry Callebaut Belgium N.V., Belgium	BE-Lebbeke-Wieze	EUR	61,521,544	Production, sales	100%	100%
Barry Callebaut Services N.V., Belgium	BE-Lebbeke-Wieze	EUR	929,286,000	Centralized treasury, management services	100%	100%
Cabosse Naturals N.V., Belgium	BE-Halle	EUR	1,161,148	Research and development	100%	100%
Barry Callebaut Manufacturing Halle B.V.B.A, Belgium	BE-Halle	EUR	15,488,952	Production, sales	100%	100%
Barry Callebaut Sourcing AG, Switzerland	CH-Zurich	CHF	2,000,000	Sourcing	100%	100%
Barry Callebaut Schweiz AG, Switzerland	CH-Dübendorf	CHF	4,600,000	Production, sales	100%	100%
Cabosse Naturals Switzerland AG, Switzerland	CH-Zurich	CHF	1,000,000	Research and development	100%	100%
Barry Callebaut Management Services AG, Switzerland	CH-Zurich	CHF	100,000	Management services	100%	100%
Barry Callebaut Cocoa AG, Switzerland	CH-Zurich	EUR	81,515	Production, sales	100%	100%
C.J. van Houten & Zoon Holding GmbH, Germany	DE-Norderstedt	EUR	72,092,155	Holding	100%	100%
Tagungs- und Seminarzentrum Schloss Marbach GmbH, Germany	DE-Öhningen	EUR	1,600,000	Conference and training center	100%	100%
Barry Callebaut Nederland B.V., The Netherlands	NL-Zundert	EUR	21,435,000	Sales	100%	100%
Barry Callebaut Decorations B.V., The Netherlands	NL-Zundert	EUR	18,242	Production, sales	100%	100%
BC Nigeria Cocoa & Chocolate Limited, Nigeria	NG-Lagos	NGN	10,000,000	Dormant	1%	1%
ADIS Holding Inc., Panama	PA-Panama City	CHF	–	Liquidated	0%	100%

1 Capital rights (percentage of ownership) correspond with voting rights.

Barry Callebaut AG controls all entities of the Barry Callebaut Group either directly or indirectly through the above listed companies. All subsidiaries are listed in Note 5.3 – “Group entities” to the Consolidated Financial Statements of Barry Callebaut AG.

2.3 Short-term interest-bearing loans from Group companies

as of August 31,	Maturity	Interest	2021	2020
in thousands of CHF				
Short-term loan from Group companies	9/21/2020	1.106%	–	222,600
Short-term loan from Group companies	9/20/2021	0.459%	255,500	–
Bank overdraft from Group companies	n/a	0.465%	443	35
Total			**255,943**	**222,635**

Financial Statements of Barry Callebaut AG

2.4 Accrued expenses and deferred income

Accrued expenses and deferred income mainly consist of capital and income tax payables and accruals related to short-term incentives to employees.

2.5 Long-term interest-bearing loans from Group companies

as of August 31,	Maturity	Interest	2021	2020
in thousands of CHF				
Loan from Group companies	7/28/2025	1.1850%	15,000	15,000
Loan from Group companies	7/28/2025	1.0313%	18,216	36,500
Loan from Group companies	2/13/2026	0.7910%	11,000	11,000
Loan from Group companies	2/13/2026	1.5899%	69,000	69,000
Loan from Group companies	2/13/2026	1.9416%	115,000	115,000
Loan from Group companies	1/27/2027	1.1392%	50,534	58,600
Loan from Group companies	1/27/2027	1.7679%	5,000	5,000
Loan from Group companies	2/13/2027	1.4550%	21,000	21,000
Loan from Group companies	2/13/2027	0.9350%	110,000	110,000
Loan from Group companies	2/13/2027	1.7684%	67,000	67,000
Loan from Group companies	7/27/2028	1.3968%	48,424	49,500
Loan from Group companies	2/13/2029	1.0760%	10,000	10,000
Loan from Group companies	2/13/2029	2.4405%	13,000	13,000
Total			**553,174**	**580,600**

2.6 Lease commitments

The future non-cancellable lease commitments are related to a new lease agreement entered during the fiscal year 2020/21.

for the fiscal year	2020/21	2019/20
in thousands of CHF		
Future lease commitments		
within the next 5 years	7,753	5,680
more than 5 years	4,492	805
Total future lease commitments	**12,245**	**6,485**

2.7 Share capital and authorized capital

Share capital in the amount of CHF 109,777.16 consists of 5,488,858 registered shares at a par value of CHF 0.02 each.

2.8 Treasury shares

	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
Inventory as of September 1, 2019	–	–	–	–	**11,298**
Purchase	12	1,678	2,023	1,842	14,840
Allocations to Management	2	–	–	1,727	(11,111)
Allocations to Board members	1	–	–	–	(2,190)
Inventory as of August 31, 2020	–	–	–	–	**12,837**
Purchase	11	1,984	2,049	2,014	9,138
Allocations to Management	3	–	–	1,856	(12,546)
Allocations to Board members	1	–	–	–	(1,556)
Inventory as of August 31, 2021	–	–	–	–	**7,873**

As at balance sheet date, acquisition costs for directly held treasury shares amounted to CHF 15.6 million (previous year: CHF 23.3 million).

Financial Statements of Barry Callebaut AG

2.9 Dividend income

In the reporting year, dividend income amounted to CHF 150.0 million (previous year: CHF 100.0 million). The amount in this year was fully related to the dividend distributed by Barry Callebaut Sourcing AG, Switzerland for fiscal year 2019/20.

2.10 Other finance income

Other finance income consists mostly of foreign exchange and hedging gains.

2.11 License income

License income contains royalties from Group companies that are related to the usage of brands and trademarks.

2.12 Management fees

Barry Callebaut AG provides a wide variety of business support services for the benefit of its Group companies, such as management support services, information management services (i.e. information-technology-related services), accounting and finance, human resources, consulting, tax, and legal service.

2.13 Finance expense

for the fiscal year	2020/21	2019/20
in thousands of CHF		
Bank interest and charges	102	36
Interest to Group companies	10,975	9,020
Foreign exchange losses	8,082	5,208
Total	**19,159**	**14,264**

2.14 Other operating expense

for the fiscal year	2020/21	2019/20
in thousands of CHF		
Legal and consulting fees	10,403	10,885
Other expenses third parties	6,418	7,531
Cash contributions to subsidiaries	15,000	–
Assistance fees related parties	250	250
Assistance fees Group companies	21,221	17,208
Total	**53,292**	**35,874**

Financial Statements of Barry Callebaut AG

3 Other information

3.1 Full-time equivalents

In line with prior fiscal year, the average number of employees (full-time equivalents) of Barry Callebaut AG exceeded 50, but did not exceed 250.

3.2 Liens, guarantees and pledges in favor of third parties

- The Company is a co-debtor for bank loans of max. EUR 1,000.0 million (CHF 1,081.4 million; 2019/20: CHF 1,075.5 million) obtained by Barry Callebaut Services N.V., Belgium, on March 24, 2020, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,422.0 million less 35% withholding tax).
- The Company is also a co-debtor to the Senior Notes of USD 400.0 million (CHF 366.8 million; 2019/20: CHF 361.5 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013, to the Senior Notes of EUR 450.0 million (CHF 486.6 million; 2019/20: CHF 484.0 million) disbursed by Barry Callebaut Services N.V., Belgium, on May 24, 2016, as well as to Schuldscheindarlehen of EUR 467.0 million (CHF 505.0 million; 2019/20: 502.3 million) and CHF 152.0 million disbursed by Barry Callebaut Services N.V., Belgium, on February 13, 2019 , as well as to a private placement of EUR 60.0 million (CHF 64.9 million; 2019/20: CHF 64.5 million) disbursed by Barry Callebaut Services N.V., Belgium, on May 27, 2020, as well as to Schuldscheindarlehen of EUR 377.0 million (CHF 407.7 million; 2019/20: CHF 432.9 million) and CHF 20.0 million disbursed by Barry Callebaut Services N.V., Belgium, on July 27, 2020. The maximal liability is limited to the freely distributable retained earnings (CHF 1,422.0 million less 35% withholding tax).
- The Company issued several guarantees for various credit facilities granted to direct and indirect subsidiaries for an amount of up to CHF 1,384.8 million (2019/20: CHF 1,288.5 million).

3.3 Significant shareholders

The following shareholders hold a participation of more than 3% of the issued share capital of the Group’s ultimate parent Barry Callebaut AG:

as of August 31,	2021	2020
Jacobs Holding AG	30.1%	40.1%
Renata Jacobs	5.0%	5.0%
BlackRock, Inc.[1]	3.1%	3.1%

1 Based on notifications through the electronic publication platform of the SIX Swiss Exchange.

Financial Statements of Barry Callebaut AG

3.4 Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31,		2021	2020
Name	Function		
Patrick De Maeseneire	Chairman	2,175	1,750
Markus R. Neuhaus	Vice-Chairman; Chairman of the AFRQCC	469	256
Fernando Aguirre	Member of the NCC	973	820
Suja Chandrasekaran	Member of the NCC	n/a	180
Nicolas Jacobs[1]	Member of the AFRQCC	18,579	18,426
Elio Leoni Sceti	Member of the NCC	513	360
Tim Minges	Chairman of the NCC; member of the AFRQCC	1,368	1,215
Yen Yen Tan	Member of the NCC (since December 9, 2020)	–	n/a
Angela Wei Dong	Member of the AFRQCC	333	180
Total shares held by Board of Directors		**24,410**	**23,187**

1 Excluding the 30.1% participation held by Jacobs Holding AG (see Note 3.3 "Significant shareholders").

Shareholdings of the Executive Committee

Number of shares as of August 31,		2021	2020
Name	Function		
Antoine de Saint-Affrique	Chief Executive Officer (until August 31, 2021)	1,836	5,394
Peter Boone	President & CEO Americas	207	100
Ben De Schryver	Chief Financial Officer (since January 1, 2021)	330	150
Olivier Delaunay	Chief Operations Officer	264	144
Isabelle Esser	Chief Human Resources Officer	115	29
Andrew Fleming	Co-President EMEA	214	163
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet	425	311
Steven Retzlaff	President Global Cocoa	629	2,054
Remco Steenbergen	Chief Financial Officer (until December 31, 2020)	n/a	437
Rogier van Sligter	Co-President EMEA	78	n/a
Jo Thys	President APAC (since July 1, 2021)	253	n/a
Total shares held by Executive Committee		**4,351**	**8,782**

3.5 Shares granted to the Board of Directors and employees

	2020/21	2020/21	2019/20	2019/20
	Quantity	Value (CHF)	Quantity	Value (CHF)
Granted to members of the Board	1,266	2,443,380	1,830	3,658,170
Granted to employees[1] of Barry Callebaut AG and subsidiaries	5,655	12,386,681	5,439	11,698,106

1 Employees include all participants in the share plan of the Group including employees on the payroll of subsidiaries of which Barry Callebaut AG is the ultimate parent.

Financial Statements of Barry Callebaut AG

3.6 Significant events after the balance sheet date

On October 29, 2021, Barry Callebaut AG injected EUR 200 million of additional capital into the subsidiary Barry Callebaut Belgium N.V., Belgium. The transaction was approved by the Board of Directors on July 13, 2021.

There are no other significant events that would require any modification of the value of the assets and liabilities or additional disclosures after the balance sheet date.

3.7 Proposed appropriation of available earnings

in thousands of CHF	
Balance carried forward as of September 1, 2020	1,440,794
Dividend to shareholders (gross)[1]	(120,715)
Net profit	117,548
Voluntary retained earnings as of August 31, 2021	**1,437,627**
Treasury shares	(15,594)
Available retained earnings as of August 31, 2021	**1,422,033**
Proposed appropriation of available earnings by the Board of Directors	
Dividend of CHF 28.00 per share[2]	(153,688)
Balance carryforward	**1,268,345**

1 Resolution of the General Meeting of Shareholders as of December 9, 2020; payment excludes dividends on treasury shares.
2 The total dividend amount is calculated based on all outstanding registered shares (while payment of dividend for treasury shares held by the Group on payment date will be excluded).

The Board of Directors proposes to the 2021 Annual General Meeting a dividend of CHF 28.00 per share.

The dividend is expected to be paid on or around January 6, 2022.

KPMG

Statutory Auditor's Report

To the General Meeting of Barry Callebaut AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Barry Callebaut AG, which comprise the balance sheet as at 31 August 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accopanying financial statements for the year ended 31 August 2021 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

François Rouiller Licensed Audit Expert Auditor in Charge	Regula Tobler Licensed Audit Expert

Zurich, 8 November 2021

Governance

Corporate Governance

This Corporate Governance Report provides information on the Group's structure and shareholders, the Company's Board of Directors, its committees as well as the Executive Committee.

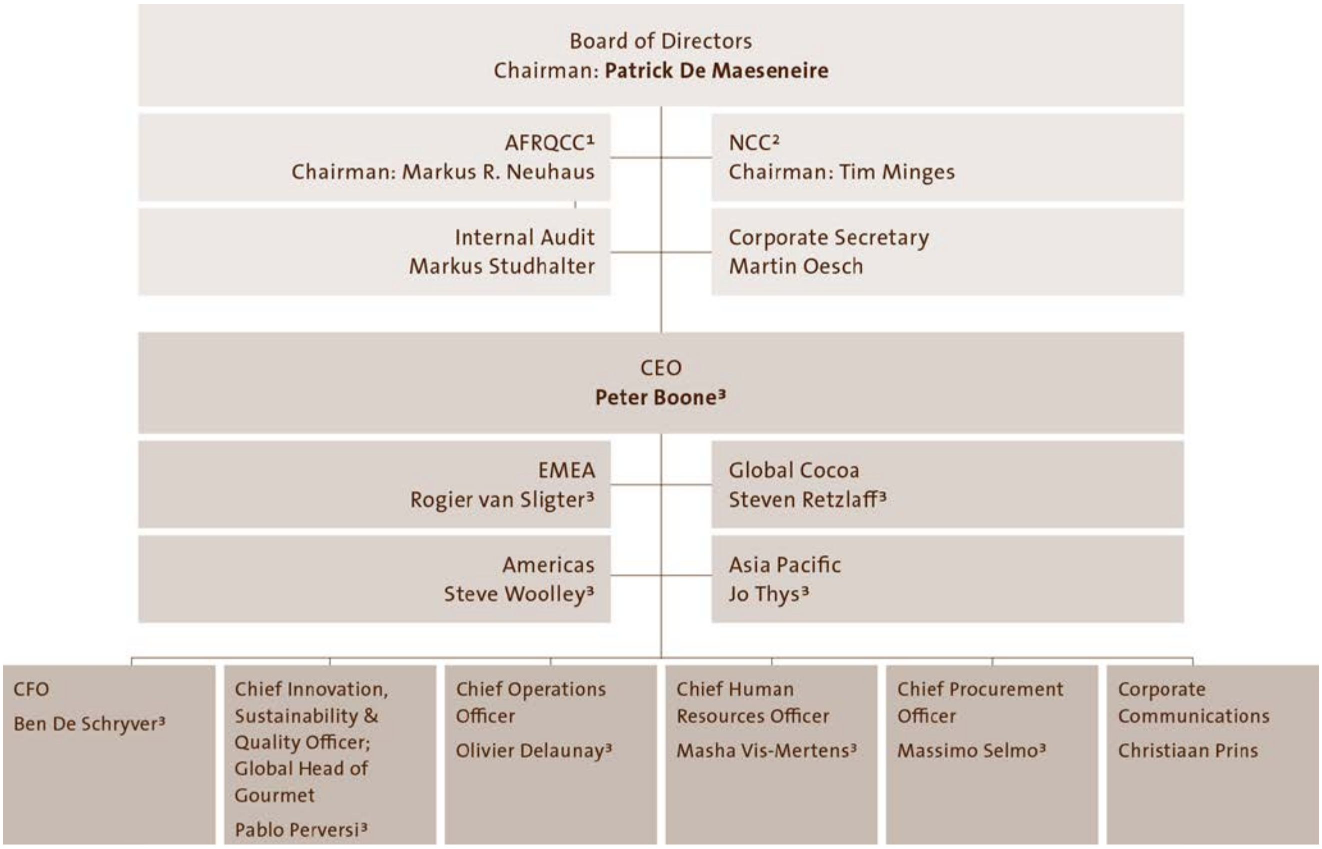
Barry Callebaut AG (the "Company" or "Barry Callebaut") and its subsidiaries (together the "Group") are committed to a high standard of corporate governance.

The principles and rules of corporate governance practiced by Barry Callebaut are laid down in the Articles of Incorporation, the Organizational Regulations of the Board of Directors and the Charters of the Board Committees. These are reviewed regularly by the Board of Directors (the "Board") and adapted as needed. This Corporate Governance Report adheres to the SIX Directive on Information Relating to Corporate Governance (DCG).

Group structure and shareholders

The Group is organized into three different geographic Regions: Region EMEA (Europe, Middle East and Africa), Region Americas and Region Asia Pacific. The globally managed Global Cocoa organization is reported as a separate segment, like a Region. The amounts reported under the respective Regions show all chocolate sales, while the amounts reported under Global Cocoa show all sales of cocoa products to third-party customers globally, i.e. in all geographic regions.

The Group's business can also be separated into three different product groups: Food Manufacturers, Gourmet & Specialties and Cocoa Products.



Organisational Chart as of the publication date of this Annual Report 2020/21.

1 Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC).
2 Nomination and Compensation Committee (NCC).
3 Member of the Executive Committee.

Corporate Governance Report

Barry Callebaut is incorporated under Swiss law and has its head offices at Hardturmstrasse 181, Zurich, Switzerland. The Company's shares are listed on the SIX Swiss Exchange in Switzerland (ISIN number: CH0009002962). As at August 31, 2021, the total number of issued shares in the Company was 5,488,858 and the market capitalization based on issued shares was CHF 12,811 million (August 31, 2020: CHF 10,978 million).

The principal subsidiaries of the Company are listed in Note 5.3 to the Consolidated Financial Statements. The significant shareholders of the Company are listed in Note 5.4 to the Consolidated Financial Statements, with Jacobs Holding AG as the reference shareholder holding 30.1% of the issued share capital (August 31, 2020: 40.1%).

The Company is not aware of any cross-shareholding agreements exceeding 5% of its capital or voting rights on both sides.

Capital structure

The information required by the DCG regarding the Company's capital structure is provided in Note 3.2 to the Consolidated Financial Statements. The Company has no convertible bonds outstanding.

The issued share capital is divided into 5,488,858 registered shares with a nominal value of CHF 0.02 each. All of the issued shares are fully paid up and are not subject to calls for additional payments of any kind.

The Company has one class of shares, which carries no right to a fixed dividend. There are no participation certificates or dividend-right certificates.

The Company does not have authorized or conditional share capital.

Board of Directors

The Board has the ultimate responsibility of directing, supervising and controlling the Company and the Group and their management as well as for supervising their compliance with applicable laws, rules and regulations. The Board establishes the strategic, accounting, organizational and financing policies to be followed, and appoints the Executive Committee, to which it has delegated the operational management of the Company. Besides its non-transferable and inalienable duties pursuant to Swiss corporate law, the Board has retained certain competencies as set forth in the Company's Organizational Regulations, which are available on the website of Barry Callebaut (www.barry-callebaut.com/about-us/investors/corporate-governance/functioning-board). Pursuant to the Company's Articles of Incorporation, no member of the Board may hold more than 15 additional mandates, of which no more than five may be in stock-exchange-listed companies.

As of the publication date of this Annual Report 2020/21, the Board consisted of eight non-executive members. Each member of the Board is elected by the shareholders of the Company at the Annual General Meeting of Shareholders for a term of office of one year and may be reelected for successive terms.

The composition of the Board of the Company as of the publication date of this Annual Report 2020/21, was as follows:

Name	Nationality	Member since	Function	AFRQCC	NCC
Patrick De Maeseneire	Belgian	2015	Chairman		
Markus R. Neuhaus	Swiss	2018	Vice-Chairman	Chairman	
Fernando Aguirre	US/Mexican	2013	Director		Member
Angela Wei Dong	Chinese	2018	Director	Member	
Nicolas Jacobs	Swiss	2012	Director	Member	
Elio Leoni Sceti	Italian	2017	Director		Member
Tim Minges	US	2013	Director	Member	Chairman
Yen Yen Tan	Singaporean	2020	Director		Member

Corporate Governance Report

Patrick De Maeseneire

Chairman, Belgian national

Patrick De Maeseneire (1957) was elected as Chairman of the Board of Directors of Barry Callebaut at the Annual General Meeting of Shareholders in December 2016. Previously, he had served as Vice-Chairman of the Board of Directors since December 2015.

Patrick De Maeseneire started his professional career in 1980 at Arthur Andersen. Between 1980 and 1997, he held executive positions at Wang, Apple Computer, and Sun International. He joined the Adecco Group in 1998, where he held leading positions both in Europe and in the US. From 2002 to 2009, Patrick De Maeseneire served as CEO of Barry Callebaut. In 2009, he returned to Adecco to become CEO of the Adecco Group, a position he held until August 2015.

On November 4, 2015, he was named CEO of Jacobs Holding AG, the reference shareholder of Barry Callebaut AG.

Patrick De Maeseneire also serves as Chairman of Cognita, a leading global private school group, and Colosseum Dental, a leading European/US dental care provider.

Patrick De Maeseneire earned a master's degree in Commercial Engineering at the Solvay Business School of Brussels University (VUB), Belgium, and a special license in Marketing Management at the Vlerick Leuven Gent Management School, Belgium. Patrick De Maeseneire also completed studies in Business Management at the London Business School and INSEAD, Fontainebleau, France.

In 2007, Patrick De Maeseneire was conferred the title of Baron by King Albert II of Belgium.

Corporate Governance Report

Markus R. Neuhaus

Vice-Chairman, Swiss national

Markus R. Neuhaus (1958) joined the Board of Barry Callebaut in 2018.

He spent his entire career at PwC, ultimately serving as Chairman of the Board of PwC Switzerland and member of the Supervisory Board of PwC Europe SE (Germany, the Netherlands, Belgium, Austria, Turkey, Switzerland) until 2019. Since 2012, he had been Chairman of the Board of Directors of PwC Switzerland. From 2007 to 2008 and 2010 to 2013, he was a member of the Global Network Executive Team and from 2013 to 2016 member of the office of the global PwC chairman. From 2005 until 2007, he was a member of the PwC Global Board. From 2007 to 2008, he was in charge of continental Europe. From 2003 until 2012, he held the position of CEO PwC Switzerland. From 1995 to 1998, he was Leader Tax and Legal Services Zurich, and in 1998 he took over the global leadership of M&A Tax Services. He joined PwC in 1985 and became a partner at PwC in 1992.

Markus R. Neuhaus is also a member of the Board of Galenica AG, Bâloise AG, Orior AG and Jacobs Holding AG.

Furthermore, Markus R. Neuhaus is Vice-Chairman and a member of the Executive Committee of the Foundation Board of Avenir Suisse, Chairman of the Finance and Tax Committee of economiesuisse, a member of the Foundation Board of ETH, Vice-Chairman of the Foundation Board of stars – Stein am Rhein Symposium for next generation leaders, and Vice-Chairman of the Zurich Chamber of Commerce.

Markus R. Neuhaus studied Law at the University of Zurich and received a doctorate degree in Law in 1988. He completed his second qualification as Certified Tax Consultant in 1990. He also attended various management courses at international business schools (Harvard, INSEAD, IMD).

Corporate Governance Report

Fernando Aguirre

Director, Mexican and US national

Fernando Aguirre (1957) joined the Board of Barry Callebaut in 2013.

He served as Chairman and CEO of Chiquita Brands International, Inc., a leading international food manufacturer, from 2004 to 2012. Prior to Chiquita, Fernando Aguirre worked in various management positions for more than 23 years at The Procter & Gamble Co., including President of Special Projects, President of the Global Feminine Care business unit, Vice President of Global Snacks and US Food Products business units, Vice President of Laundry & Cleaning Products, Latin America, and Regional Vice President, Latin America, North.

In November 2018, Fernando Aguirre became a member of the Board of Directors of CVS Health, a publicly traded Fortune 10 company mainly focused on health care, pharmaceutical, and health insurance. He serves on the Audit Committee and the Nominating & Governance Committee of CVS Health.

He was also elected to the Board of Directors of Synchrony Financial in July 2019, a premier Fortune 500 consumer financial services company, where he serves on the Compensation Committee and the Nominating & Governance Committee.

Previously, he served on the Board of Directors of Aetna, Inc., from 2011 to 2018, Levi Strauss & Co. from 2010 to 2014, Coca-Cola Enterprises from 2005 to 2010, and as a member of the International Board of the Juvenile Diabetes Research Foundation from 2006 to 2012.

At present, Fernando Aguirre is the owner and CEO of the Erie Sea Wolves professional baseball team, an affiliate of the Detroit Tigers. He is also Vice-Chairman of the Myrtle Beach Pelicans, an affiliate of the Chicago Cubs.

He holds a Bachelor of Science in Business Administration from Southern Illinois University Edwardsville and earned Harvard Business School graduate status in 2009.

Angela Wei Dong

Director, Chinese national

Angela Wei Dong (1973) joined the Board of Barry Callebaut in 2018.

She has served as Global Vice President and General Manager Greater China for Nike since 2015, with responsibility for a P&L of USD 6 billion revenue and more than 7,000 employees. She has deep expertise in finance, marketing and branding strategies for consumer goods in China and how to build a meaningful cooperation with the large Chinese e-business companies.

Angela Wei Dong joined Nike China in 2005 as a Finance Controller. From 2008 to 2011, she held several roles as Finance Planning and Analysis Director, Deputy Chief Financial Officer, Greater China, and then Global Vice President / Chief Financial Officer, Greater China. In 2015, she was named Global Vice President, Chief Financial Officer and General Manager of Territories, Greater China.

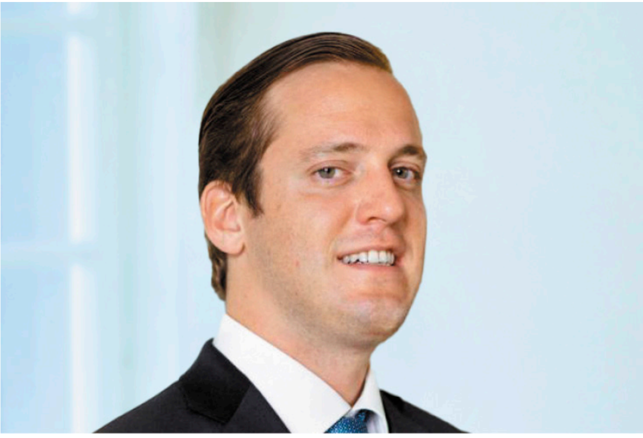
Before joining Nike, Angela Wei Dong worked in several management positions at Coca-Cola, British American Tobacco and Procter & Gamble.

Angela Wei Dong was named as one of the Most Powerful Businesswomen in China by Fortune in 2020 for the fourth consecutive time, and also honored as one of the Top 100 Businesswomen in China by Forbes China for the third consecutive time. In April 2020, Angela was listed as one of the 50 most influential business leaders in China by Fortune China.

Angela Wei Dong obtained a bachelor's degree in China and an MBA degree from the Kellogg School of Management, Northwestern University, in the US.

Corporate Governance Report

Nicolas Jacobs
Director, Swiss national



Nicolas Jacobs (1982) has served as a Board member of Barry Callebaut since 2012 and was previously Managing Director for Barry Callebaut's cocoa and chocolate operations in South America.

Nicolas Jacobs is the Managing Partner of an entrepreneurial investment company.

Nicolas Jacobs acts as the Executive Co-Chairman of Jacobs Holding AG, a professional investment company and reference shareholder of Barry Callebaut.

Nicolas Jacobs is a Board member of Cognita, a leading K-12 school group which is majority owned by Jacobs Holding AG.

Nicolas Jacobs started his career at Goldman Sachs and later served at Restaurant Brands International (RBI) as Senior Director for Global M&A and Development.

Nicolas Jacobs holds a Master in Law from the University of Zurich, a Master of Finance from London Business School and a Master of Business Administration from INSEAD in Fontainebleau.

Elio Leoni Sceti
Director, Italian national

Elio Leoni Sceti (1966) joined the Board of Barry Callebaut in December 2017.

Elio Leoni Sceti has over 30 years of experience in the consumer goods and media sectors. He is co-founder, Chairman and chief crafter of The Craftory, the first investment house for mission-driven challenger brands in Consumer Goods.

Elio Leoni Sceti is also Chairman of LSG Holdings and an independent non-executive director of beverage and brewing multinational Anheuser-Busch InBev and of food leader Kraft Heinz.

Elio Leoni Sceti is also a Trustee and a Counsellor of One Young World and is the Chairman of the UK Board of Room to Read, a charity promoting education and gender equality.

Elio Leoni Sceti was formerly CEO of Iglo Birdseye until June 2015, when he oversaw its sale to Nomad Foods. Previously, Elio Leoni Sceti was CEO of EMI Music from 2008 to 2010, and he earlier held senior leadership roles, firstly at Procter & Gamble and then at Reckitt Benckiser, where he served as CMO, global head of Innovation and then head of the European operations.

Elio Leoni Sceti holds a degree in Economics from LUISS in Rome, where he also passed the Dottore Commercialista post-graduate bar exam.

Corporate Governance Report

Tim Minges
Director, US national

Tim Minges (1958) joined the Board of Barry Callebaut in 2013.

He spent his entire career in the food industry, including 32 years at PepsiCo before retiring in 2016. Prior to retirement, Tim Minges was Executive Vice President Chief Customer Officer, PepsiCo North America Beverages, and a member of PepsiCo's Executive Committee. Prior to 2013, he was President and CEO of PepsiCo's operations in Greater China and President of PepsiCo Foods Asia Pacific. Prior to PepsiCo, Tim Minges worked as a CPA at Alexander Grant.

Tim Minges is engaged as an early stage investor in a variety of food and beverage start-ups in America and co-founder and Board member of Taokaenoi USA, a joint venture with Thailand's leading seaweed snack brand. Tim Minges is also a Board member of Tupperware Brands and Master Kong (Tingyi) Beverages, China's largest beverage company.

Tim Minges holds a Bachelor of Science in Accounting from Miami University, Oxford, Ohio, and has completed the PepsiCo Executive Development Program at Yale School of Management.

Yen Yen Tan
Director, Singaporean national

Yen Yen Tan (1965) joined the Board of Barry Callebaut in 2020.

Yen Yen Tan's executive career spans more than 30 years of senior level executive positions at multinational technology and telecom companies. Her last executive role was President Asia Pacific of Vodafone Group. She was previously Regional Vice President and Managing Director of Asia Pacific (South) for SAS Institute, Senior Vice President of Applications for Oracle Asia Pacific and Vice President and Managing Director for Hewlett-Packard Singapore (HP).

Yen Yen Tan has over ten years of independent board experience in several public companies in Singapore and Europe. She is currently a director of Singapore Press Holdings, ams OSRAM AG, OCBC Bank, Jardine Cycle & Carriage Ltd and InCorp Global (non public). Yen Yen Tan also volunteers as a form of giving back to Singapore and currently holds several independent advisory positions where she can contribute to causes close to her heart, for example STEM education, sports excellence, a vibrant start-up ecosystem, and gender diversity. For her contributions and distinguished services to Singapore,

Corporate Governance Report

she was appointed Justice of the Peace in 2018 by the President of the Republic of Singapore and awarded the distinguished country award of The Public Service Medal PBM (Pingat Bakti Masyarakat) in 2020. Yen Yen Tan helps to promote STEM education as the non-executive Chairman of the Science Centre Singapore and a member of the Board of Advisors of the National University of Singapore's School of Computing. Yen Yen Tan plays an active role in Singapore’s infocomm industry. She mentors early stage start-ups through her start-up fund TNF Ventures.

Yen Yen Tan has a degree in Computer Science from the National University of Singapore and an Executive MBA degree from the Helsinki School of Economics.

Corporate Governance Report

Functioning of the Board

The Board constitutes itself at its first meeting subsequent to the Company's Annual General Meeting of Shareholders, with the exception of the Chairman and the members of the Nomination and Compensation Committee (NCC), who are elected by the Annual General Meeting of Shareholders pursuant to the Articles of Incorporation and Swiss corporate law. The Board appoints the Vice-Chairman. It meets as often as business requires, but at least four times per fiscal year. The meetings usually take place in Zurich. If possible, the Board of Directors meets once per year at one of the Group sites and combines this meeting with a visit to the local operations. Typically, Board meetings last one full day.

During fiscal year 2020/21, the Board met six times. Due to COVID-19, all meetings were held by way of a video conference without physical attendance.

The Chairman invites the members of the Board to the meetings in writing, indicating the agenda and the motions for resolution thereto. The invitations are sent out at least ten business days prior to the meeting. Each member of the Board can request that the Chairman calls for a meeting without undue delay. In addition to the materials for Board meetings, the members of the Board receive monthly financial reports.

At the request of a member of the Board, members of the Executive Committee and the Management can be invited to attend Board meetings. The Board can determine that other third parties, for example external consultants, may attend part or all of the meetings. In the fiscal year under review, the Chief Executive Officer, the Chief Financial Officer and, depending on the agenda items, other members of the Executive Committee and Management of the Company were present at Board meetings and/or Committee meetings.

Resolutions are adopted by a simple majority of the members of the Board being present. Resolutions can also be adopted by unanimous circular decision. Resolutions adopted at Board meetings are documented through written minutes.

The Board is regularly informed of the course of business of the Company and the Group and about material events affecting the Company and the Group by the Chief Executive Officer. At meetings of the Board, every Board member may request information concerning all matters pertaining to the Company and the Group. Outside of meetings, any request for information by a member of the Board shall be submitted to the Chairman.

The Board has formed the following Committees:

Audit, Finance, Risk, Quality & Compliance Committee
Markus R. Neuhaus (Chairman), Angela Wei Dong, Nicolas Jacobs and Tim Minges

The role of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is to assist the Board in carrying out its responsibilities and make recommendations regarding the Group's accounting policies, financial reporting, internal controls, legal and regulatory compliance and quality management. The Board has not delegated any decision-making power to the AFRQCC.

In addition, the AFRQCC reviews the basic risk management principles and guidelines, the hedging and financing strategies as well as the bases upon which the Board determines risk tolerance levels and limits for exposures of raw material positions. For details on the financial risk management, see Note 3.7 to the Consolidated Financial Statements.

The AFRQCC further assists the Board in overseeing the external auditors. The AFRQCC recommends the external auditors for election, reviews the quality of their work, their qualification and independence, the audit fees, the external audit coverage, the reporting to the Board and the AFRQCC, and assesses the additional non-audit services as well as the annual financial statements and the notes thereto. The external auditors attended all six meetings of the AFRQCC in fiscal year 2020/21; furthermore, the Chairman of the AFRQCC met the lead external auditor six times outside of AFRQCC meetings.

The Company's Internal Audit Department reports to the Chairman of the AFRQCC. The AFRQCC reviews the performance of Internal Audit. The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's internal control system and the quality of performance in carrying out assigned responsibilities. Significant findings of Internal Audit as well as the respective measures of the Management are presented and reviewed in the AFRQCC meetings and, in material cases, in the meetings of the full Board. The AFRQCC reviews the annual plan of the Internal Audit Department based on a risk assessment. In the last fiscal year, the Internal Audit Department was supported on four projects by third-party experts.

Pursuant to the Group's "Compliance Committee and Whistleblowing Policy", the Compliance Committee, chaired by the Group Compliance Officer, evaluates and, as the case may be, investigates alleged violations of the Code of Conduct and the Group's policies under the supervision of the Chairman of the AFRQCC.

Corporate Governance Report

The Compliance Committee reports all pending cases to the AFRQCC on a regular basis.

The AFRQCC meets as often as business requires but at least three times per fiscal year. The meetings usually take place in Zurich. In the last fiscal year, the Committee met six times. Due to COVID-19, all meetings took place in the form of a video conference. The meetings lasted two to three hours.

Nomination and Compensation Committee
Tim Minges (Chairman), Fernando Aguirre, Elio Leoni Sceti and Yen Yen Tan

The Company's Nomination and Compensation Committee (NCC) is elected by the Annual General Meeting of Shareholders and advises the Board in determining and verifying the compensation strategy and regulations of the Group as well as in preparing the motions for the attention of the Annual General Meeting of Shareholders regarding the compensation of the Board and the Executive Committee. It also assists the Board in defining and monitoring the performance criteria, and it makes recommendations to the Board with respect to the selection, nomination, compensation, evaluation, and, when necessary, the replacement of key executives. The Board has not delegated any decision-making power to the NCC. The NCC establishes, jointly with the Chief Executive Officer, a general succession planning and development policy. The NCC reviews and recommends the remuneration to be paid to members of the Board and the Executive Committee. It also ensures a transparent Board and Executive Committee nomination process and evaluates potential conflicts of interest involving Management and members of the Board. The NCC monitors the developments of the regulatory framework for compensation of the top Management and the Board on an ongoing basis and develops suggestions for the respective adaptations of the Group's compensation system.

The NCC meets as often as business requires but at least three times per fiscal year. The meetings usually take place in Zurich. Last year, the NCC met five times. Due to COVID-19, all meetings took place in the form of a video conference. The meetings lasted two hours.

Executive Committee

The Executive Committee consists of nine functions and is headed by the Chief Executive Officer. No member of the Executive Committee may hold more than five additional mandates, of which no more than two may be in stock-exchange-listed companies.

The composition of the Executive Committee of the Company as of the publication date of this Annual Report 2020/21, was as follows:

Name	Function	Nationality	Member since
Peter Boone	Chief Executive Officer	Dutch	2012
Ben De Schryver	Chief Financial Officer	Belgian	2017
Olivier Delaunay	Chief Operations Officer	French	2019
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet	Spanish/Argentinean	2017
Steven Retzlaff	President Global Cocoa	US/Swiss	2008
Massimo Selmo	Chief Procurement Officer	Italian/Swiss	October 1, 2021
Rogier van Sligter	President EMEA	Dutch	May 1, 2020
Jo Thys	President Asia Pacific	Belgian	July 1, 2021
Masha Vis-Mertens	Chief Human Resources Officer	Dutch	October 1, 2021
Steve Woolley	President & CEO Americas	US	September 1, 2021

The Group announced a number of changes to the Executive Committee, as well as changes to the roles of several existing Executive Committee members. Peter Boone was appointed Chief Executive Officer, succeeding Antoine de Saint Affrique, with effect as of September 1, 2021, Steve Woolley was appointed President & CEO Americas, succeeding Peter Boone, with effect as of September 1, 2021. Ben De Schryver was appointed Chief Financial Officer, succeeding Remco Steenbergen, with effect as of January 1, 2021. Jo Thys was appointed President Asia Pacific, succeeding Ben De Schryver, with effect as of July 1, 2021. With effect as of October 1, 2021, Masha Vis-Mertens, succeeding Isabelle Esser, and Massimo Selmo were appointed to the roles of Chief Human Resources Officer and Chief Procurement Officer, respectively. Executive Committee member Rogier van Sligter was appointed sole President EMEA, with effect as of October 1, 2021. Isabelle Esser and Andrew Fleming stepped down from the Executive Committee effective as of September 30, 2021.

Corporate Governance Report

Peter Boone

Chief Executive Officer, Dutch national

Peter Boone (1970) is Chief Executive Officer of Barry Callebaut and was appointed to that role effective September 1, 2021. He has been a member of the Executive Committee of Barry Callebaut since 2012.

Peter Boone joined Barry Callebaut as Chief Innovation Officer and member of the Executive Committee in 2012. He assumed additional responsibility for Quality Assurance as of June 2013 and for Sustainability as of November 2015. In 2017, he took over the position of President & CEO Americas.

Peter Boone started his career at the Information Services division of ITT Corp., where he worked in various marketing roles. In 1996, he joined Unilever as a Strategy Analyst at the head office in Rotterdam, Netherlands. Peter Boone also held other positions at Unilever such as Global Vice President Brand Development at the Unilever Headquarters in Rotterdam, Netherlands, and Vice President Marketing & Sales Latin America Foods Solution based in São Paulo, Brazil. From 2010 to 2012, Peter Boone worked with Unilever as Chief Marketing Officer responsible for the marketing of all brands in all categories in Australia and New Zealand. He also was a member of the regional Executive Board.

Peter Boone studied Business Administration at Erasmus University in Rotterdam, Netherlands.

Corporate Governance Report

Ben De Schryver

Chief Financial Officer, Belgian national

Ben De Schryver (1974) was appointed Chief Financial Officer effective January 1, 2021, and has been a member of the Executive Committee of Barry Callebaut since September 1, 2017.

Ben De Schryver has been with Barry Callebaut in a variety of sales and finance roles since 1999. He started with Barry Callebaut in Belgium in 1999 and transferred to Singapore in 2002 as Chief Financial Officer Region Asia Pacific. He then relocated to Canada as Director Pricing & Customer Services in 2007, before moving on to the company's new regional head office in Chicago in 2009, where he last served as Chief Financial Officer Americas before being appointed President Asia Pacific as of September 1, 2016.

Ben De Schryver holds a bachelor's degree in Accounting from Hogeschool Gent in Ghent, Belgium.

Olivier Delaunay

Chief Operations Officer, French national

Olivier Delaunay (1963) was appointed to the position of Chief Operations Officer and member of the Executive Committee effective September 1, 2019. He joined Barry Callebaut in 2012 as Vice President OSCO (Operations and Supply Chain Organization) for Barry Callebaut's largest region EMEA (Europe, Middle East, Africa). He previously worked for the Group from 1987 to 1994: from 1987 to 1990 as Maintenance Manager at SIC Cacaos, the company's subsidiary in Cameroon, then from 1990 to 1994 as Project Manager in France, the Netherlands and the United States.

From 1994 to 2008, Olivier Delaunay served at Danone, the leading French food and beverage company: from 1994 to 2000, he was with the Danone Dairy division, first as Head of Engineering North Europe (France, Benelux, Nordics), then as Production Manager in Le Molay, France. In 2000, he joined the Danone Biscuit division, initially as Plant Manager for two LU production sites, then as Head of Continuous Improvement for 40 plants worldwide and finally served as Head OSCO for Italy, Germany, Benelux and the Nordics.

Olivier Delaunay holds a Master of Mechanical Engineering from ICAM in Lille, France.

Corporate Governance Report

Pablo Perversi

Chief Innovation, Sustainability & Quality Officer, Global Head of Gourmet, Spanish and Argentinean national

Pablo Perversi (1970) was appointed to the position of Chief Innovation, Sustainability & Quality Officer and Global Head of Gourmet, effective September 1, 2018. He has been a member of the Executive Committee of Barry Callebaut since September 1, 2017, serving as Chief Innovations & Quality and Sustainability officer for a year before assuming the additional responsibility for Global Gourmet.

Before joining Barry Callebaut, Pablo Perversi worked for Unilever as Vice President Foods Europe, a business made of more than 50 brands in Europe, serving 370 million consumers. In this position, he was also a Unilever Europe Executive Team member, a Global Foods Executive Team member and a Vice President for Culinaria Europe. From 2011 to 2014, he was Vice President Foods SEAA and Unilever SEAA Executive Team member.

Pablo Perversi started his career as a Trainee at Unilever in 1993 in finance and since then has had many different leadership positions for different category roles (Tea, Savoury, Spreads and Cooking, Frozen foods & IC) across the world (UK, Argentina and the Netherlands) as well as Sales and Country and Regional P&L roles (Spain, Mexico, the Netherlands and Singapore). During these years he has had a deep exposure to B2B as well as B2C in foodservice models. Pablo Perversi has also been advisor to the Minister for Sport in Argentina and has been involved in academia both teaching and collaborating with different universities and institutions.

Pablo Perversi is a member of the board of WBCSD Food & Nature Program as well as OP2B.

Pablo Perversi has two degrees in Industrial Engineering and Economics from the University of Birmingham. He holds an accreditation from Cambridge University in Sustainable Leadership as well as many courses done throughout his life.

Corporate Governance Report

Steven Retzlaff

President Global Cocoa, US and Swiss national

Steven Retzlaff (1963) was appointed President Global Cocoa (until August 2013 Global Sourcing & Cocoa) and member of the Executive Committee of Barry Callebaut in January 2008.

He joined Barry Callebaut in 1996 and has held various senior finance and general management positions with the company. He is Vice-Chairman and Treasurer of the World Cocoa Foundation and Member of the Board of Directors of the European Cocoa Association.

Steven Retzlaff holds a Bachelor of Arts in Economics from Whitman College, US.

Massimo Selmo

Chief Procurement Officer, Swiss and Italian national

Massimo Selmo (1965) was appointed Chief Procurement Officer and member of the Executive Committee of Barry Callebaut effective October 1, 2021.

Massimo Selmo joined Barry Callebaut in 1996 as CFO Barry Callebaut Italia (Milan offices) where he was responsible for the integration of Callebaut Italia Srl with Cocoa Barry Spa after the merger in July 1996.

Massimo Selmo assumed the role of Head of Global Sourcing in 1999, building a multicultural Global Sourcing team and embracing all direct (ingredients) and indirect spend. During these years, he promoted the creation of a market analysis team and leads a dedicated team sourcing sustainable ingredients. His passion for innovation is reflected in the continuous research of groundbreaking start-ups to collaborate with Barry Callebaut. Since 2016, he has been a member of the Board of Directors of MassChallenge Switzerland, a global start-up accelerator founded and supported by some of the major players in the food business arena. He is also a member of the Board of Aloja Starkelsen, one of the largest producers of organic potato starch globally.

Massimo Selmo's professional career began in 1992 with KPMG, Milan, Italy as senior auditor.

Massimo Selmo holds a master's degree in Business Administration from Università Commerciale Luigi Bocconi Milan, Italy, has completed the LEAP Leadership Executive Advanced Program (INSEAD Singapore) from INSEAD Business School and is a registered chartered auditor.

Corporate Governance Report

Rogier van Sligter

President EMEA, Dutch national

Rogier van Sligter (1973) was appointed President Region EMEA effective October 1, 2021, and has been a member of the Executive Committee since May 2020.

Rogier van Sligter joined Barry Callebaut in 2004 as a Sales Manager. Prior to that he had worked in different marketing roles for various companies after completing his studies. In 2008, Rogier van Sligter became Sales Director Benelux & Nordics. In 2012, he was promoted to Vice President Europe North. In August 2016, Rogier van Sligter was appointed Vice President EEMEA (Eastern Europe, Middle East, Africa), reporting to the President of Region EMEA and having full responsibility for the business development through expansion into new markets, strategic partnerships, outsourcing and M&A activities as well as team and talent development. He was promoted to Co-President EMEA in May 2020.

Rogier van Sligter holds a bachelor's degree in International Management from Haarlem Business School, Netherlands.

Jo Thys

President Asia Pacific, Belgian national

Jo Thys (1972) was appointed President Region Asia Pacific and member of the Executive Committee effective June 1, 2021.

Jo Thys started as a graduate trainee with Barry Callebaut in 1997 and held several positions in Operations in Region EMEA before moving to the US in 2006 as Vice President Operations and Supply Chain for Region Americas. He moved back to Europe in 2010, where, in his role as Vice President Operations and Supply Chain Global Cocoa, he supported in 2013 the integration of Delfi, the Cocoa Ingredients Division from Singapore-based Petra Foods, into the Group. Jo Thys was appointed Vice President Cocoa Africa in September 2017, adding the responsibility for Africa, Middle East and Turkey to his role in September 2020.

Jo Thys holds an Electromechanical Engineering degree from Group T University College of Leuven, Belgium.

Corporate Governance Report

Masha Vis-Mertens
Chief Human Resources Officer, Dutch national

Masha Vis-Mertens (1971) was appointed to the position of Chief Human Resources Officer and member of the Executive Committee effective October 1, 2021.

Masha Vis-Mertens joined Barry Callebaut in 2012 as Global Corporate Account Manager Operations and Supply Chain, assuming the role of Global Corporate Account Director in 2014. In 2017, Masha Vis-Mertens was appointed Vice President Human Resources EMEA. In this role, she focused on talent development and retention, creating a more collaborative culture and a well structured onboarding of new employees. From 2019 until October 2021, Masha Vis-Mertens served as Vice President Operations and Supply Chain EMEA. Before joining Barry Callebaut, she worked at Cargill in a variety of supply chain roles.

Masha Vis-Mertens holds a bachelor’s degree in French and Russian and a master’s degree in European Studies from the University of Amsterdam, the Netherlands, as well as an executive master’s degree in International Supply Chain Management from the University of Louvain-la-Neuve, Belgium.

Steve Woolley
President & CEO Americas, US national

Steve Woolley (1968) was appointed to the position of President & CEO Americas and as a member of the Executive Committee effective September 1, 2021.

Steve Woolley has been with Barry Callebaut in a variety of sourcing and sales roles since 2006 until his appointment as Vice President Sourcing for Region Americas in 2012. In 2017, strategic initiatives have been added to his responsibilities. Steve was subsequently appointed Vice President & General Manager Global Accounts in 2018, responsible for the partnerships with the Group’s largest corporate customers in North America. Before joining Barry Callebaut, he worked at Russell Stover Chocolates, the third largest American chocolate manufacturer.

Steve Woolley holds a bachelor’s degree in Business Administration from the University Missouri-Kansas City, US.

Corporate Governance Report

Shareholders' participation

Each share of the Company carries one vote at the General Meetings of Shareholders. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights.

Shareholders may register their shares in the name of a nominee approved by the Company and may exercise their voting rights by giving instructions to the nominee to vote on their behalf. However, a nominee holding more than 3% of the share capital will be registered as nominee for shareholders with voting rights only if it discloses the identity of each beneficial owner of shares claiming 0.5% or more of the share capital. No nominee holding more than 8% of the share capital may be registered as a shareholder with respect to the excess shares. The Board may, however, on a case-by-case basis, permit some or all of the excess shares to be registered with voting rights. In the last fiscal year, no such exception was requested.

A resolution passed at the General Meeting of Shareholders with a majority of at least two thirds of the shares represented at such meeting is required to change the restrictions on the transferability of registered shares. Shareholders may be represented at the General Meeting of Shareholders by their respective legal representative, another shareholder or the independent proxy pursuant to the "Ordinance against Excessive Compensation at Listed Companies" (OaEC). The Articles of Incorporation follow the majority rules and the provisions on convocation prescribed by the Swiss Code of Obligations concerning general meetings of shareholders. Shareholders with registered voting rights who together represent at least 0.25% of the share capital or of the votes may call for the inclusion of an item on the agenda. Such request for inclusion must be made in writing at least 60 days prior to the date of the General Meeting of Shareholders setting forth the items to be included on the agenda and the motions put forward by the shareholders.

Notice of the General Meeting of Shareholders is given by way of one-time publication in the Company's official publication organ (Swiss Official Gazette of Commerce, "Schweizerisches Handelsamtsblatt"). Shareholders registered in the share register with voting rights at the date specified in the invitation may additionally receive an invitation to the General Meeting of Shareholders in writing. Furthermore, the Company offers its shareholders the opportunity to register with the online platform Sherpany and thus the possibility to submit their voting instructions to the independent proxy in an efficient manner. The published disclosures on significant shareholders of the Company are accessible via the disclosure platform of SIX Exchange Regulation: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Change of control and defense measures

According to the Swiss Stock Exchange and Securities Trading Act, an investor who acquires 33⅓% or more of all voting rights in the Company has to submit a take-over offer for all shares outstanding. The Company has not elected to change or opt out of this rule.

There are no change of control clauses in the employment contracts with the members of the Board or of the Executive Committee.

Blackout periods

The Company's regular blackout periods commence on the first day of a month following the end of a fiscal quarter (i.e. December 1, March 1, June 1 and September 1) and last until and including the date of publication of the Group's respective financial results (i.e. 3-Month Key Sales Figures, Half-Year Results, 9-Month Key Sales Figures and Full-Year Results). The blackout periods apply to all members of the Board and the Executive Committee as well as to all members of the Management and Group employees who have access to and/or are involved in the preparation of the consolidated Group financial results and reports, including but not limited to certain employees within Group Finance.

External auditors

At the Annual General Meeting of Shareholders of the Company held on December 9, 2020, the shareholders voted to re-elect KPMG, Zurich, as statutory auditors.

The statutory auditors are appointed annually by the General Meeting of Shareholders for a term of office of one year. The current lead auditor in charge has exercised this function since fiscal year 2014/15. Pursuant to the Swiss Code of Obligations, the lead auditor in charge may exercise her/his role for a maximum of seven years. As a consequence, the current lead auditor in charge has exercised his function for the last time for fiscal year 2020/21. A new lead auditor has been appointed for fiscal year 2021/22.

For fiscal year 2020/21, the remuneration for the audit of the accounting records and the financial statements of the Company, the audit of local statutory financial statements and the audit of the Group's Consolidated Financial Statements amounted to CHF 2.4 million. The remuneration was evaluated by the AFRQCC in view of the scope and the complexity of the Group. The performance

Corporate Governance Report

of the auditors is monitored by the AFRQCC, to which the auditors present a detailed report on the result of the audit of the Group. Prior to the presentation to the AFRQCC, the lead auditor in charge reviews the audit findings with the Chairman of the AFRQCC without the presence of any members of the Management.

KPMG received a total amount of CHF 0.3 million for additional services, i.e. for transaction and other advisory services (including due diligence). Adequate measures for the avoidance of potential conflicts of interests between the different services provided by KPMG were observed.

Information policy

The Company is committed to continuous and open communication with its shareholders, potential investors and other stakeholders based on the principles of transparency and equal treatment, i.e. simultaneous provision of price-sensitive information and no selective disclosure.

The Group provides detailed information on its business activities and financial performance in its quarterly reports and press releases, at conferences for media and financial analysts as well as at the Annual General Meeting of Shareholders. Further, representatives of the Group regularly meet (current and potential) investors in personal meetings and present the Company and the Group at industry events and investor conferences.

Presentations are also made available on the Group's website, which is updated continuously. The financial calendar for fiscal year 2021/22 and related contacts are published on page 183.

The published media releases of Barry Callebaut are accessible via: www.barry-callebaut.com/en/group/media/news-stories.

To subscribe to the Group's electronic news alerts, please go to: www.barry-callebaut.com/en/group/media/subscribe-news.

Remuneration Report

Dear Shareholders,

On behalf of the Nomination & Compensation Committee (NCC), I am pleased to share with you the Remuneration Report for the fiscal year 2020/21. This Remuneration Report has been prepared in accordance with the "Ordinance against Excessive Compensation in listed Companies" (OaEC), Art. 663c paragraph 3 of the Swiss Code of Obligations and the Corporate Governance Directive issued by SIX Exchange Regulation.

In fiscal year 2020/21, the Group has returned to its healthy growth path, with good profitability and strong cash flow generation. The volume was up +4.6% and EBIT grew by +20.8% in local currencies against prior year reported EBIT. Free cash flow amounted to CHF 355 million.

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

During the reporting year, changes to the Executive Committee occurred with the appointment of Ben De Schryver as Chief Financial Officer on January 1, 2021, succeeding Remco Steenbergen, who left the company, and the appointment of Jo Thys as President Asia Pacific on July 1, 2021, replacing Ben De Schryver. Antoine de Saint-Affrique stepped down as a CEO on August 31, 2021, and is proposed for election to the Board of Directors at the Annual General Meeting 2021. Thanks to our strong and well-established talent pool, the vacancies were filled with experienced internal candidates promoted from within or to the Executive Committee.

After an extensive review of the remuneration programs applicable to the Board of Directors and to the Executive Committee, the NCC decided to implement the following changes to the compensation programs in order to better align with prevalent market practice:

- Board of Directors: The allocation of restricted shares is based on a fixed monetary amount instead of a fixed number of shares. This change was implemented as of the Annual General Meeting 2020.
- Executive Committee: The long-term incentive plan will be awarded exclusively in form of Performance Share Units (PSU) starting in fiscal year 2022/23.

In addition to the review of the remuneration programs, the NCC performed its regular activities throughout the year, such as the succession planning for the positions on the Board of Directors and on the Executive Committee, the performance goal setting at the beginning of the financial year and the performance assessment at financial year end for the Executive Committee members, the determination of the remuneration of the members of the Executive Committee, as well as the preparation of the Remuneration Report and of the say-on-pay vote at the Annual General Meeting of Shareholders.

You will find further information on the activities of the NCC and on Barry Callebaut's remuneration programs on the following pages.

At the Annual General Meeting of Shareholders 2021, we will request your approval of the total remuneration amount to be awarded to the Board of Directors for the period until the following Annual General Meeting of Shareholders, the maximum aggregate amount of fixed remuneration to be awarded to the Executive Committee in fiscal year 2022/23, and the maximum aggregate amount of variable remuneration awarded to the Executive Committee in fiscal year 2020/21. Additionally, you will have the opportunity to express your opinion on this Remuneration Report in a consultative vote. You will find in the report that the remuneration awarded to the Board of Directors for the compensation period ending with the Annual General Meeting of Shareholders 2021 and the fixed remuneration awarded to the Executive Committee in 2020/21 are within the limits approved at the Annual General Meeting of Shareholders 2020 and Annual General Meeting of Shareholders 2019.

Looking ahead, we will continue to assess and review our compensation programs to ensure that they are still fulfilling their purpose in the evolving context in which the company operates. We will pursue an open and active dialogue with our shareholders as we continue to enhance the compensation system. We are confident that this report includes all relevant information and that our remuneration system rewards performance in a balanced and sustainable manner and aligns well with shareholders' interests.

Tim Minges
Chairman of the NCC

Remuneration Report

Remuneration at a glance

Summary of current remuneration system Board of Directors

In order to ensure their independence in the performance of their supervisory function, members of the Board of Directors only receive a fixed remuneration in the form of cash and shares; the latter are blocked for three years. Since the Annual General Meetings of Shareholders (AGM) 2020, the remuneration in shares has been allocated based on a fixed monetary amount instead of a fixed number of shares.
The remuneration system for the Board of Directors does not contain any performance-related components.

	Cash	Shares	
Annual compensation	in CHF	number of shares, until AGM 2020	amount in CHF, since AGM 2020
Chairman	400,000	500	700,000
Vice-Chairman	200,000	250	350,000
Member	100,000	180	250,000
Committee Chair	40,000		
Committee Member	25,000		

Remuneration in 2020/21 Board of Directors

The remuneration awarded to the Board of Directors in fiscal year 2020/21 is within the limits approved by the shareholders at the Annual General Meetings of Shareholders (AGM):

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2019 – AGM 2020	2,200,000 + 2,190 shares	1,883,180 + 1,556 shares
AGM 2020 – AGM 2021	2,000,000 + 2,550,000 in shares	To be determined*

* The compensation period is not yet completed, a definitive assessment will be provided in the Remuneration Report for fiscal year 2021/22.

Changes from 2021 onwards

No further changes to the remuneration of the Board of Directors are currently planned.

Summary of current remuneration system Executive Committee

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

- Base salary forms the fixed remuneration.
- Variable remuneration drives and rewards best-in-class performance based on ambitious and stretched targets. It consists of short-term, long-term elements and benefits.

Base salary	Pay for the function
Benefits	Cover retirement, death and disability risks, attract & retain
Short-Term Incentive	Drive and reward annual performance, attract & retain
Long-Term Incentive (LTIP)	Drive and reward long-term performance, align with shareholders' interests, retain

Executive Committee members are subject to minimum shareholding requirements (CEO 300%, other members 200% of annual base salary).

Remuneration in 2020/21 Executive Committee

The fixed remuneration awarded to the Executive Committee in fiscal year 2020/21 is within the limits approved by the shareholders at the Annual General Meetings of Shareholders (AGM):

Compensation period	Approved amount (CHF)	Effective amount (CHF)
Fiscal year 2020/21	6,700,000	5,366,377

Short-term performance achievement fiscal year 2020/21

CEO: 131.2% of target; other current members of the Executive committee in the range of 100.0% to 135.1% of target.

Changes from fiscal year 2022/23 onwards

The long-term incentive will be exclusively awarded in form of Performance Share Units.

Remuneration policy and principles

In order to ensure the company's success and to maintain its position as market leader, it is critical to attract, develop and retain the right talents. Barry Callebaut's remuneration programs are designed to support this fundamental objective and are based on the following principles:

- We reward performance and share the Company's success;
- We act with fairness and transparency;
- We offer competitive remuneration;
- We share responsibility with our employees;
- We encourage employee development.

Compensation governance

- Authority for decisions related to remuneration are governed by the Articles of Incorporation of Barry Callebaut AG.
- The maximum aggregate amounts of remuneration of the members of the Board of Directors and of the Executive Committee are subject to a binding vote at the Annual General Meeting.
- In addition, the Remuneration Report for the preceding period is subject to a consultative vote at the Annual General Meeting.
- The Board of Directors is supported by the NCC in preparing all compensation-related decisions regarding the Board of Directors and the Executive Committee.

Remuneration Report

This Remuneration Report describes the fundamental principles of the remuneration system at Barry Callebaut as well as the governance framework related to remuneration decisions. The report provides details on the remuneration of the members of the Board of Directors and the Executive Committee related to fiscal year 2020/21. Shareholdings of the members of the Board of Directors and the Executive Committee are also disclosed (reproduction of Note 3.4 to the Financial Statements of Barry Callebaut AG).

The Remuneration Report has been prepared in accordance with the "Ordinance against Excessive Compensation in listed Companies" (OaEC), Art. 663c paragraph 3 of the Swiss Code of Obligations and the Corporate Governance Directive issued by SIX Exchange Regulation.

Remuneration philosophy and principles

The remuneration philosophy and principles are laid out in the Total Reward Policy that was adopted by the Board of Directors in fiscal year 2014/15. Reward programs strengthen the Group's ability to attract and retain talented individuals and support the employees' on-going career development within the Company. Barry Callebaut believes that the commitment and performance of its executives, managers and employees should be rewarded, balancing both the success of Barry Callebaut as a Company and the individual's contribution. Barry Callebaut fosters a performance-oriented culture and uses an annual Performance Management and Development Process (PMDP) to monitor and assess the contributions of all employees to the achievement of business results as well as to their personal and professional development.

The remuneration principles are summarized below:

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

Governance related to remuneration

Pursuant to the OaEC as implemented in the Company's Articles of Incorporation (Article 30), the Annual General Meeting of Shareholders votes on the total remuneration of the members of the Board of Directors and the Executive Committee. The Annual General Meeting of Shareholders votes on the motions of the Board of Directors on an annual basis and with binding effect with regard to:

a) The aggregate maximum amount of the remuneration of the Board of Directors for the forthcoming term of office.
b) The aggregate maximum amount of the fixed remuneration of the Executive Committee for the forthcoming fiscal year.
c) The aggregate maximum amount of the variable remuneration of the Executive Committee for the past fiscal year.

The Annual General Meeting of Shareholders votes separately on the aggregate remuneration of the Board of Directors and the Executive Committee.

The Board of Directors reports to the Annual General Meeting of Shareholders on the remuneration system and the actual remuneration for the past fiscal year in the Remuneration Report. The Remuneration Report is subject to a consultative vote by the Annual General Meeting of Shareholders.

Further, the Articles of Incorporation include the remuneration principles applicable to the Board of Directors and to the Executive Committee. Those provisions can be found and downloaded as a PDF under: https://www.barry-callebaut.com/en/group/investors/corporate-governance and include:

- Principles of remuneration of the Board of Directors (Articles 32 and 33);
- Principles of remuneration of the Executive Committee (Articles 32 and 34);
- Additional amount for new members of the Executive Committee (Article 31);
- Credits and loans (Article 35).

The Board of Directors of Barry Callebaut entrusted the NCC with providing support in evaluating and reviewing the remuneration strategy and plans, in proposing the individual remuneration packages for the Board of Directors, the members of the Executive Committee and

Remuneration Report

other key members of the Management and in preparing the remuneration proposals to the Annual General Meeting of Shareholders. The Board of Directors has not delegated any decision-making power to the NCC, therefore remuneration decisions are taken by the full Board of Directors based on recommendations of the NCC.

In the reporting year, the NCC met five times according to the standard annual meeting schedule below.

NCC	Standard agenda items	Sept	Nov	Dec	Apr	July
Compensation	Confirmation of relevant benchmarking peer group			x		
	Benchmarking analysis of ExCo compensation (every 2nd year)					x
	Determination of individual LTI grants of ExCo and all other participants					x
	Determination of performance and vesting level of LTI					x
	Determination of individual ExCo target compensation	x				
	Determination of performance achievement under STI plan and related payouts for CEO and ExCo members		x			
	Determination of performance criteria for STI for ExCo		x			
	Benchmarking analysis of Board compensation (every 2nd year)					x
	Determination of Board compensation for following term					x
Nomination	Review of talent management ExCo: calibration, succession planning, individual development plans					x
	Update on personnel changes in key positions	x	x	x	x	x
	Update on key human resources initiatives (diversity, engagement)	x	x	x	x	x
	Review of structure & composition of the Board (profiles, skills sets) and review of potential candidates to the Board	x	x			
Governance	Preparation and review of compensation report, review of shareholders' feedback post-AGM and considerations for future disclosure	x	x		x	
	AGM preparation: preparation of say-on-pay votes		x			
	NCC self-evaluation			x		
	Annual governance and legislative update			x		
	Review of NCC charter and determination of NCC agenda items for term of office				x	

In the previous year, the NCC initiated an extensive review of the remuneration programs applicable to the Board of Directors and to the Executive Committee, which was completed in the reporting year. The findings and decisions taken by the Board of Directors are described in the sections "Remuneration of the Board of Directors" and "Remuneration of the Executive Committee" below.

Furthermore, the NCC performed its regular activities throughout the year, such as the determination of the remuneration of the Board of Directors and Executive Committee as well as the preparation of the Remuneration Report and of the say-on-pay motions for submission to the Annual General Meeting of Shareholders.

The Chairman of the NCC reports to the Board of Directors after each meeting on the activities of the NCC. The minutes of the NCC meetings are available to all members of the Board of Directors. As a general rule, the Chairman of the Board of Directors and the CEO attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation and/or performance are being discussed.

The NCC may decide to consult an external advisor from time to time for specific compensation matters. In the reporting year, a company specialized in executive compensation in Swiss listed companies was engaged to provide independent advice on specific compensation and governance matters. This company has no other mandate with Barry Callebaut.

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

The General Meeting of Shareholders of December 2020 has elected the following members to the NCC:

Name	Nationality	Member of the NCC since
Tim Minges (Chairman)	US	2018
Fernando Aguirre	Mexican/US	2013
Elio Leoni Sceti	Italian	2018
Yen Yen Tan	Singaporian	2020

Remuneration Report

Remuneration of the Board of Directors

In order to reinforce the independence of the Board in exercising its supervisory duties towards executive management, the remuneration of its members is not linked to any performance criteria.

The remuneration of the Board of Directors is reviewed annually and determined at the discretion of the Board of Directors. The last benchmarking analysis was conducted in the fiscal year 2019/20 on the basis of Swiss listed companies of similar size and complexity including the following companies: Adecco, AMS, Clariant, Dufry, EMS Chemie, Geberit, Lindt, Logitech, Sika, Sonova, Straumann, Temenos, Vifor Pharma.

The remuneration of the Board of Directors consists of fixed compensation in cash and a grant of Barry Callebaut AG shares blocked for a period of three years after vesting. The fixed compensation in cash amounts to CHF 400,000 for the Chairman of the Board of Directors, CHF 200,000 for the Vice-Chairman, CHF 140,000 for members chairing a Board Committee, CHF 125,000 for members participating in a Board Committee and CHF 100,000 for the other members. The compensation in cash is paid out in quarterly instalments. Since the Annual General Meeting of Shareholders 2020, the remuneration in shares is allocated based on a monetary amount, instead of a fixed number of shares, and amounts to CHF 700,000 for the Chairman, CHF 350,000 for the Vice-Chairman and CHF 250,000 for the other members of the Board of Directors. The number of shares to be granted is calculated by dividing the monetary amount by the three month average share price preceding the beginning the term of office; they are allocated at the end of the term of office and are blocked for three years.

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

Annual compensation	Cash (amount in CHF)	Shares (amount in CHF)
Chairman	400,000	700,000
Vice-Chairman	200,000	350,000
Member	100,000	250,000
Committee Chair	40,000	
Committee Member	25,000	

Board members do not receive any lump-sum payments for expenses. The remuneration of the members of the Board of Directors is subject to the mandatory social security contributions. Pursuant to the Articles of Incorporation, the members of the Board of Directors may in principle be eligible for pension fund contributions by the Company. However, in fiscal year 2020/21 no such contributions were made.

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

At the Annual General Meeting of Shareholders 2019, the shareholders approved a maximum aggregate amount of CHF 2,200,000 and 2,190 shares for the Board of Directors for the remuneration period from the Annual General Meeting of Shareholders 2019 until the Annual General Meeting of Shareholders 2020. The remuneration paid for this term of office amounts to CHF 1,883,180 and 1,556 shares and is therefore within the limit approved by the shareholders.

At the Annual General Meeting of Shareholders 2020, the shareholders approved a maximum aggregate amount of CHF 2,000,000 in cash and CHF 2,550,000 in shares for the Board of Directors for the remuneration period from the Annual General Meeting of Shareholders 2020 until the Annual General Meeting of Shareholders 2021.

The remuneration effectively paid for the portion of this term of office included in this Remuneration Report (that is, from January 1, 2021, until August 31, 2021) is within the limit approved by the shareholders.

A conclusive assessment for the entire period will be included in the Remuneration Report 2021/22.

During fiscal year 2020/21, no compensation was paid to former members of the Board of Directors. No compensation was paid to parties closely related to members or former members of the Board of Directors.

During fiscal year 2020/21, no loans or credits were granted to members of the Board of Directors, former members of the Board of Directors nor to related parties. As of August 31, 2021, there were no outstanding loans or credits to members of the Board of Directors, to former members nor to related parties.

Remuneration Report

Remuneration of the Board of Directors for fiscal year 2020/21 (audited figures)

in CHF

Board Member	Compensation fix	Other compensation[1]	Total cash-related remuneration	Number of shares[2]	Value of shares[3]	Total remuneration 2020/21
Patrick De Maeseneire Chairman/Delegate	400,000	155,033	555,033	375	749,858	1,304,891
Markus R. Neuhaus Vice-Chairman Chairman of the AFRQCC[4]	240,000	83,697	323,697	188	375,262	698,959
Fernando Aguirre Member of the NCC[5]	125,000	–	125,000	134	268,616	393,616
Suja Chandrasekaran[6] Member of the NCC[5]	41,666	22,944	64,610	51	101,949	166,559
Nicolas Jacobs Member of the AFRQCC[4]	125,000	54,231	179,231	134	268,616	447,847
Tim Minges Chairman of the NCC[5] Member of the AFRQCC[4]	165,000	–	165,000	134	268,616	433,616
Elio Leoni Sceti Member of the NCC[5]	125,000	–	125,000	134	268,616	393,616
Angela Wei Dong Member of the AFRQCC[4]	125,000	63,245	188,245	134	268,616	456,861
Yen Yen Tan[7] Member of the NCC[5]	83,334	40,302	123,636	83	166,667	290,303
Total remuneration Board of Directors	**1,430,000**	**419,452**	**1,849,452**	**1,367**	**2,736,816**	**4,586,268**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; Grants to the BoD are based on the service period between Annual General Meetings of Shareholders. The 15% reduction of the number of shares for the compensation period from the AGM 2019 until the AGM 2020 is reflected pro rata from September 1, 2020, until December 9, 2020.
3 Value defined as closing share price at the beginning of the term of office.
4 Audit, Finance, Risk, Quality & Compliance Committee.
5 Nomination & Compensation Committee.
6 Member of the Board and NCC until December 9, 2020.
7 Member of the Board and NCC as of December 9, 2020.

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

in CHF

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

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; Grants to the BoD are based on the service period between Annual General Meetings of Shareholders. The 15% reduction of the number of shares for the compensation period from the AGM 2019 until the AGM 2020 is reflected pro rata until the end of August 2020.
3 Value defined as closing share price at the beginning of the term of office.
4 Audit, Finance, Risk, Quality & Compliance Committee.
5 Nomination & Compensation Committee.
6 Vice-Chairman of the Board and Chairman of the AFRQCC until December 11, 2019.
7 Vice-Chairman of the Board and Chairman of the AFRQCC as of December 11, 2019.
8 Member of the AFRQCC as of December 11, 2019.
9 Member of the Board and NCC until December 11, 2019.

Remuneration Report

Remuneration of the Executive Committee

The individual remuneration of the members of the Executive Committee is reviewed annually and determined at the discretion of the Board of Directors, based on the proposal of the NCC, in accordance with the principles set out in the Executive Total Reward Policy, market information and data, scope and level of responsibility of the position, and profile of the incumbents in terms of qualification, experience and skills set.

The remuneration structure for the Executive Committee of Barry Callebaut consists of four main remuneration elements: a fixed annual base salary, an annual short-term cash bonus pursuant to the Company's Short-Term Incentive Plan, share-based long-term incentives pursuant to the Company's Long-Term Incentive Plan and other benefits.

Base salary	Annual gross base salary	• Determined at the discretion of the Board of Directors based on various criteria such as market value of the role, scope of the position and profile (experience, skills) of the incumbent • Target weight in % of total remuneration: CEO 25%–40%, Executive Committee 25%–40%
Variable annual bonus	Barry Callebaut Short-Term Incentive Plan (STIP)	• Target 100% of annual base salary for members of the Executive Committee • Based on the achievement of financial and strategic targets • Maximum payout: 200% of target • Payout in cash annually after release of full-year results • Target weight in % of total remuneration: CEO 25%–40%, Executive Committee 25%–40%
Share awards	Barry Callebaut Long-Term Incentive Plan (LTIP)	• Individual grant values approved by the Board of Directors; number of shares determined by dividing the grant value by the average share price over three months prior to the grant • Vesting of award over a three-year vesting cycle: 25% in the first and second year each, 50% in the third year subject to performance criteria • Performance criteria: vesting of the final tranche based on two performance criteria, 50% on the relative performance of the Barry Callebaut share price compared to peer companies and 50% on the ROIC performance of the Company over the three-year vesting period • Target weight in % of total remuneration: CEO 20%–50%, Executive Committee 20%–50%
Other benefits	Risk benefits and perquisites	• Social security contributions by employer • Post-employment and retirement benefits • Health care and medical insurances • Executive perquisites such as company car, relocation costs, etc.

The last benchmarking analysis of the remuneration of the Executive Committee was conducted in fiscal year 2018/19 by an independent consultant, Willis Towers Watson. The analysis was based on a peer group of Swiss multinational companies of the industry sector listed on the SIX Swiss Exchange. The peer group consisted of Adecco, Clariant, DKSH, Dufry, Emmi, Georg Fischer, Givaudan, Kühne+Nagel, Lindt, Logitech, Lonza, Schindler, SGS and Sika. For Executive Committee members who are employed under a foreign employment contract, the general industry compensation data of the country of employment were used. This analysis showed that while annual base salaries are positioned below market, incentive opportunities are above market levels, in line with the pay-for-performance philosophy of Barry Callebaut and resulting in a competitive positioning overall.

The NCC consider the results of this analysis in making decisions related to the remuneration of the Executive Committee members.

Base salary

The fixed annual gross base salary is defined at the discretion of the Board of Directors on the basis of various criteria, such as market value of the role, scope of the position, and profile of the incumbent in terms of skill set and professional experience.

Short-Term Incentive Plan (STIP)

The STIP is designed to reward the performance of the Company, its Regions/functions and the individual contributions of the participants over a time horizon of one year.

In CHF million	Market capitalization Dec 31, 2020	Revenue Dec 31, 2020	Headcount Dec 31, 2020
Barry Callebaut	**11,522**	**6,753**	**12,335**
1st quartile	5,207	3,874	13,655
Median	17,162	5,056	17,168
3rd quartile	25,225	19.949	31,835

Remuneration Report

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

For each participant, the STI is based on a Collective Performance Factor (CPF) and an Individual Performance Factor (IPF) weighted 60% and 40%, respectively. For the members of the Executive Committee, the CPF (60% of STI) is based on the performance of Barry Callebaut as a Group, measured as follows:

- Group sales volume: 30%
- Group EBIT: 30%
- Group Free cash flow: 30%
- Sustainability: 10%

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

A performance assessment is provided ex post in the Remuneration Report in order to inform the shareholders on the link between pay and performance. However, specific performance targets are not disclosed for confidentiality reasons.

The sustainability metric is linked to the horizon of making sustainable chocolate the norm. It is based on two targets, reflecting the percentage of cocoa and chocolate products sold that contain 100% sustainable cocoa or chocolate as well as the percentage of sourcing sustainable non-cocoa ingredients. In this financial year, 43% of our products sold contained 100% sustainable cocoa or chocolate and 66% of our non-cocoa ingredients were sustainably sourced.

The IPF (40% of STI) is based on the performance of the unit under responsibility, e.g. the respective Region or function. The objectives are primarily financial in nature and support the strategy of profitable growth. They are grouped in three categories:

- Growth objectives for the Region/function, including financial objectives such as sales volume, or other quantifiable goals that support the growth of the Region/function;
- Profitability objectives for the Region/function, including financial objectives such as EBIT or cost savings, or other quantifiable goals that increase the profitability of the Region/function (operations, processes);
- Strategic initiatives that are key for the success of the Region/function and a leadership objective related to talent management and succession planning.

The weight between growth, profitability and strategic objectives in the IPF depends on the nature of the function. For each financial objective, an expected level of performance (“target”) is defined, corresponding to a payout factor of 100%. A threshold level of performance, below which there is no payout, and a maximum level of performance, above which the payout is capped at 200% of the target, have also been defined.

The CEO proposes the relevant performance criteria for the CPF and for the IPF of the Executive Committee members to the NCC. The Chairman of the Board of Directors proposes the performance objectives of the IPF for the CEO. The NCC reviews and submits the recommendations to the Board of Directors for approval.

The STI is paid out in cash.

Long-Term Incentive Plan (LTIP)

The purpose of the LTIP is to provide the participants with an ownership interest in Barry Callebaut and to reward them for the long-term performance of the Company. The LTIP thus aligns their interests with those of the shareholders.

The grant of share units under the LTIP is based on a target LTI amount determined individually for each plan participant. The individual LTI amount is divided by the average share price of the last three months of the preceding fiscal year in order to calculate the number of share units awarded. The share units vest in three tranches over three fiscal years, i.e. 25% on the first, 25% on the second and 50% on the third anniversary of the grant date.

The first two tranches are restricted share units (RSU) that vest subject to the LTIP participant continuing to be employed by Barry Callebaut.

The third tranche consists of performance share units (PSU) that vest subject to meeting two performance criteria over the three-year vesting period.

The first performance criterion, accounting for 50% of the respective PSU grant, is the relative share price development of Barry Callebaut versus a peer group of companies in the chocolate, ingredients and FMCG sector: AAK, Fuji Oil, Givaudan, Hershey, Kellogg, Kerry, Lindt, Mondelēz, Nestlé, Olam and Unilever. The objective (100% vesting) is to achieve median performance, e.g. to outperform half of the peer companies. There is no vesting for a performance below the first quartile of the peer group (threshold), and the vesting is capped at 300% for delivering the best performance in the peer group.

The second performance criterion, accounting for 50% of the relevant PSU grant, is Return on Invested Capital (ROIC). The ROIC performance was introduced in fiscal year 2016/17 in order to reward the sustainable management of the Company’s assets. The three-year ROIC target was

Remuneration Report

set by the Board of Directors on the basis of the long-term strategic plan of the Company. The vesting also ranges from 0% to 300% of target. Consequently, the overall vesting of the LTI award (including RSU and PSU) ranges from 50% to 200% of the initially determined number of share units granted.

The Board of Directors reserves the right to suspend or adjust the vesting of all share units in case of a negative result from continuous operations of the Barry Callebaut Group. Once the shares are vested and transferred, they are free of any sales restrictions.

For the CEO, the individual LTI target value amounts to 106.3% of annual base salary, for the other members of the Executive Committee, it amounts to 106.4% of the annual base salary on average in fiscal year 2020/21. The unvested PSU and RSU forfeit in case of termination for cause or voluntary resignation. In other circumstances, such as a termination of employment by the company without cause, retirement, disability or death, the unvested PSU and RSU may be subject to a pro-rata vesting at the regular vesting date, except in the event of death, in which case vesting will be accelerated. In case of change of control, the unvested awards are subject to an immediate vesting subject to the achievement level as determined by the Board of Directors in its reasonable discretion.

Further, any award granted under the LTIP is subject to clawback and malus provisions. In case of a material misstatement of financial results or a serious reputational damage to Barry Callebaut due to fraud of willful intent, or of a gross misconduct which would qualify as a cause for termination, the Board of Directors may forfeit or claim back vested or unvested share units, within a period of two years after the vesting of the award.

Effective as of fiscal year 2022/23, the RSU will be discontinued, which means that the members of the Executive Committee will be awarded exclusively PSU. The intention is to keep the design of the current PSU but to reduce the maximum vesting level from 300% to 200%. The vesting period will continue to amount to three years (cliff), and the vesting will be conditional on forward-looking performance conditions (currently relative share price and ROIC). Further details will be provided in the Remuneration Report for fiscal year 2022/23.

Other benefits

Other benefits include risk benefits that provide for a reasonable level of income in case of retirement, death or disability. Those consist of social security contributions, post-employment benefits, pension contributions and insurance. The members of the Executive Committee with a Swiss employment contract participate in the occupational pension plan offered to all employees in Switzerland. Members of the Executive Committee under foreign employment contract are insured commensurately with market conditions and with their position. Each plan varies, but is in line with the local competitive and legal environment and is in accordance with the legal requirements of the respective country.

Members of the Executive Committee are also provided with certain executive perquisites such as relocation allowances, housing or other cost of living allowances, car allowances, and gross-up for tax equalization of certain benefits. The benefits for each member of the Executive Committee are subject to their specific situation, the typical market practice and other factors after consideration of the total value of their individual remuneration package.

The monetary value of these benefits is disclosed in the remuneration tables at their fair value.

Share ownership guidelines

As of September 1, 2019, members of the Executive Committee are required to own a minimum multiple of their annual base salary in Barry Callebaut AG shares within five years of their appointment to the Executive Committee.

Role	Minimum shareholding requirement
CEO	300% of annual base salary
Other ExCo members	200% of annual base salary

To calculate whether the minimum holding requirement is met, all privately owned shares, either directly or indirectly, and all shares vested under the LTIP are considered, regardless of whether they are blocked or not. However, unvested awards such as RSU and PSU are excluded. The NCC will review compliance with the share ownership guidelines on an annual basis.

Employment contracts

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

Special contractual agreements

For one former member of the Executive Committee a non-compete payment amounting to CHF 775,000 was made; CHF 53,844 social charges were due.

Remuneration Report

Remuneration of the Executive Committee for fiscal year 2020/21 (audited figures)

in CHF	Compen-sation fixed	Compen-sation variable[2]	Post-employ-ment benefits[3]	Other compen-sation[4]	Total cash-related remunera-tion	Number of shares[5]	Value of shares[6]	Total remunera-tion 2020/21
Remuneration Executive Committee[1]	**5,366,377**	**6,947,904**	**1,901,120**	**1,849,341**	**16,064,742**	**3,254**	**7,149,116**	**23,213,858**
Highest individual remuneration within Executive Committee: **Antoine de Saint-Affrique,** CEO Barry Callebaut Group	**1,600,000**	**2,100,000**	**462,910**	**41,691**	**4,204,601**	**897**	**1,970,644**	**6,175,245**

1 Disclosure relates to the Executive Committee including all members during fiscal year 2020/21, i.e.: Antoine de Saint-Affrique, Remco Steenbergen, Ben De Schryver, Peter Boone, Olivier Delaunay, Isabelle Esser, Andrew Fleming, Pablo Perversi, Steven Retzlaff, Rogier van Sligter, Jo Thys.
2 Based on best estimate of expected payout for fiscal year 2020/21 (accrual principle).
3 Including social security and pension contributions.
4 Includes international relocation costs, assignment related benefits such as tax equalization, schooling costs as well as international insurance coverage.
5 Number of shares granted in relation to the fiscal year 2020/21; vesting subject to meeting service and/or performance conditions. For the Executive Committee, the amount includes 1,628 RSU, 813 ROIC-dependent PSU and 813 share price-dependent PSU.
6 Value of shares is defined as fair value at grant date. The fair value of the RSU and ROIC-dependent PSU is the market price at grant date (CHF 2,000) discounted for dividends until the vesting. For share price-dependent PSU, the fair value is established based on a valuation performed by external experts applying the "Monte Carlo simulation" method (CHF 2,938) excluding the net present value of expected dividends.

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

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

1 Disclosure relates to the Executive Committee including all members during fiscal year 2019/20, i.e.: Antoine de Saint-Affrique, Remco Steenbergen, Peter Boone, Olivier Delaunay, Ben De Schryver, Isabelle Esser, Andrew Fleming, Massimo Garavaglia, Pablo Perversi, Steven Retzlaff, Rogier van Sligter.
2 Based on best estimate of expected payout for fiscal year 2019/20 (accrual principle).
3 Including social security and pension contributions (including CHF 50,849 social charges on a non-compete payment).
4 Includes a non-compete payment amounting to CHF 775,000 for a former member of the Executive Committee.
5 Number of shares granted in relation to the fiscal year 2019/20; vesting subject to meeting service and/or performance conditions. For the Executive Committee, the amount includes 1,494 RSU, 716 ROIC dependent PSU and 716 share-price dependent PSU.
6 Value of shares is defined as fair value at grant date. The fair value of the RSU and ROIC-dependent PSU is the market price at grant date (CHF 2,024) discounted for dividends until the vesting. For share price-dependent PSU, the fair value is established based on a valuation performed by external experts applying the "Monte Carlo simulation" method (CHF 2,781.34) excluding the net present value of expected dividends.

Remuneration Report

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

- Changes in the composition of the Executive Committee: Ben De Schryver, former President Asia Pacific, was appointed CFO on January 1, 2021, succeeding Remco Steenbergen, who left the company; Jo Thys was appointed President Asia Pacific and member of the Executive Committee on July 1, 2021.
- For the other members of the Executive Committee, the individual fixed remuneration and target STI remained unchanged.
- The overall payout under the STIP was higher than in the previous year. The performance in the fiscal year showed a healthy growth, good profitability and a strong cash generation. With a volume increase to 2.2 million tonnes (+4.6%), an operating profit (EBIT) of CHF 566.7 million (+20.8% in local currencies), a strong Free cash flow of CHF 355 million, 43% of our products sold containing 100% sustainable cocoa or chocolate and 66% of our non-cocoa ingredients sustainably sourced, all Group targets have been overachieved. The STI payouts amount to 131.2% of the target for the CEO and range between 100.0% and 135.1% of the target for the other current members of the Executive Committee.
- Consequently, the ratio of fixed versus variable remuneration amounts to 25.9% versus 74.1% for the CEO, and 22.4% versus 77.6% in average for the other current members of the Executive Committee.

The PSU granted under the LTIP in 2018 vested at the end of the reporting year. Under the plan rules of the 2018 LTIP, the vesting of the first half of the PSU was conditional upon the share price evolution of Barry Callebaut compared to the average share price evolution of peer companies. The share price of Barry Callebaut increased by 27.5% during the plan period, which ranks Barry Callebaut as number seven among twelve companies and translates into a vesting level of 100%. The vesting of the other half of PSU related to the ROIC target translated into a vesting level of 200%. The aggregate vesting level of the PSU related to the grants in FY 2018/19 thus amounts to 150%.

The aggregate amount of remuneration for the Executive Committee is subject to the approval of the Annual General Meeting of Shareholders. A maximum aggregate amount of fixed remuneration of CHF 6,700,000 was approved by the Annual General Meeting of Shareholders 2019 prospectively for fiscal year 2020/21. Accordingly, the fixed remuneration of CHF 5,366,377 effectively paid is within the approved limits. The aggregate remuneration amount for the variable compensation for fiscal year 2020/21 will be submitted to a shareholder vote at the upcoming Annual General Meeting of Shareholders 2021. During fiscal year 2019/20, no compensation was paid to parties closely related to members, or former members of the Executive Committee.

During fiscal year 2020/21, no loans or credits were granted to members of the Executive Committee, former members of the Executive Committee or to related parties. As of August 31, 2021, there were no outstanding loans or credits to members of the Executive Committee, to former members or to related parties.

Remuneration Report

Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31,		2021	2020
Name	Function		
Patrick De Maeseneire	Chairman	2,175	1,750
Markus R. Neuhaus	Vice-Chairman; Chairman of the AFRQCC	469	256
Fernando Aguirre	Member of the NCC	973	820
Suja Chandrasekaran	Member of the NCC	n/a	180
Nicolas Jacobs[1]	Member of the AFRQCC	18,579	18,426
Elio Leoni Sceti	Member of the NCC	513	360
Tim Minges	Chairman of the NCC; member of the AFRQCC	1,368	1,215
Yen Yen Tan	Member of the NCC (since December 9, 2020)	–	n/a
Angela Wei Dong	Member of the AFRQCC	333	180
Total shares held by Board of Directors		**24,410**	**23,187**

1 Excluding the 30.1% participation held by Jacobs Holding AG (see Note 3.3 to the Financial Statements of Barry Callebaut AG).

Shareholdings of the Executive Committee

Number of shares as of August 31,		2021	2020
Name	Function		
Antoine de Saint-Affrique	Chief Executive Officer (until August 31, 2021)	1,836	5,394
Peter Boone	President & CEO Americas	207	100
Ben De Schryver	Chief Financial Officer (since January 1, 2021)	330	150
Olivier Delaunay	Chief Operations Officer	264	144
Isabelle Esser	Chief Human Resources Officer	115	29
Andrew Fleming	Co-President EMEA	214	163
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet	425	311
Steven Retzlaff	President Global Cocoa	629	2,054
Remco Steenbergen	Chief Financial Officer (until December 31, 2020)	n/a	437
Rogier van Sligter	Co-President EMEA	78	n/a
Jo Thys	President APAC (since July 1, 2021)	253	n/a
Total shares held by Executive Committee		**4,351**	**8,782**

Equity overhang and dilution as of August 31, 2021

As of August 31, 2021, the equity overhang, defined as the total number of share units and blocked shares outstanding as calculated in the Dilution Potential (15,910 units) divided by the total number of outstanding shares (5,488,858) registered shares), amounts to 0.3%.

The company's "burn rate", defined as the number of equities (shares and share units) granted in the reporting year (6,921 units) divided by the total number of outstanding shares, is 0.1%. These disclosures reflect the entire Long-Term-Incentive Plan including non-key management personnel.

Report of the Statutory Auditor

To the General Meeting of Barry Callebaut AG, Zurich

We have audited the accompanying remuneration report dated 8 November 2021 of Barry Callebaut AG for the year ended 31 August 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables referred to as audited on pages 169 to 180 of the remuneration report.

Responsibility of the Board of Directors

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the remuneration report for the year ended 31 August 2021 of Barry Callebaut AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Regula Tobler
Licensed Audit Expert

Zurich, 8 November 2021

Definition of Financial Performance Measures

Sales volume	Sales volume, measured in metric tonnes, is a key performance measure for Barry Callebaut to assess growth. Sales volume includes semi-finished cocoa products, chocolate & compounds and specialties. Sales volume does not include bean sales.
Organic sales volume and growth	Organic sales volume and growth is adjusted for changes in the consolidation scope like acquisitions and disposal in a certain reporting period. It is not corrected for new outsourcing / long-term partnerships, which are part of the growth strategy and defined as organic volume growth.
Sales, EBIT and net profit in local currencies	Barry Callebaut operates a global business and its reporting currency is Swiss franc. Sales, EBIT and net profit in local currencies are translated to reporting currency (CHF) with prior-year exchange rates for comparability purposes.
Compound annual growth rate (CAGR)	Compound annual growth rate over the 5-year period.
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Operating profit (EBIT) increased by depreciation and amortization recognized for property, plant and equipment, right-of-use assets and intangible assets.
Earnings before interest and taxes (EBIT)	Operating profit before finance income, finance expense and income tax expense.
EBIT per tonne	Operating profit (EBIT) divided by the sales volume in tonnes.
EBIT per share	Operating profit (EBIT) divided by number of shares issued.
Recurring EBITDA, EBIT and net profit	Reported profit (EBITDA, EBIT or net profit) adjusted for significant items considered to be exceptional for the respective period. Exceptional items are expenses or benefits / income with a one-off character, such as changes in laws, legal cases, restructuring or major unforeseen events and are described in the annual report. Recurring numbers allow consistent comparison of profit numbers over multiple financial years.
Basic earnings per share	Net profit for the year attributable to shareholders of Barry Callebaut AG divided by the number of shares issued.
Cash earnings per share	Free cash flow divided by average number of shares issued.
Net working capital	Net working capital is a measure of current assets and liabilities with a short-term impact on liquidity. It consists of all current assets less all current liabilities, except for short-term debt, cash and cash equivalent.
Net debt	Net debt consists of financial debt against third parties, such as bank overdrafts, short-term debt, long-term debt, less cash and cash equivalents and short-term deposits.
Shareholders' equity	Total equity attributable to the shareholders of Barry Callebaut AG.
Free cash flow	Net cash flow from operating activities and net cash flow from investing activities, excluding acquisitions of subsidiaries/businesses net of cash acquired.
Capital expenditure	Capital expenditure for property, plant and equipment and intangibles assets (excluding leased assets).
Interest coverage ratio	EBITDA divided by the financial result.
Payout ratio	Dividend per share multiplied by number of shares issued divided by the net profit for the year.
Debt to equity ratio	Net debt divided by shareholders' equity.
Price-earnings ratio at year-end	Share price at fiscal year-end divided by basic earnings per share.
Return on equity (ROE)	Net profit for the year divided by shareholders' equity.
Return on invested capital (ROIC)	Operating profit (EBIT) multiplied by one minus a normalized tax rate divided by the average capital employed.

Contact & Financial calendar

Contact

Barry Callebaut head office
Barry Callebaut AG
Hardturmstrasse 181
8005 Zurich, Switzerland
Phone +41 43 204 04 04
www.barry-callebaut.com

Investor Relations
Claudia Pedretti
Head of Investor Relations
Phone +41 43 204 04 23
investorrelations@barry-callebaut.com

Media Relations
Frank Keidel
Head of Media Relations
Phone +41 43 268 86 06
media@barry-callebaut.com

Address changes
ShareCommServices AG
Europastrasse 29
8152 Glattbrugg, Switzerland
Phone +41 44 809 58 52
Fax +41 44 809 58 59

Financial calendar

December 8, 2021
Annual General Meeting of Shareholders 2021, Zurich

January 26, 2022
3-month Key Sales Figures 2021/22

April 13, 2022
Half-Year Results 2021/22

May 11-12, 2022
Capital Market Day

July 20, 2022
9-month Key Sales Figures 2021/22

November 2, 2022
Full-Year Results 2021/22

December 14, 2022
Annual General Meeting of Shareholders 2022, Zurich

Forward-looking statement
Certain statements in this presentation regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as 'believe,' 'estimate,' 'intend,' 'may,' 'will,' 'expect,' and 'project' and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The principal risk factors that may negatively affect Barry Callebaut's future financial results are disclosed in more detail in the Annual Report 2020/21 and include, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effect of a pandemic/epidemic or a natural disaster, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of November 10, 2021. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

Impressum

Publisher
Barry Callebaut AG
Hardturmstrasse 181
8005 Zurich
Switzerland

Concept
Source Associates,
Zurich, Switzerland

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Jos Schmid
Zurich, Switzerland

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Linkgroup AG,
Zurich, Switzerland