BARRY CALLEBAUT

ANNUAL REPORT 2021/22

Creating chocolate happiness, one joyous moment at a time.

Table of Contents

This is Barry Callebaut

Growing the world of chocolate and cocoa

Sales volume
2.3 million
In tonnes

Volume growth
+5.3%

EBIT (recurring)[1]
624.7
In CHF million

Sales revenue
8.1 billion
In CHF

37.4 million
premiums generated from Cocoa Horizons products (in CHF)

1 out of 2
products sold containing 100% sustainable cocoa or chocolate

26
CHOCOLATE ACADEMY™ Centers

More than
225,000
chocolate professionals trained online and offline in 2021/22

66
factories worldwide

More than
13,000
Employees

More than
175 years
of chocolate heritage

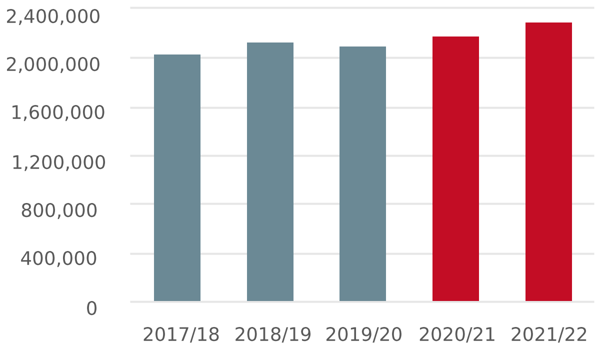
Selling to
144
countries

[1] Please refer to page 175 for the detailed recurring results reconciliation.

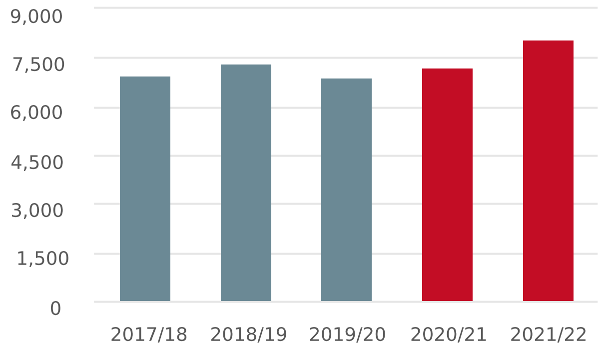
Key figures 2021/22

Sales volume	EBIT recurring[2]	Net profit recurring[2]	Free cash flow	Proposed dividend
2.3	**624.7**	**428.5**	**266.2**	**28.00**
million tonnes	**CHF million**	**CHF million**	**CHF million**	**CHF per share**
+5.3%	+13.5% in local currencies	+14.1% in local currencies		43% payout ratio

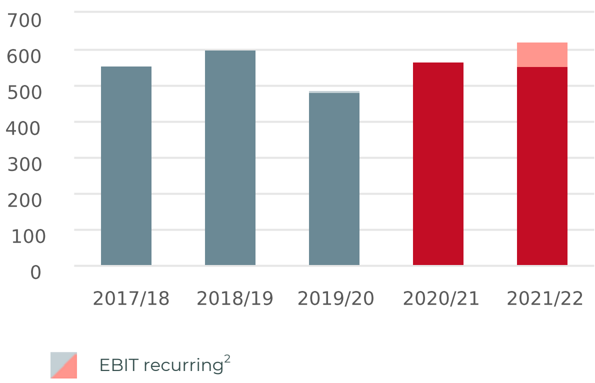
Sales volume
In tonnes



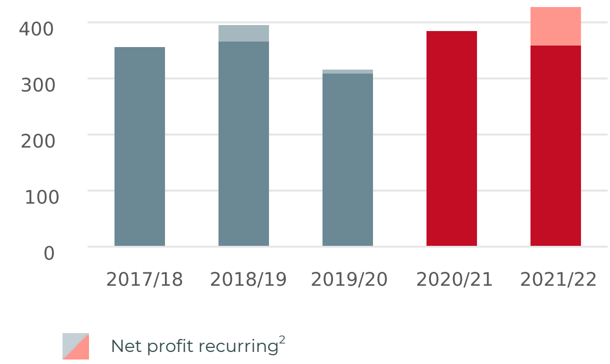
Sales revenue
In CHF million



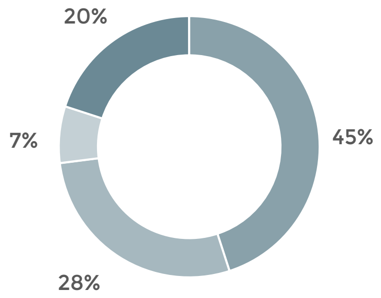
EBIT reported
In CHF million



Net profit reported
In CHF million

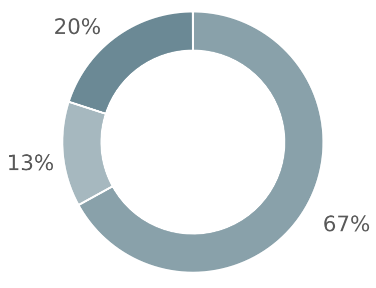


Sales volume by Region
In tonnes



EMEA	1,040,018
Americas	649,389
Asia Pacific	160,304
Global Cocoa	456,970

Sales volume by Product Group
In tonnes



Food Manufacturers	1,550,019
Gourmet & Specialties	299,692
Cocoa Products	456,970

[2] Please refer to page 175 for the detailed recurring results reconciliation.

Fiscal year 2021/22 in brief

- **Sales volume up +5.3%, with solid chocolate performance (+5.9%)**
- **Sales revenue of CHF 8.1 billion, up +14.6% in local currencies (+12.3% in CHF)**
- **Operating profit (EBIT) recurring[3] of CHF 624.7 million, up +13.5% in local currencies (+10.2% in CHF). EBIT reported of CHF 553.5 million, up +0.1% in local currencies (-2.3% in CHF)**
- **Net profit recurring[3] of CHF 428.5 million, up +14.1% in local currencies (+11.4% in CHF). Net profit reported of CHF 360.9 million, down -4.7% in local currencies (-6.1% in CHF)**
- **Continued good cash generation with adjusted Free cash flow[4] of CHF 358.5 million**
- **On track to achieve mid-term guidance[5]**
- **Thomas Intrator proposed as new member of the Board of Directors**
- **Proposed stable dividend of CHF 28.00 per share, a payout ratio of 43%**

	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year	+4.3%	+6.4%	+15.8%	+2.5%
EBIT (recurring)[3] growth vs. prior year in local currencies	+10.5%	+14.8%	+2.9%	+7.5%

[3] Please refer to page 175 for the detailed recurring results reconciliation.
[4] Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).
[5] 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.

Letter to Shareholders

Strong results, on track to achieve mid-term guidance

Dear Shareholders,

We look back on a fiscal year where we delivered strong results, consisting of profitable volume growth, supported by all Regions and segments, particularly in Gourmet & Specialties.

In fiscal year 2021/22, we achieved healthy volume growth of +5.3% to 2,306,681 tonnes, driven by a solid chocolate performance (+5.9%), clearly outpacing the flat underlying global chocolate confectionery market (+0.3%)[6]. Sales revenue amounted to CHF 8,091.9 million, up +14.6% in local currencies. Our Operating profit (EBIT) recurring[7] increased by +13.5% in local currencies, exceeding volume growth, and amounted to CHF 624.7 million. EBIT reported was at CHF 553.5 million, +0.1% in local currencies, and included a positive impact of CHF 13.5 million from the recovery of indirect tax credits for prior fiscal periods in Brazil, as well as the net one-off impact of CHF -76.9 million related to the salmonella incident at the Wieze factory in Belgium, and a negative impact of CHF -7.8 million for the closure of the chocolate factory in Moreton, UK. Net profit recurring[7] amounted to CHF 428.5 million, an increase of +14.1% in local currencies compared to prior year. The reported Net profit amounted to CHF 360.9 million, down -4.7% in local currencies. Good cash flow generation continued with an adjusted Free cash flow[8] of CHF 358.5 million, compared to CHF 314.9 million in the prior fiscal year.

Based on these strong recurring results, the Board of Directors will propose a stable dividend of CHF 28.00 per share at the Annual General Meeting of Shareholders, on December 14, 2022. This corresponds to a temporarily increased payout ratio of 43% of the reported Net profit.

In 2021/22, we again achieved a number of exciting milestones across all four pillars of our growth strategy. We further boosted our **Expansion** in North America by celebrating the groundbreaking of a new factory in Brantford, Canada. Upon completion, the site will focus on sugar-free, high protein, and other specialty chocolate products. In April 2022, we extended our strategic supply agreement with Grupo Bimbo, the world's largest baked goods company, for North and Central America. We also entered a long-term distribution agreement with Levapan to drive expansion in Latin America. In EMEA, we put our distribution network on a new level by opening 'The Chocolate Box' in Lokeren, Belgium, the world's largest and most sustainable chocolate warehouse. In Morocco, we opened a CHOCOLATE ACADEMY™ Center in Casablanca, raising the global number of Academies to 26, and signed a partnership with distributor and manufacturer Attelli, which establishes our first chocolate production footprint in Morocco and consequently on the African continent. In Asia Pacific, we celebrated our 15-year presence in China by opening our new centrally-located Greater China headquarters as well as a flagship CHOCOLATE ACADEMY™ Center in Shanghai.

This year saw groundbreaking **Innovation** coming to life. We introduced a breakthrough innovation, redesigning how chocolate is made, thanks to advances to the process of farming, fermenting and roasting cocoa beans. The recipe for the new chocolate is as short as it can be: Dark chocolate is made from only cocoa and sugar. Earlier this fiscal year, we launched Callebaut NXT, a 100% plant-based and dairy-free chocolate, yet with the creaminess of traditional chocolates. We also unveiled Elix, a cacaofruit elixir with related health claim which makes it the first nutraceutical fruit drink.

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6 Source: Nielsen volume growth excluding e-commerce – 25 countries, September 2021 to August 2022, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.
7 Please refer to page 175 for the detailed recurring results reconciliation.
8 Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).

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

Patrick De Maeseneire

Chairman of the Board

"In this fiscal year, we continued to generate sustainable returns and long-term value for our investors, our people and society."

Peter Boone

CEO

"We are on track to achieve our mid-term guidance. For this, I want to thank all our colleagues. Their passion and commitment is what drives the success of our growth strategy every day."

Cost leadership is a core element of our competitiveness. The digitalization and harmonization of internal processes and customer interactions continued during the past year. We opened the new Asia Pacific Business Excellence Center in Kuala Lumpur, Malaysia, which will provide shared functions and corporate services to support our growth in the Region. In September 2022, Standard & Poor's Global Ratings (S&P) upgraded the Group's long-term corporate rating to 'BBB' flat, up from 'BBB-' with outlook 'stable'. The improved rating confirms our strong financial profile.

Through our industry-leading approach to **Sustainability** we continue to create tangible impact on the ground. With the support of our customers, we increased the proportion of products sold containing sustainable cocoa or chocolate to one out of two products! Our efforts in sustainability again received external recognition. Sustainalytics ranked us #1 in the broader food and beverage industry for our management of ESG supply chain risk.

But we cannot become complacent. In fiscal year 2022/23, halfway through our Forever Chocolate timeline, we will add fresh ambition to our Forever Chocolate Plan and present a set of sharpened targets, using our ongoing Forever Chocolate targets as a springboard.

On Diversity & Inclusion, we set ourselves focused targets to achieve more progress in gender balance at senior level and more diversification in the origin of our talent at senior level. In 2021/22 we progressed against our baselines in all areas, e.g., we now have 28% women at Director level in Sales, up from 13% last year.

Everything we do is rooted in our five core values: customer focus, passion, entrepreneurship, team spirit and integrity. The way in which our teams solved the salmonella incident in Wieze, combined the strength of each of our values. Many teams, globally, regionally and locally, gathered to contribute to solving the issue. Within days we detected the root cause, a lecithin batch from a supplier, and prevented affected chocolate from entering the retail chain. During the meticulous cleaning process, our colleagues showcased team spirit and entrepreneurship. We also thank our customers for their loyalty and cooperation during this extraordinary time.

On track to achieve our mid-term guidance

We have every reason to look to the future with confidence. Our Wieze factory is operating at normal capacity again, though we will still experience an impact from the Wieze incident in the first quarter 2022/23 as we catch up on delayed volume. Supported by the consistency of our growth strategy and the strength of our innovation pipeline, we are on track to achieve 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.[9]

[9] Barring any major unforeseeable events.

We want to thank all our employees for their passion and commitment. Furthermore, we want to thank our customers for their partnership in the past fiscal year. Last but not least, we want to thank our shareholders for their continued trust.

Patrick De Maeseneire
Chairman of the Board

Peter Boone
Chief Executive Officer

Overview

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

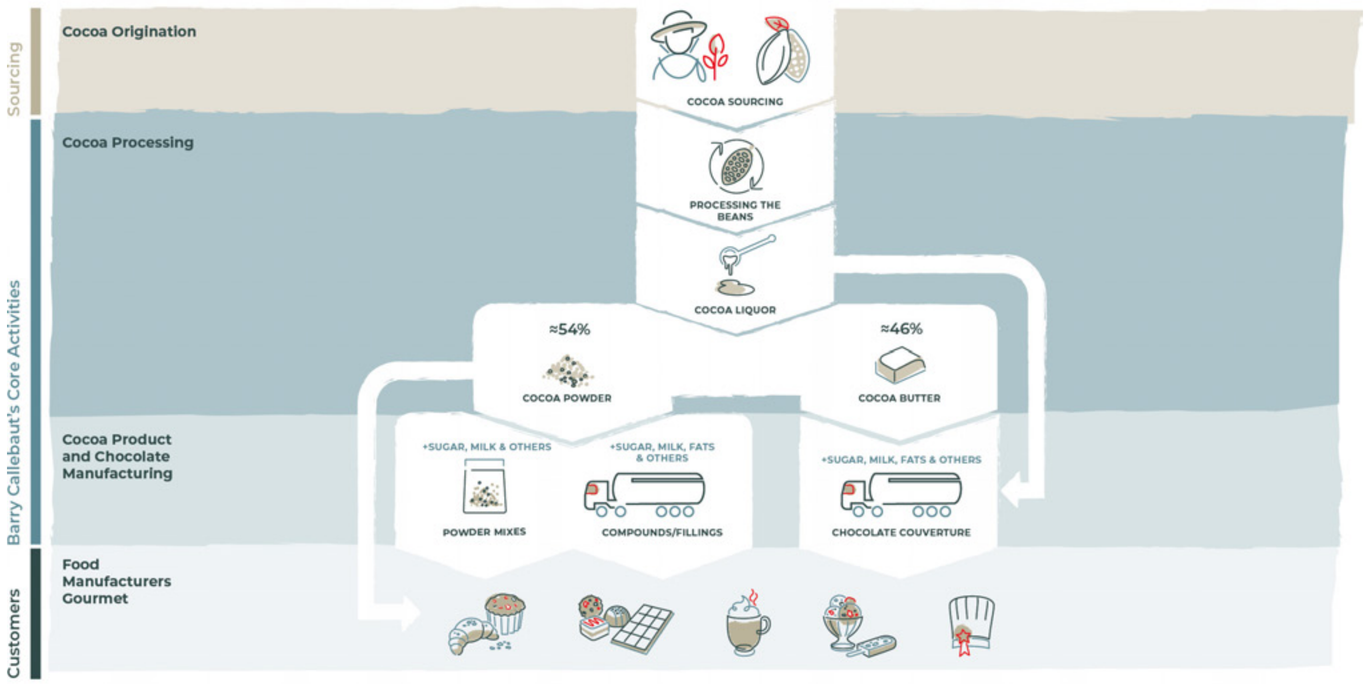
We are the world's leading manufacturer of chocolate and cocoa products, mastering every step in the value chain from the sourcing of raw materials to the production of the finest chocolates. We are able to provide our customers with value-adding products and services adapted to specific market needs, 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.

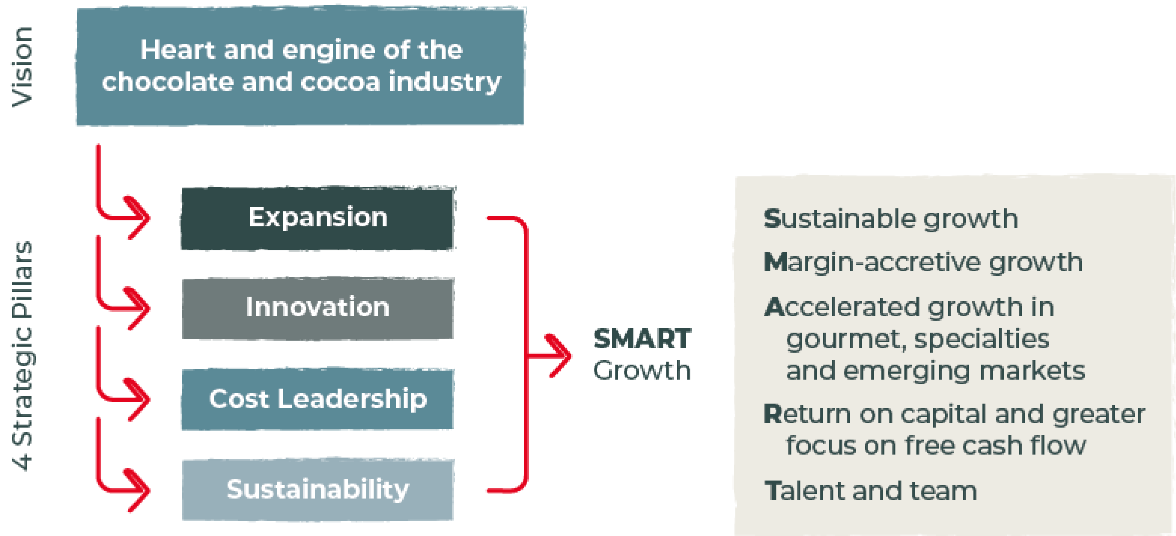
Our input factors are talented people, profound chocolate and cocoa know-how, as well as unparalleled sourcing capabilities of raw materials. Our output factors are high-quality chocolate and cocoa products complemented by value-adding services.

Competitive advantages

We are a fully vertically integrated business and have a unique global footprint with 66 factories and 26 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.



Vision & Strategy



Barry Callebaut aims to consistently outperform the global chocolate and cocoa market, based on the four pillars of our long-term 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 technological upgrades, 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 (%)	2021/22	2020/21	2019/20	2018/19	2017/18
Consolidated Income Statement							
Sales volume	Tonnes	3.2 %	2,306,681	2,191,572	2,095,982	2,139,758	2,035,857
Sales revenue	CHF m	3.9 %	8,091.9	7,207.6	6,893.1	7,309.0	6,948.4
Gross profit	CHF m	1.3 %	1,217.2	1,147.2	1,063.7	1,197.2	1,157.1
EBITDA (recurring)[2]	CHF m	4.3 %	860.6	795.2	711.9	775.0	728.3
Operating profit (EBIT)	CHF m	0.0 %	553.5	566.7	483.2	601.2	554.0
Operating profit (EBIT, recurring)[2]	CHF m	3.0 %	624.7	566.7	491.0	601.2	554.0
EBIT (recurring)[2] / sales revenue	%		7.7 %	7.9 %	7.1 %	8.2 %	8.0 %
EBIT (recurring)[2] per tonne	CHF	(0.1)%	270.8	258.6	234.2	281.0	272.1
Net profit for the year	CHF m	0.2 %	360.9	384.5	311.5	368.7	357.4
Net profit for the year (recurring)[2]	CHF m	4.6 %	428.5	384.5	319.3	394.7	357.4
Free cash flow	CHF m		266.2	355.0	317.0	289.7	311.9
Adjusted Free cash flow[3]	CHF m		358.5	314.9	403.8	256.8	316.6
Consolidated Balance Sheet							
Net working capital	CHF m	4.7 %	1,293.1	1,241.8	1,192.0	1,363.2	1,074.4
Non-current assets	CHF m	4.6 %	3,001.6	2,977.9	2,800.1	2,650.0	2,505.5
Capital expenditure	CHF m	6.1 %	275.9	275.2	280.9	279.6	217.9
Total assets	CHF m	7.4 %	7,760.9	7,244.0	7,141.1	6,508.1	5,832.0
Net debt	CHF m	2.8 %	1,199.0	1,281.3	1,365.9	1,304.7	1,074.3
Shareholders' equity	CHF m	6.3 %	2,902.0	2,682.9	2,353.5	2,399.3	2,269.8
Ratios							
Return on invested capital (ROIC)[4]	%		11.5 %	12.2 %	10.3 %	12.5 %	12.2 %
Return on invested capital (ROIC) recurring[2]	%		13.2 %	12.2 %	10.6 %	12.5 %	12.2 %
Return on equity (ROE)[4]	%		12.4 %	14.3 %	13.2 %	15.2 %	15.7 %
Return on equity (ROE) recurring[2]	%		14.8 %	14.3 %	13.6 %	16.3 %	15.7 %
Debt to equity ratio	%		41.3 %	47.8 %	58.0 %	54.4 %	47.3 %
Interest coverage ratio			6.5	7.8	6.9	5.2	7.2
Net debt / EBITDA (recurring)[2]			1.4	1.7	1.9	1.5	1.5
Capital expenditure / sales revenue	%		3.4 %	3.8 %	4.1 %	3.8 %	3.1 %
Shares							
Share price at fiscal year-end	CHF	3.8 %	2,004	2,334	2,000	2,024	1,728
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	3.8 %	10,999.7	12,811.0	10,977.7	11,109.4	9,484.7
EBIT (recurring)[2] per share	CHF	3.1 %	114.0	103.4	89.6	109.7	101.0
Basic earnings per share	CHF	0.3 %	65.8	70.0	57.7	67.6	64.9
Cash earnings per share	CHF		48.6	64.8	57.8	52.9	56.9
Payout per share	CHF	3.9 %	28.0	28.0	22.0	26.0	24.0
Payout ratio	%		43 %	40 %	39 %	39 %	37 %
Price-earnings ratio at year-end			30.4	33.3	34.7	30.0	26.6
Other							
Employees		3.8 %	13,418	12,783	12,355	12,257	11,570
Beans processed	Tonnes	1.1 %	1,000,080	987,991	982,725	1,002,025	956,440

1 Non-IFRS measures are defined under the Alternative Performance Measures on page 175.
2 Refer to page 175 for the detailed recurring results reconciliation.
3 Adjusted Free cash flow is adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories.
4 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 are delegated to the Executive Committee (the ExCo) and further cascaded to regional and functional management.

Group Risk Management facilitates the enterprise risk assessment process for identifying and understanding the Group's key risks, allocating ownership to drive specific actions and taking 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 regular management review meetings or 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 strategic 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 the creation of stakeholder value. Further ESG-related risk factors include uncertainties in relation to stakeholder expectations (civil society, customers, investors, NGOs, regulators and suppliers) associated with measuring performance and reporting. Furthermore 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 that includes 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. The Group is committed to continuously improve and implement ESG specific governance structures, due diligence processes and reporting frameworks. The aforementioned principles are also actively promoted in the Group's dealings with suppliers and customers and are as far as possible, imposed through the Group's contractual relationships with these stakeholders. Further stakeholder assurance is obtained through external ratings and audits. The Group publicly discloses sustainability performance, policies, programs, actions, and results to the needs of its stakeholders. The Group's progress is reflected in several renowned ESG performance benchmarks and assessments. 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 ExCo 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.
External political and economic environment	Uncertain political and economic conditions (including spillover effects induced by epidemics or pandemics, geopolitical or geoeconomic conflicts or climate change related events or conditions) could result in reduced demand for chocolate and cocoa products or affect the Group's operations, supply chain and cost structure. This may affect the Group's expansion plans, profitability and financial position.	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. Through its global operation and innovation networks, the Group 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.

Risk Overview

Key Risks	Risk Description	Mitigation/Measures
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 and workforce management	Failure to attract, retain and develop a talented workforce with the right capabilities and skills could impact the Group's ability to achieve its strategic objectives. Tight and competitive labor markets (accelerated by shifting skill requirements, new ways of working and demographic shifts or other factors) could lead to a shortage of skilled labor or talent in selected regions and functions. Sustained shortages and increased turnover rates could further impact the Group's costs and operational reliability.	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. Further, the Group continuously invests into business process technology and automation to make work more productive, collaborative and rewarding for its employees.
Quality & food safety	Products not meeting quality and food safety standards expose the Group to business interruption, 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. A well-governed issue management process is regularly enhanced and trained to ensure adequate and timely reaction in the event of a food safety incident.
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 well structured and coordinated global, regional and local sales and operations planning process. Furthermore, a well-structured issue management process is in place to manage recovery and 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 supply shortages or interruptions of raw materials, machinery, equipment , indirect materials, logistics or other services. Short-term mitigation measures include adequate levels of safety stocks and a diversified regional supply network.

Key Risks	Risk Description	Mitigation/Measures
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 event, incident response and disaster recovery solutions, plans and procedures are in place and continuously enhanced. A mid-term plan to enhance information and operations technology security is regularly defined, and improvements are being implemented continuously.
Price volatility of raw materials and other input factors	Market prices for raw materials, energy and other input factors, as well as the structure of the terminal markets could have an influence on the Group's operational results. To manage its exposure to these factors, 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 prices of raw material and other input factors through a cost-plus pricing model. Raw material price exposures arising at contract signing are hedged in accordance with the commodity risk management limit framework, price exposures to other input cost factors are managed through index based pricing mechanisms. 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.

Key Risks	Risk Description	Mitigation/Measures
Treasury	The Group's operations are exposed to foreign currencies, interest rate, liquidity and credit risks. Volatility in raw material prices and supply chain requirements affect 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 policy requires 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.
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, ESG supplier due diligence, corporate transactions and taxes in all the countries in which it operates, as well as stock-exchange-listing, ESG 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, the Supplier Code and other Group policies set out the legal and ethical standards of behavior expected from all employees and selected stakeholders.

Business Highlights

Financial Review

Business Performance Review Fiscal Year 2021/22

Strong results, on track to achieve mid-term guidance

In fiscal year 2021/22, Barry Callebaut achieved strong sales volume growth of +5.3% to 2,306,681 tonnes. The chocolate business reported strong volume growth of +5.9%, clearly outpacing the flat underlying global chocolate confectionery market (+0.3%)[1]. All Regions (Asia Pacific +15.8%, Americas +6.4%, EMEA +4.3%) and all key growth drivers (outsourcing (+4.8%), emerging markets (+7.9%) contributed to volume growth, including a particularly strong performance by Gourmet & Specialties (+22.5%). Sales volume growth in Global Cocoa further normalized to 456,970 tonnes, an increase of +2.5%.

Operating profit (EBIT) recurring[2] amounted to CHF 624.7 million, up +13.5% in local currencies (+10.2% in CHF), well ahead of volume growth. Reported EBIT amounted to CHF 553.5 million, up +0.1% in local currencies (-2.3% in CHF), and included a positive impact of CHF 13.5 million due to the recovery of indirect tax credits for prior fiscal periods in Brazil, as well as a net one-off impact of CHF -76.9 million related to the salmonella incident at the Wieze factory in Belgium, and a negative impact of CHF -7.8 million for the closure of the chocolate factory in Moreton, UK.

Net profit recurring[2] amounted to CHF 428.5 million, up +14.1% in local currencies (+11.4% in CHF) compared to prior year. The reported Net profit for the year amounted to CHF 360.9 million, down -4.7% in local currencies (-6.1% in CHF).

The adjusted Free cash flow increased to CHF 358.5 million, compared to CHF 314.9 million in prior year. Even before the adjustment for the cash flow effect of cocoa beans considered as readily marketable inventories (RMI), cash flow generation remained solid and amounted to CHF 266.2 million, compared to a very strong prior year (CHF 355.0 million).

Raw material prices - moderate increase in cocoa bean prices, benefit of cost-plus model

The vast majority of Barry Callebaut's 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 2021/22, cocoa bean prices fluctuated between GBP 1,636 and GBP 1,882 per tonne and closed at GBP 1,878 per tonne on August 31, 2022. On average, cocoa bean prices increased by +4.2% versus prior year. While the global bean supply and demand expectations for 2021/22 indicate a deficit, large stocks carried from prior-year surpluses allow for sufficient bean supply, which should lead to an overall more balanced situation. The average combined ratio slightly increased to 3.6x, compared to 3.5x in prior year. This was the result of rising cocoa powder prices, while cocoa butter prices suffered from the ripple effects of the COVID-19 pandemic. Towards the end of the fiscal year 2021/22, cocoa butter prices started to increase thanks to strong chocolate consumption in Europe and the USA.

The world market price for sugar increased on average by +18.7%. This was due to a substantially lower Brazilian crop and a macro environment impacted by high energy prices and geopolitical uncertainties. Sugar prices in Europe increased on average by +56.4% during the fiscal year 2021/22. Robust demand was confronted with low supply due to reduced acreage and dry weather. The additionally surging energy costs contributed to the strong price increase.

Dairy prices increased on average by +51.5% during the fiscal year 2021/22. Increased demand coupled with a substantial decline in milk supply, driven by drought in the northern hemisphere and input inflation due to the war in Ukraine, pushed dairy product prices to historical highs.

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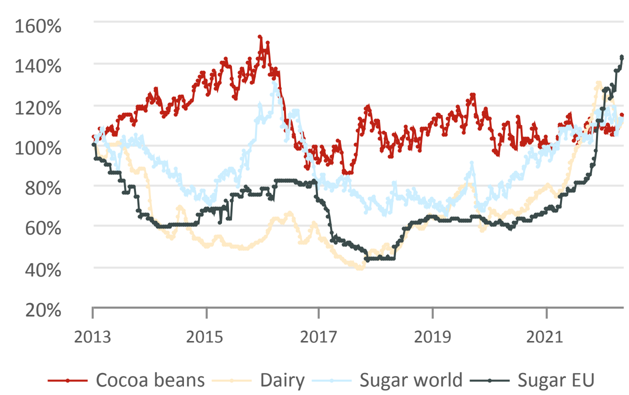
[1] Source: Nielsen volume growth excluding e-commerce – 25 countries, September 2021 to August 2022, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

[2] Refer to page 175 for the detailed recurring results reconciliation.

Raw material prices

September 2013 to August 2022



Source: Company compiled data, based on key market price indicators

Foreign currencies

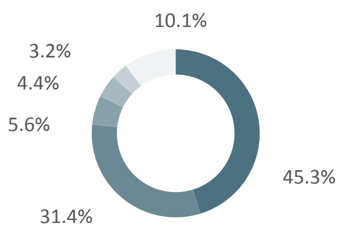
In fiscal year 2021/22, foreign exchange markets remained volatile and the Swiss franc continued to strengthen against the euro. The Group is naturally hedged to the extent that it produces and sells products locally and hedges any remaining currency exposure that arises from commercial transactions. 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 close to half of the Group's sales revenue, significantly depreciated by -4.9% against the Swiss franc. The average exchange rate for the US dollar, accounting for around a third of the Group's sales revenue, appreciated by +3.4% against the Swiss franc. Several major emerging market currencies remained very volatile during fiscal year 2021/22, with the Brazilian real (+5.5%), the Russian ruble (+5.1%), and the Mexican peso (+3.2%), appreciating against the Swiss franc.

The currency translation effects mentioned above had a cumulative negative impact of –2.3% on sales revenue and –3.3% on Operating profit (EBIT) recurring[3].

Sales revenue

In functional currencies



EUR	45.3 %		MXN	4.4 %	
USD	31.4 %		RUB	3.2 %	
BRL	5.6 %		Other	10.1 %	

Global chocolate demand

The underlying global chocolate confectionery market was, according to Nielsen, about stable (+0.3%)[4] in the year under review. While Nielsen data serves as a good proxy for the underlying market growth overall, it does not reflect e-commerce or every country in a given region. Furthermore, it only partially reflects the out-of-home and impulse channels.

Consolidated Income Statement

Sales volume in fiscal year 2021/22 grew by +5.3% to 2,306,681 tonnes. Volume growth was supported by all Regions and all Key growth drivers.

Sales revenue amounted to CHF 8,091.9 million, up +14.6% in local currencies (+12.3% in CHF). The increase was impacted by the overall inflationary environment, which Barry Callebaut managed through the cost-plus pricing model it uses for the majority of its business.

Gross profit grew faster than sales volume and amounted to CHF 1,217.2 million, an increase of +8.4% in local currencies (+6.1% in CHF). Despite the lost volume due to the temporary stoppage of the Wieze factory, the volume contribution was very healthy. In particular the growth in Gourmet & Specialties and the solid cost-plus business model contributed to the positive mix. As anticipated, profitability in the Cocoa business improved and led to a positive contribution for the financial year 2021/22.

Marketing and sales expenses increased by +9.7% to CHF 148.5 million due to the resumption of investment in business growth following the lifting of COVID-19 restrictions in order to promote the Group's product innovations and CHOCOLATE ACADEMY™ Centers.

General and administration expenses increased by +1.0% to CHF 434.7 million, at a slower pace than business growth thanks to good cost discipline.

Other income increased to CHF 21.4 million, compared to CHF 3.1 million in the prior year. The increase in income is mainly due to the recovery of Brazilian indirect tax credits for prior fiscal periods related to a decision by the Brazilian Supreme Court applicable to all taxpayers (CHF 13.5 million) and a gain on net monetary positions due to the application of Hyperinflation (IAS 29) accounting in Türkiye (CHF 2.3 million).

Other expense increased to CHF 101.9 million, compared to CHF 17.8 million in the prior year. The current year included the net one-off negative impact of CHF 76.9 million related to the salmonella incident at the Wieze factory in Belgium, and costs of CHF 7.8 million related to the closure of the chocolate factory in Moreton, UK.

Operating profit (EBIT) recurring[3] increased by +13.5% in local currencies (+10.2% in CHF) to CHF 624.7 million. Currency translation had a negative effect of CHF 18 million. EBIT (recurring)[3] was well ahead of volume growth, supported by all Regions and segments.

[3] Refer to page 175 for the detailed recurring results reconciliation.
[4] Nielsen volume growth – 25 countries, September 2021 to August 2022, data subject to adjustment to match Barry Callebaut's reporting period.

Compared to prior-year reported Operating profit (EBIT), the increase was +0.1% in local currencies (-2.3% in CHF). The Group's **EBIT (recurring)**[5] **per tonne** amounted to CHF 271, up +7.8% in local currencies (+4.7% in CHF), compared to EBIT per tonne in the prior-year of CHF 259.

Finance income increased to CHF 8.1 million from CHF 3.6 million in prior year, mainly due to the rising interest rate environment.

Finance expense amounted to CHF 129.8 million, compared to CHF 105.3 million in prior year. The increase is partly due to the rising interest rate environment.

Income tax expense decreased to CHF 70.8 million, from CHF 80.5 million in the prior year, resulting from a lower consolidated profit before income taxes and a somewhat more favorable country mix of profit before taxes. The Group's effective tax rate amounted to 16.4%, compared to 17.3% in the prior year.

Net profit for the year (recurring)[5] increased by +14.1% in local currencies (+11.4% in CHF) to CHF 428.5 million, compared to prior-year Net profit. The increase was driven mainly by Operating profit (EBIT) growth, partly offset by higher finance expense. Compared to prior year, reported Net profit decreased -4.7% in local currencies (-6.1% in CHF) to CHF 360.9 million as a result of the aforementioned non-recurring items.

Consolidated Balance Sheet

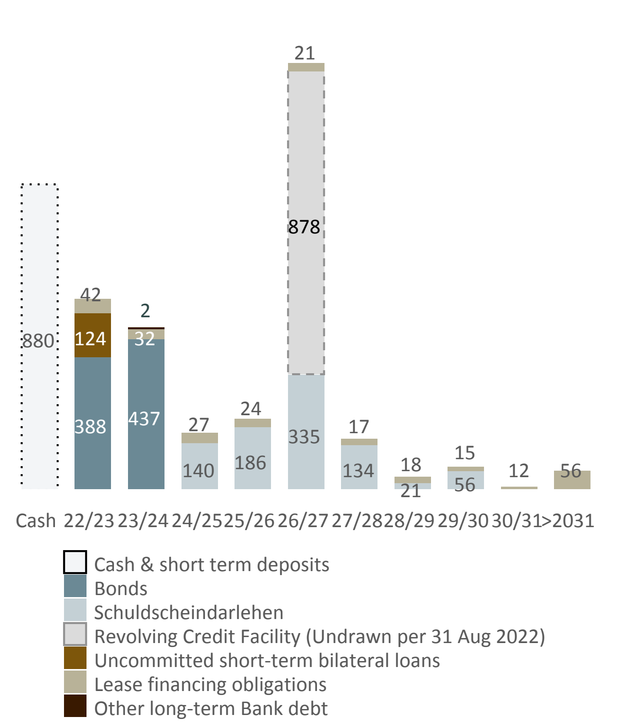
Total assets increased to CHF 7,760.9 million at the end of August 2022, compared to CHF 7,244.0 million in the prior year. The increase was attributable to higher levels of receivables, derivative financial assets and inventories due to business growth. This increase was partly offset by a lower cash position.

Net working capital as of August 31, 2022, increased to CHF 1,293.1 million from CHF 1,241.8 million in the prior year. The increase was below the Group's volume growth. Receivables increased on the back of business growth. While good inventory management largely mitigated the impact of general raw material price inflation, the temporary stoppage in Wieze led to an increase in cocoa beans and other inventory. Both developments were largely offset by higher payables.

Net debt decreased to CHF 1,199.0 million from CHF 1,281.3 million in the prior year. Taking into consideration cocoa beans considered as readily marketable inventories (RMI), adjusted Net debt decreased to CHF 349.8 million from CHF 547.4 million in the prior year. The decrease was to a large extent driven by a reduction in outstanding debt resulting from an early partial repayment of the floating-rated Schuldscheindarlehen issued in February 2019 in the amount of CHF 130.9 million.

Equity including equity attributable to the shareholders of the parent company and non-controlling interests increased to CHF 2,904.3 million, compared to CHF 2,685.2 million in the prior year. The increase was mainly the result of Net profit generated, partly offset by the dividend payout to shareholders and currency translation adjustments. The debt-to-equity ratio improved to 41.3%, compared to 47.8% in the prior year. The return on invested capital (ROIC) recurring[5] improved from 12.2% to 13.2%. Including the aforementioned one-off impacts, reported ROIC amounted to 11.5%.

Liquidity - debt maturity profile



Consolidated Cash Flow Statement

Cash generated from operating activities decreased to CHF 705.7 million, compared to CHF 778.9 million in the prior year, partly due to lower reported Net profit. Due to higher interest and income taxes paid, **net cash from operating activities** amounted to CHF 521.7 million, compared to CHF 615.6 million the year before.

Net cash flow from investing activities amounted to CHF -293.6 million (prior year CHF -261.6 million). The amount was largely related to the Group's investments of CHF -239.5 million in property, plant and equipment (prior year CHF -227.2 million) and for M&A activity of CHF -38.2 million (prior year CHF -0.9 million) due to the acquisition of European Chocolate Company. In addition, it also includes cash out of CHF -36.4 million for investments in intangibles (prior year CHF -48.1 million).

Net cash flow from financing activities amounted to CHF -381.5 million, compared to CHF -619.0 million in prior year. Net cash outflow in the current year mainly relates to the dividend payment of CHF -153.5 million and repayment of CHF -130.9 million in long-term debt and CHF -89.6 million in short-term debt. The net cash

[5] Refer to page 175 for the detailed recurring results reconciliation.

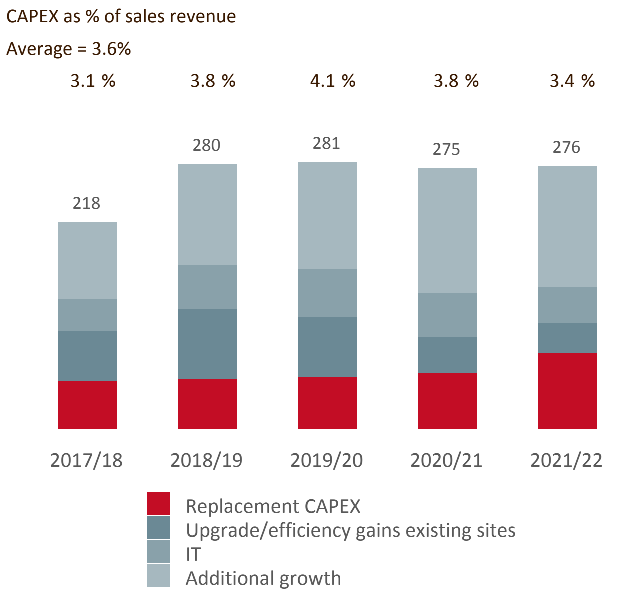
outflow in the prior year was to a large extent related to the repayment of short-term debt and the dividend payment.

Free cash flow continued to be solid at CHF 266.2 million, compared to a very strong prior year (CHF 355.0 million). Adjusted for the cocoa beans considered as readily marketable inventories (RMI), the adjusted Free cash flow was CHF 358.5 million, compared to CHF 314.9 million in the prior year.

Capital expenditure remained stable

Capital expenditure (CAPEX) reflected in the cash flow statement amounted to CHF 275.9 million, about the same level as in prior year (CHF 275.2 million). The Group maintained its focus on investments that best support its strategy of 'smart growth'.

Capital expenditure
in CHF million



Outlook

Supported by the consistency of its growth strategy and the strength of its innovation pipeline, Barry Callebaut is on track to achieve its mid-term guidance ending in fiscal year 2022/23. The Wieze factory is operating at normal capacity again, though the Group expects to experience an impact in the first quarter of fiscal year 2022/23, linked to the catch-up on delayed volume.

The mid-term guidance for the 3-year period 2020/21 to 2022/23 is, 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 2,004 on August 31, 2022, -14.1% below the previous year's closing price. Up until the last quarter of the fiscal year, the share performance was about stable, before turning negative in line with the overall market decline mainly due to the macroeconomic environment. The broad Swiss market performance was similar with the SPI down -14.7% and the SPI ESG down -8.4%. The performance of Swiss Small and Mid Caps (SMIM) was substantially weaker at -26.8%. The EURO STOXX Food & Beverage Index declined (-11.4%) slightly less than Barry Callebaut shares, but measured in EUR Barry Callebaut clearly outperformed (-5.5%).

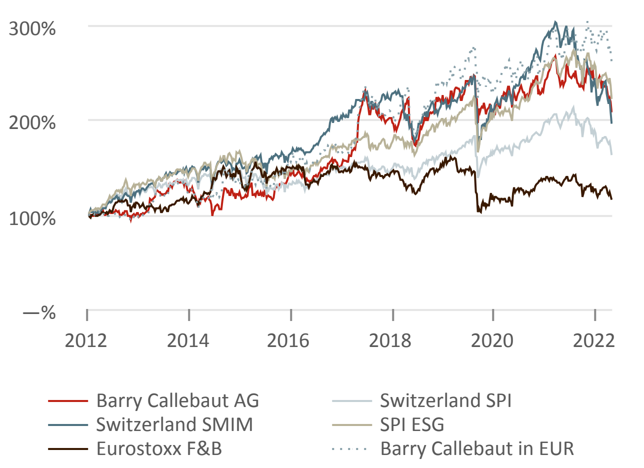
Key share data
as of August 31, 2022

Shares outstanding	5.5 million
Closing share price	CHF 2,004
Market capitalization	CHF 11.0 billion
52-week high (closing)	CHF 2,342
52-week low (closing)	CHF 2,004
Average daily volume	7,631 shares

Source: FactSet and SIX Swiss Stock Exchange.

The chart below illustrates the long-term performance of Barry Callebaut shares compared to the relevant indices (2012–2022).

Share price development Barry Callebaut vs. indices
September 2012 to August 2022



Source: FactSet and SIX Swiss Stock Exchange.

Over a ten-year period (2012–2022), the long-term performance of Barry Callebaut shares (+124.5%) is somewhat behind the SPI ESG Index (+140.1%), but ahead of the SMI Small and Mid Cap Index (+120.0%) and the broader SPI Index (+74.9%). The outperformance against the EURO STOXX Food & Beverage Index (+20.5%) is even more impressive when calculating Barry Callebaut's share price in EUR (+174.7%).

Dividend – Payout ratio of 43%

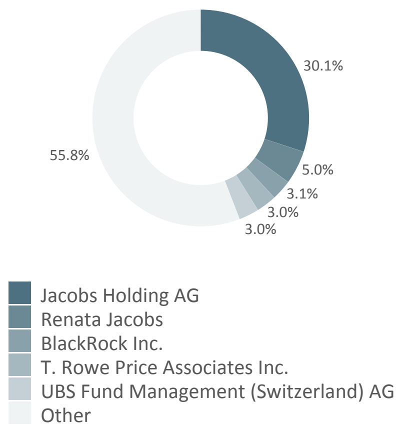
The Board of Directors is proposing to shareholders at the Annual General Meeting of Shareholders (AGM) on December 14, 2022, a stable payout of CHF 28.00 per share. This corresponds to a payout ratio of 43% of the reported net profit, for once above the targeted ratio of 35-40% due to the one-off impacts on net profit. The dividend will be paid to shareholders on, or around, January 11, 2023, subject to approval by the AGM.

Key share capital data

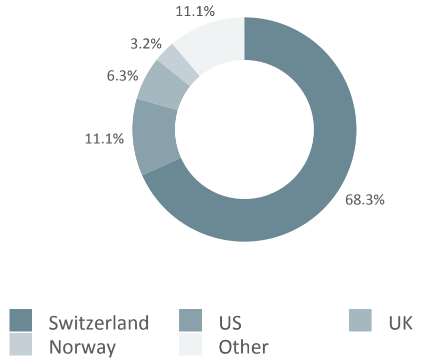
The share capital of Barry Callebaut AG as of August 31, 2022, amounted to CHF 109,777, consisting of 5,488,858 fully paid-in shares with a nominal value of CHF 0.02 each. There is one single class of shares in which every share has the same voting power and grants the same entitlement to dividends.

The free float, excluding the reference shareholders (Jacobs Holding AG and Renata Jacobs), at the end of August 2022 was 64.9%[6], with the majority held by institutional shareholders (holding 61% of total outstanding shares) that are predominantly based in Switzerland, followed by the US and the UK.

Ownership structure[6]
as of August 31, 2022



Country split
of institutional shareholders



Source: IHS Markit.

Analyst recommendations

During the fiscal year 2021/22, the number of institutions covering Barry Callebaut AG increased by two to thirteen. At the end of August 2022, nine had a buy recommendation, three had a hold recommendation and one had a sell recommendation. The average target price was CHF 2,444 according to Factset.

Sustainability ratings

For the fourth consecutive year, Sustainalytics has recognized Barry Callebaut as an industry leader in the management of the ESG risks in its supply chain, at the top of almost 600 Food & Beverage companies. The leading position once again confirms that the Group is consistently creating impact not only in the chocolate and cocoa sector, but also in comparison to its peers in the broader food industry. In addition, Barry Callebaut was once again 'AA' rated by MSCI. Furthermore, CDP, an independent organization that assesses the carbon reduction plans of over 14,000 companies every year, awarded Barry Callebaut, for the third year running, an A- (Leadership level) for our carbon reduction efforts. Additionally, Barry Callebaut was awarded Leadership level as a Supplier Engagement Leader for its work on scope three emissions, which are emissions that extend beyond the direct supply chain. The external recognition of Barry Callebaut's sustainability strategy - Forever Chocolate - during the year under review is testimony to the Group's and its partners' ongoing commitment to create impact on the ground and lead change.

Credit ratings

Barry Callebaut has active relationships with Standard & Poor's and Moody's.

The current ratings are:

- Moody's: Baa3 with outlook stable
- Standard & Poor's: BBB with outlook stable[7]

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[6] Based on notification through the electronic publication platform of the SIX Swiss Exchange.
[7] S&P upgraded from BBB- / stable to BBB (flat) / stable on September 7, 2022.

Business Review | Region EMEA

Robust performance in light of temporary stoppage of Wieze factory

In Region EMEA (Europe, Middle East and Africa) the Salmonella incident at the Wieze factory in Belgium had a notable impact on volume and profit. Supported by the strong growth in the first nine months of the fiscal year, volume in the Region increased by +4.3% to 1,040,018 tonnes for the full fiscal year 2021/22. As of October 2022, the cleaning of the Wieze factory neared completion and the factory was again operating at normal capacity. Excluding the first-time consolidation of Europe Chocolate Company (ECC) since September 2021, organic volume growth was +3.0%, well ahead of the declining regional chocolate confectionery market (-1.3%)[8].

Food Manufacturers, particularly in Western Europe, was impacted by a significant volume drop in the fourth quarter, due to the incident in the Wieze factory, affecting its previously healthy volume growth. The Gourmet & Specialties business was not immediately impacted by the incident and continued its strong growth trajectory across the Region.

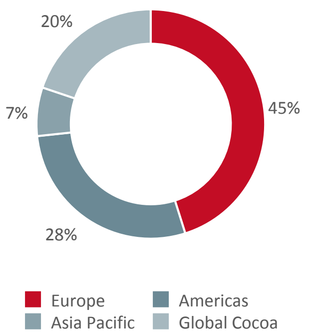
Sales revenue amounted to CHF 3,341.0 million, up +13.9% in local currencies (+6.8% in CHF).

Operating profit (EBIT) reported amounted to CHF 267.2 million, down -15.6% in local currencies (-21.2% in CHF). Excluding the non-recurring impact linked to the incident at the Wieze factory and the cost for the closure of the chocolate factory in Moreton, UK, EBIT recurring[9] amounted to CHF 351.9 million, up +10.5% in local currencies (+3.7% in CHF), reflecting the positive mix and effective cost control.

Factories

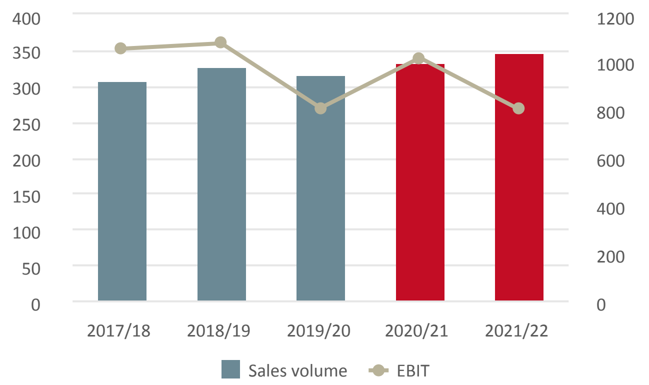
27

Sales volume by Region



EBIT reported in CHF m

Sales volume in thousand tonnes



Key figures for Region EMEA

		Change in %			
		In local currencies	**In CHF**	**2021/22**	**2020/21**
Sales volume	Tonnes		4.3 %	1,040,018	997,324
Sales revenue	CHF m	13.9 %	6.8 %	3,341.0	3,128.5
EBITDA	CHF m	(11.7)%	(17.2)%	351.4	424.4
Operating profit (EBIT)	CHF m	(15.6)%	(21.2)%	267.2	339.2
Operating profit (EBIT, recurring)[9]	CHF m	10.5 %	3.7 %	351.9	339.2

[8] Source: Nielsen volume growth excluding e-commerce – September 2021 to August 2022, 15 countries. Data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.
[9] Please refer to page 175 for the detailed recurring results reconciliation.

Business Review | Region Americas

Smart growth leading to double-digit EBIT increase

Region Americas continued its strong growth trajectory and reached a new record volume of 649,389 tonnes, up +6.4%, clearly ahead of the underlying regional chocolate confectionery market (+0.7%)[10].

Food Manufacturers' growth was broad based and supported by the ongoing trend toward 'better-for-you' products. Gourmet & Specialties continued to show strong growth.

Sales revenue increased by +16.2% in local currencies (+19.7% in CHF) and amounted to CHF 2,190.2 million.

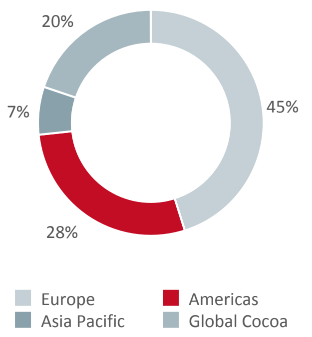
Operating profit (EBIT) recurring[11] grew well ahead of the volume at +14.8% in local currencies (+18.5% in CHF) and amounted to CHF 221.0 million, benefiting from a strong segment and margin-accretive product mix.

In September 2022, the Group deepened its presence in Canada by celebrating the groundbreaking of a new factory in Brantford, Ontario. Upon completion, the site will specialize in sugar-free, high protein, and other specialty chocolate products, further boosting the long-term growth of Barry Callebaut in North America.

Factories

14

Sales volume per Region

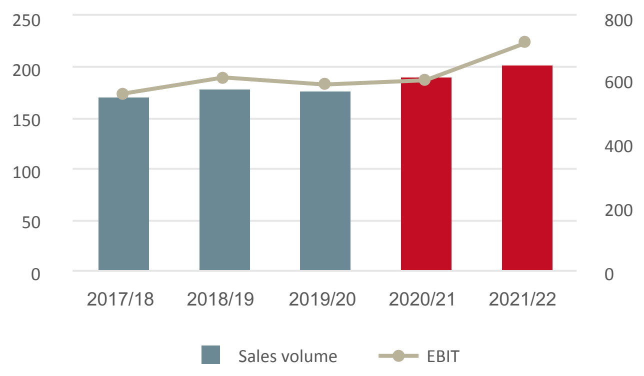


EBIT reported

in CHF m

Sales volume

in thousand tonnes



Key Figures for Region Americas

		Change in %			
		In local currencies	In CHF	2021/22	2020/21
Sales volume	Tonnes		6.4 %	649,389	610,133
Sales revenue	CHF m	16.2 %	19.7 %	2,190.2	1,830.3
EBITDA	CHF m	13.5 %	16.9 %	280.6	240.1
Operating profit (EBIT)	CHF m	16.0 %	19.8 %	223.5	186.6
Operating profit (EBIT, recurring)[11]	CHF m	14.8 %	18.5 %	221.0	186.6

[10] Source: Nielsen volume growth excluding e-commerce – September 2021 to August 2022, 5 countries. Data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.
[11] Please refer to page 175 for the detailed recurring results reconciliation.

Business Review | Region Asia Pacific

Strong growth momentum

In Region Asia Pacific strong volume growth continued at +15.8% and reached 160,304 tonnes in fiscal year 2021/22, clearly outpacing the underlying chocolate confectionery market (+11.0%)[12].

Strong growth with Food Manufacturers continued in key markets such as India and China, though some markets, including Australia, still experienced ripple effects from COVID-19. Despite the challenging comparison base, the Gourmet & Specialties business continued its strong growth.

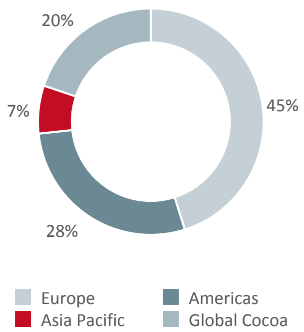
Sales revenue increased by +23.3% in local currencies (+23.4% in CHF) to CHF 547.8 million, mainly reflecting the inflationary environment.

Operating profit (EBIT) amounted to CHF 59.1 million, up +2.9% in local currencies (+3.8% in CHF). EBIT growth lagged behind volume growth, mainly due to upfront investments in growth, particularly in Australia. Nevertheless, the Region's profitability per tonne remains well ahead of the Group average.

Factories

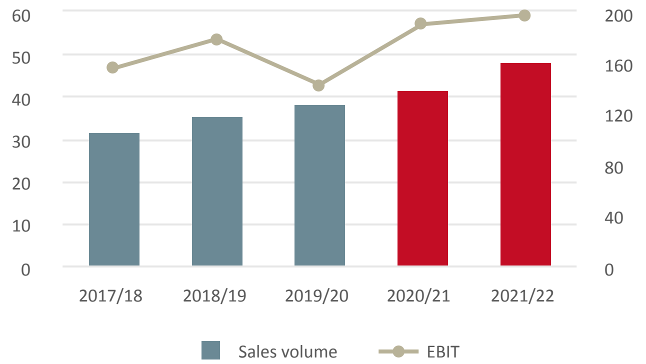
10

Sales volume per Region



EBIT reported
in CHF m

Sales volume
in thousand tonnes



Key Figures for Region Asia Pacific

		Change in %			
		in local currencies	**in CHF**	**2021/22**	**2020/21**
Sales volume	Tonnes		15.8 %	160,304	138,396
Sales revenue	CHF m	23.3 %	23.4 %	547.8	444.0
EBITDA	CHF m	5.3 %	6.0 %	75.6	71.4
Operating profit (EBIT)	CHF m	2.9 %	3.8 %	59.1	57.0

[12] Source: Nielsen volume growth excluding e-commerce - September 2021 - August 2022, 5 countries, excluding Australia and Japan. Assuming zero growth for these two markets, adjusted market growth would be around 6% for the period.

Business Review | Global Cocoa

Rebound in profitability as expected

Sales volume in Global Cocoa increased by +2.5% to 456,970 tonnes in fiscal year 2021/22.

Sales revenue amounted to CHF 2,012.9 million, up +12.0% in local currencies (+11.5% in CHF).

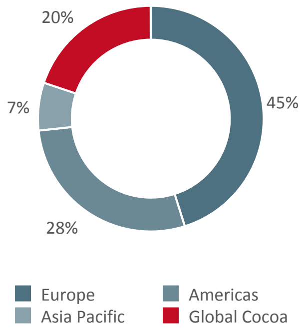
Operating profit (EBIT) recurring[13] showed, as expected, a rebound to CHF 91.5 million, up +7.5% in local currencies (+5.8% in CHF) thanks to a normalized cocoa market.

In May 2022, Barry Callebaut opened Taycan, the Group's first cocoa bean sourcing, cleaning, drying and export facility in Ecuador. This investment highlights Barry Callebaut's commitment to having a strong presence and a state-of-the-art facility in Ecuador, the world's third largest cocoa producer. It also fits the Group's strategy to offer access to a wide variety of cocoa bean origins.

Factories

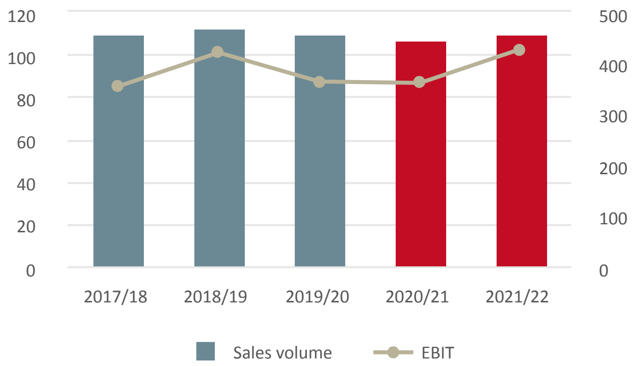
15

Sales volume per Region



EBIT reported
in CHF m

Sales volume
in thousand tonnes



Key figures for Region Global Cocoa

		Change in %			
		In local currencies	In CHF	2021/22	2020/21
Sales volume	Tonnes		2.5 %	456,970	445,719
Sales revenue	CHF m	12.0 %	11.5 %	2,012.9	1,804.8
EBITDA	CHF m	13.4 %	12.2 %	175.7	156.6
Operating profit (EBIT)	CHF m	19.7 %	18.5 %	102.5	86.5
Operating profit (EBIT, recurring)[13]	CHF m	7.5 %	5.8 %	91.5	86.5

[13] Please refer to page 175 for the detailed recurring results reconciliation.

Sustainability

Forever Chocolate
Our springboard for fresh ambition

Introduction

Sustainability is at the heart of Barry Callebaut, representing one of our four strategic pillars. In 2016, we launched Forever Chocolate, the next chapter in our long-standing commitment to building a sustainable cocoa and chocolate supply chain.

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 assured by a third-party independent assurance provider.

Halfway through our Forever Chocolate timeline, we have used the past year to take stock of the impact we have generated since 2016 and how well we are on track to achieve our targets. In addition, as the future requirements for a sustainable chocolate supply chain are constantly evolving and transforming, we have assessed where our targets need sharpening. Our conclusion? We need to add fresh ambition to our Forever Chocolate Plan. In fiscal year 2022/23 we will present a set of sharpened targets, using our ongoing Forever Chocolate targets for 2025 as a springboard.

Our sixth Forever Chocolate progress report, covering fiscal year 2021/22, shows that we continue to scale up our activities by partnering with customers as well as societal and industry stakeholders to create tangible impact on the ground, while at the same time publicly advocating for policies to make sustainable chocolate the norm.

Our over 1,600 colleagues in cocoa-origin countries give us a unique pool of expertise. As an early sustainability adopter in the cocoa and chocolate industry, we have developed strong sustainability know-how and capabilities.

That is a key enabler of our robust program implementation and impact-driven solutions and a point of differentiation for our customers. We continue to be the preferred partner to drive impact, delivering on our Forever Chocolate ambitions, and addressing customer needs.

Our key achievements in 2021/22 include:

- Prospering Farmers - Our Farm Services Business continued to support 171,710 (+36.7%) farmers in 2021/22. In addition, programs to support subsidized soil inputs and paid labor teams were ramped up across 8,000 hectares in Côte d'Ivoire and Ghana.

- Zero Child Labor - 80.6% of the farmer groups that are part of our direct supply chain[1] have systems in place to prevent, monitor and remediate child labor compared to 61.4% in prior year.
- Thriving Nature - We launched our intensified agroforestry approach across 11,000 hectares in Ghana and Côte d'Ivoire with a focus on long-term success through training, extended monitoring and payment for ecosystem services.
- Sustainable Chocolate - With the support of our customers we increased the proportion of products sold containing 100% sustainable cocoa or chocolate to 49.4% in 2021/22 compared to 42.6% in prior year. This corresponds to one in two products.

More information on these and other achievements, as well as on our approach and measured impact, is given in the following sections on each pillar.

Shaping policy, regulations and norms

A fully sustainable cocoa and chocolate sector can only be achieved when all supply chain actors are committed to supporting the development of an enabling environment. A cause for which Barry Callebaut has been a driving force from the start. In December 2019, Barry Callebaut partnered with industry associations, companies and NGOs requesting that the European Union introduce legislation imposing due diligence obligations on all companies that sell cocoa or cocoa products in the EU market. We are happy to see that our vision and accompanying advocacy work are yielding results and are supporting the development of a level playing field for all companies - the proposed EU legislation on deforestation and human rights and environmental due diligence will provide impetus to strengthen an enabling environment, as well as the market pull, for sustainable cocoa. In 2021/22 we continued to actively participate in the EU CocoaTalks, a Multi-Stakeholder Dialogue on Sustainable Cocoa. In this forum we contributed to the development of the EU-led Alliance on Sustainable Cocoa and its roadmap. In June 2022,

[1] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering more than 12,000 farmers from our indirect supply.

this roadmap, which aims to advance sustainability across the cocoa supply chain through collective action and partnerships, was endorsed by the European Union, Côte d'Ivoire, Ghana, as well as industry associations. In addition, in July 2022, Barry Callebaut, together with other industry players, signed the Côte d'Ivoire - Ghana Cocoa Initiative (CIGCI) Economic Pact, joining forces with the Ivorian and Ghanaian governments to accelerate the transition to a living income for all farmers.

Traceability - a key priority that can only be achieved through collaboration

Traceability to farm level - knowing where the cocoa we source is grown - plays a crucial role in addressing some of the structural sustainability issues in the cocoa supply chain. Accurate insights into cocoa sourcing, gathered through polygon mapping and geo-localization based on satellite images, are imperative for us in our efforts to eliminate deforestation. Barry Callebaut has already achieved high levels of traceability in its direct supply chain. We have been publicly disclosing the geolocation of our direct suppliers in Côte d'Ivoire, Ghana and Cameroon since 2018/19 and regularly update the map, most recently in February 2022. In 2021/22 a total of 230,749 farms located within 25 kilometers of a protected forest area were mapped and monitored. This led to full traceability for beans originating from these farms.

In order to achieve traceability in our indirect supply chain, developing a government-mandated, national traceability system is essential. In this respect, Barry Callebaut supported a cocoa and chocolate industry statement affirming a willingness to consolidate and share industry-gathered data with Ghanaian and Ivorian authorities. The data will be aggregated into a single database owned and driven by producing countries, with the aim of achieving robust national traceability systems. In addition, we are also in support of Ivorian and Ghanaian efforts to set up a cocoa farmer identification registry. In 2021/22, we partnered with the CCC (Conseil Café Cacao) on a traceability pilot project. This pilot was established to test data sharing between government agencies and industry to feed the learnings into the development of a consolidated national farm database, currently being built by the CCC. We are also actively working on transferring our traceability know-how from our direct to our indirect supply chain. In 2021/22, we conducted a pilot program with three key indirect suppliers in Côte d'Ivoire, training them on precise and timely data collection. Building on the insights we have gained regarding current levels of traceability among local indirect suppliers and how we can best assist them, we plan to onboard additional suppliers and the cooperatives they source from to further improve and scale up their traceability efforts.

Our commitment to reporting on Environmental, Social and Governance risks

Our values represent a mindset and way of doing business that is committed to generating sustainable returns 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) policies and risks. Identifying and addressing the key ESG issues facing our business and our approach to addressing these issues requires regular dialogue with our stakeholders. This principle underpins our approach to our non-financial reporting and our materiality assessment practices. In addition, we publicly disclose our GRI Reports and CDP Reports and maintain a dedicated public website covering a range of key ESG topics that impact our operations and supply chain.

External recognition of our progress and impact

In September 2022, Barry Callebaut was ranked #1 out of close to 600 companies in the 'Food Products' category by Sustainalytics, a leading player in assessing industry efforts to manage Environmental, Social and Governance (ESG) risks in supply chains. This is the fourth consecutive year that Barry Callebaut has been recognized as an industry leader in the management of the Environmental, Social and Governance risks in our supply chain. This result once again confirms our leadership position, not only in the cocoa and chocolate sector, but also in comparison to our peers in the broader food and beverage industry.

In addition, CDP, an independent organization that assesses the carbon reduction plans of over 14,000 companies, for 2021 awarded Barry Callebaut, for the first time, an 'A' in global forest stewardship for 2021, along with 23 other high-performing companies leading in corporate action and transparency on deforestation. We were also ranked a CDP Leader for the fourth consecutive year for our carbon reduction achievements and our supplier engagement efforts to reduce scope three emissions, which are emissions that extend beyond our direct supply chain.

Prospering Farmers
Lifting cocoa farmers out of poverty

PROSPERING FARMERS

Our goal

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

Our approach

Cocoa cultivation, unlike many other food crops, is still largely dependent on manual labor in many cocoa-growing regions. Almost two-thirds of global cocoa is produced in Côte d'Ivoire and Ghana and is predominantly grown by independent smallholder farmers supplying a range of companies, sometimes via several cooperatives. According to Agri-Logic data, in Côte d'Ivoire, the average farmer age is 48 years, with an average household size of 10.6 people, or 7.5 people when excluding dependents who may or may not be relatives but are nonetheless dependent on the farm. Cocoa farmers and their families usually live in villages and are required to travel a few kilometers to work on the farm, with most of the work and labor on the farm undertaken by the farmer and their families themselves. Most farmers work on more than one field, sometimes owning one of the plots and leasing the others.

In Côte d'Ivoire, farms are around 5.12 hectares in size, with an average of 3.61 hectares primarily dedicated to cocoa. The yield sourced from, on average, 1,352 cocoa trees per hectare, is around 341 kg[2]. This means farmers face a challenge when it comes to making a living from a small farm. It is also very difficult to increase cocoa production without investing in labor-intensive and time consuming pre-harvest activities and costly farm inputs.

At the same time, cocoa accounts for a significant part of these smallholder farmers' income, 70% to 85% in Côte d'Ivoire[3] and two-thirds in Ghana[4].

As we progress towards our 2025 target to have more than 500,000 farmers in our supply chain lifted out of poverty, our focus is to continue supporting farmers to modernize agriculture and cultivation methods, increase yields, diversify income and professionalize farming practices.

We are focusing on three main components to improve a cocoa farmer's quality yield per hectare: improved planting material, productivity packages and financial support for third-party labor services. Because we believe that low levels of farm investment are the key challenge that must be addressed. In addition, Barry Callebaut is working alongside customers on several premium paying programs.

We are continuously exploring ways of innovating cocoa farming practices that are climate-smart and enhance farm profitability. In 2022, for example, Barry Callebaut established the Farm of the Future in Ecuador to power cocoa farming research and innovation. This research and innovation farm represents our firm commitment to developing sustainable solutions that are impactful beyond our own operations, encompassing the wider cocoa and chocolate industry.

Besides such research, it is also critical to have an in-depth understanding of the conditions, challenges and potential of the farms and farmers we work with. At the end of fiscal year 2021/22, our unique and extensive farm mapping database covered 235,817 (+13.0%) farmers with full data. This means we have captured their socioeconomic and household data through census interviews and mapped the geographical location and the size of their farms. Currently, we have mapped 399,413 cocoa farm plots, covering 79.7% of our direct supply chain[5] in 2021/22. Our focus on mapping and data collection applies to our indirect supply chain too. As such, in 2021/22 we launched projects to integrate the data of several indirect supply chain partners during the coming fiscal year.

The gathering of farmer data also helps us to gain a more detailed picture of farmer profiles and gain a better understanding of farmer needs for our Farm Services Business. Our individualized Farm Business Plans (FBPs) constitute a multi-year model of the potential income a specific farm can generate if managed optimally. In one-to-one consultations, our Farm Services specialists and the farmer evaluate the

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[2] According to the Agri-Logic report "FFB Côte d'Ivoire company report Barry Callebaut", on the state of the cocoa sector in Côte d'Ivoire analyzing data collected between March 2020 and February 2021.
[3] 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).
[4] Cocoa Farmers in Ghana experience poverty and economic vulnerability (2017). Available from https://cocoainitiative.org/ (accessed August 2, 2021)
[5] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering more than 12,000 farmers from our indirect supply.

farm landscape – soil analysis, age of cocoa trees, presence of alternative crops and livestock – and categorize the agricultural skills the farmer already possesses. Such a tailored approach is unique and is only made possible by the over 1,600 dedicated people we have working on the ground in cocoa-producing countries. More than 120,000 (+29.8%) farmers adopted FBPs in 2021/22 and a total of 171,710 (+36.7%) cocoa farmers in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia benefited from our Farm Services support this fiscal year.

In 2021/22, we significantly increased the number of cocoa seedlings distributed to 3.91 million (+46.3%). We also invested in a large nursery production facility in Brazil through which we plan to grow and distribute 1.2 million cocoa seedlings in the coming fiscal year. Distributing more robust and higher-yield seedling varieties helps to rejuvenate cocoa farms. Cocoa farms also thrive best in a diverse ecosystem that includes a variety of tree species. In 2021/22, we continued scaling up the capacity of our shade trees nursery production facilities in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia. This has resulted in the distribution of over 5 million (+165%) non-cocoa trees, helping to diversify farmer income while providing beneficial shade for cocoa seedlings, removing CO_2 and improving soil quality and biodiversity on cocoa farms.

In 2021/22 we also further increased the number of farmers receiving productivity packages to 57,926 (+17.4%). Given the increased costs for fertilizers generated by the post-Covid recovery and the war in Ukraine, we focused on subsidizing fertilizers for farmers in Ghana and Côte d'Ivoire. Partly funded by Cocoa Horizons customers, we spent a total of over CHF 2 million on subsidies to keep prices at a more reasonable level.

To realize the full benefits of fertilizer, a second critical input is needed – correct pruning techniques. The combination of soil inputs and adequate pruning enables cocoa trees to produce more fruit, which can lead to an increase in quality and yield. In 2021/22, in order to help farmers perform the time-consuming and labor-intensive work of pruning, Barry Callebaut together with a number of global customers such as Mondelēz International, Nestlé, Ben & Jerry's, and customers of the Cocoa Horizons Foundation launched a program to support farmers in Côte d'Ivoire and Ghana by offering them access to external labor resources. The program established professional service providers as it recruited and trained local community members and cocoa farmers to form labor teams, providing them with the necessary equipment and giving them access to an additional source of income. The paid labor teams focused on the tasks of pruning and weeding, and the correct application of fertilizers and pesticides. In exchange for the pre-harvest labor support provided, the farmers committed themselves to purchasing productivity packages with subsidized fertilizers. In 2021/22 this covered 8,107 hectares; 5,620 in Côte d'Ivoire and 2,490 in Ghana.

A historical approach to supporting cocoa farmers has focused on demonstration plots and farmer field schools. Through our close collaboration with farmers, we acknowledge that there is not a lack of farming knowledge. The challenges farmers face are related to structural and agricultural issues associated with the cost of production. Therefore, we shifted the focus of our Farm Services Business from farmer training to more active support of their pre-harvest activities by providing them with external labor teams and subsidized soil inputs. This initiative can be traced to a trial project with one of our largest global customers under our Farm Services Business, which demonstrated that increased investment in pre-harvest labor, particularly for tree pruning, as well as higher investment in the right mix and amount of soil inputs, can improve cocoa yields and increase farmer income. However, one of the challenges cocoa farmers face is the financial cost of pre-harvest work. In West Africa the average farmer spends 70% of their time doing post-harvest activities and only 30% doing pre-harvest activities. Cocoa farming is also primarily a family-operated business, and the cost of additional labor for pruning as well as soil inputs is often out of reach for farmers. In the coming financial year, we plan to significantly scale our new approach, aiming to offer additional support via external labor and access to inputs such as fertilizers to 20,000 more farmers in Ghana and Côte d'Ivoire as well as Cameroon.

It is clear that the implementation and impact of our Farm Services offerings could be further enhanced by sector-wide stakeholder collaboration. This should include the creation of mainstream banking opportunities for farmers and the development of integrated agricultural policies that align national production targets with global demand. These policies should also encourage the production of other essential agricultural goods that promote income diversification and alternative livelihoods for farmers.

Our measured impact

To measure our progress towards our target to have more than 500,000 cocoa farmers lifted out of poverty by 2025, we are using as a starting point the International Poverty Line definition of extreme poverty, which is USD 1.90/day adjusted for differences in purchasing power and cost of living[6]. Our activities are designed to help farmers in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil move from subsistence to living incomes thanks to increased productivity and income diversification.

In 2021/22, measured against the International Poverty Line threshold of USD 1.90/day, we estimate 214,124 cocoa farmers in our supply chain are no longer in poverty, which is flat compared to prior year (-0.2%). This can partly be attributed to the government set farm gate price decrease in 2021/22 due to the impact of overproduction during Covid-19. Despite our subsidizing the cost of fertilizers and external labor for many farmers, the overall cost of production has increased, also negatively impacting farmer income.

Key metric

214,124

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

171,710

Number of cocoa farmers who have received Farm Service activities

120,107

Farmers adopted an individualized Farm Business Plan

Our commitment to the UN SDGs

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

Zero Child Labor
Eradicating child labor

ZERO CHILD LABOR

Our goal

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

Our approach

Barry Callebaut sources cocoa from regions where child labor, defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development[7], occurs, mostly on family owned farms. In line with the United Nations Guiding Principles on Business and Human Rights[8], the solution lies not in terminating sourcing activities 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.

Barry Callebaut's approach to fighting child labor is based on child-centered systems, strengthening and applying data-driven risk analysis capabilities under an overarching human rights due diligence framework modeled after OECD Due Diligence Guidance for Responsible Business Conduct. Our company efforts need to be coupled with cocoa sector collaboration as well as public intervention to bring about a structural solution to child labor. 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 structures 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[9].

We believe that enforcement of a strong regulatory framework to protect human rights in origin countries should be part of a broader effort to strengthen an enabling environment for sustainable cocoa farming. Such an approach would go hand in hand with the due diligence legislation currently being debated in consuming countries, which can only be fully effective if sector-wide traceability is established and effective systems are set up to identify, prevent, mitigate and remediate adverse effects of business activities on human rights and the environment. In this context, Barry Callebaut welcomes the EU proposal for a Corporate Sustainability Due Diligence Directive and, together with other stakeholders, we are engaging in a constructive dialogue with regulators to ensure that the resulting legislation is effective and fit-for-purpose.

In 2021/22 we formalized our due diligence approach in regard to child labor in conformity with the OECD Due Diligence Guidance for Responsible Business Conduct. This year we also elaborated our procedures and policies if a reasonable suspicion of forced labor is identified. Besides developing a due diligence approach and, as a top priority, setting up forced labor response and forced labor investigation protocols, we created and conducted detailed training on forced labor, reaching Barry Callebaut sustainability coaches in Côte d'Ivoire, Ghana, Cameroon and Nigeria. Through our partnership with Verité, an NGO that specializes in preventing and remediating labor rights violations, we can benefit from insights and proven models from other supply chains and apply them to ours. In the coming year, we plan to improve our grievance procedure to ensure that allegations or concerns can be expressed safely while further building on our strong collaboration with local authorities. In addition, mandatory human rights training for all sourcing and sustainability employees was established and launched in the past fiscal year. This was an action point raised by Barry Callebaut's internal Human Rights Committee. This cross-functional committee has formal authority to oversee the coordinated integration of human rights policies, procedures, and actions across the business.

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

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[7] As defined by the International Labour Organization. Available from https://www.ilo.org/ipec/facts/lang--en/index.htm
[8] Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework. Available from https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdff
[9] Full report available from https://euagenda.eu/publications/ending-child-labour-and-promoting-sustainable-cocoa-production-in-cote-d-ivoire-and-ghana

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."

We believe the highest risk for child labor in our supply chain stems from the cocoa we source from Ghana and Côte d'Ivoire, where an estimated 1.56 million children were involved in child labor for cocoa cultivation back in 2018/19[10], primarily on family owned farms. The most prevalent types of child labor are children working on family owned farms at too young an age for too many hours or working in hazardous conditions.

In 2021/22 we continued to monitor and identify cases of child labor in our cocoa supply chain in West Africa by further expanding our child labor monitoring and remediation systems based on the industry practice as developed by the International Cocoa Initiative (ICI).

For other ingredients and regions, we use different approaches that are often based on the Maplecroft Child Labor Index. In addition we also conducted human rights impact assessments in Ecuador and Indonesia, combining the resulting information with what we already know from the Maplecroft Child Labor Index to determine what actions would best address the human rights and child rights risks for ingredients sourced in these countries. In Brazil, the implementation of our newly developed child labor monitoring system and remediation protocols has continued and the resulting data will be audited in the coming fiscal year for the first time.

Once the risk is assessed and cases of child labor are identified, the next and most important step is focusing on remediation and prevention.

In West Africa, where potential cases of child labor are reported via our Child Labor Monitoring and Remediation Systems (CLMRS), we work very closely with ICI to remediate these cases. Our approach to remediation is 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. Additionally, Barry Callebaut is partnering with Nestlé as one of the implementers of the Nestlé income accelerator program in Côte d'Ivoire, piloting new methods of incentivizing school enrollment through direct cash payments.

Given the scale of child labor in West Africa, it is not possible to tackle the issue of child labor case by case alone. Therefore, we have and will continue to advocate a wider community development approach, for which Embode, a social protection and human rights consultancy, continues to be an important thinking partner. Our approach is child-centered and starts at the local level, engaging with children, parents, families and community leaders to create empowered communities that guide 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. As such, in 2021/22, we expanded our work with Child Protection Committees (CPCs) as well as Human Rights Committees (HRCs) in cocoa farming communities in Côte d'Ivoire, Ghana, Cameroon and Indonesia. This program brings district and/or local-level government agencies, social welfare specialists, community planners, teachers, and local religious leaders together in a spirit of partnership, for 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 and HRC 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.

In 2021/22, through the Cocoa Horizons program and other customer sustainability programs, we also continued funding Village Savings and Loan Associations (VSLAs), which help cocoa farming women and men obtain financing, manage household cash flow, respond to life-cycle events or invest in alternative income-generating activities. VSLAs are low-cost financial services providers that serve poor households with an irregular income and that are therefore considered too risky, even for micro-finance institutions. In Ghana some of the VSLAs started to invest not only in individual projects but also in community projects and several VSLAs collected enough money to be able to open more secure bank accounts. In 2021/22 the majority of the 1,169 VSLAs were funded by the Cocoa Horizons Foundation, with a key focus on promoting income-generating activities for women to help them build leadership skills in their homes and enterprises. 71% of VSLA participants were women.

Raising awareness of child labor issues is another key aspect of our strategy. In Cameroon, we launched a radio program which we plan to expand to more districts within Cameroon in the coming fiscal year. After a more than two-year break due to Covid, the Cocoa Horizons truck finally hit the road again in early 2022. The Cocoa Horizons truck is a multi-purpose mobile unit that sensitizes farmers on multiple topics including child protection and organizes medical visits with local health authorities directly in the cocoa communities. In total 100,743 farmers received training on child labor.

We believe that human rights issues in our supply chain can be tackled only in collaboration with all stakeholders and Good Beyond, a purpose driven consultancy, have helped us shape our approach of working together with other stakeholders in the cocoa sector. Education and children's well-being are an integral part of Barry Callebaut's child-centric approach to human rights due diligence. We are

[10] 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.

therefore also proud to support CLEF (Child Learning and Education Facility), an innovative public-private partnership focused on scaling investments to systemically improve access to quality education in Côte d'Ivoire. Scaling education is an essential tool to promote children's rights and combat child labor. The partnership brings together government officials from Côte d'Ivoire, cocoa and chocolate industry representatives, and philanthropic organizations including the Jacobs Foundation.

Our measured impact

We continue to monitor and identify cases of child labor rigorously and with intent. In 2021/22, we identified 25,235 (+18.7%) cases of child labor. This increase in cases compared to the previous year is mainly due to the larger number of communities we now cover with our monitoring and remediation systems, including 275 (+16.0%) farmer groups, representing 253,269 farmers (+14.7%) in Côte d'Ivoire, Ghana, and Cameroon.

The percentage of the farmer groups that are part of our direct supply chain[11] and with whom we undertake child labor monitoring and remediation activities is 80.6% compared to 61.4% in prior year.

While the total number of child labor cases identified has risen due to our increased community coverage, we were also impactful in remediating cases during the past fiscal year, with 41,794 (+63.9%) of the reported cases from previous years now under remediation.

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 onsite inspections have shown that the child is no longer subjected to child labor. If a child is found to be engaged in child labor during any of these visits, we will revisit the remediation plan where appropriate and continue following up on the case. The total process of identification, remediation and two follow-up visits takes at least twelve months.

This fiscal year, the number of identified child labor cases considered remediated on the grounds that the child was not found performing child labor during two consecutive monitoring visits amounted to 2,844 cases (+685.6%).

After refining our methodology last year and aligning it with a higher threshold of risk level as defined by the Maplecroft Child Labor Index methodology, we now believe that the risk of child labor is adequately addressed with respect to 22.6% of the cocoa and non-cocoa volumes we source from third-party suppliers compared to 24.5% in prior year. The drop is mainly due to updates in the Maplecroft Child Labor Index.

Key metric

25,235

Number of child labor cases identified

41,794

Number of child labor cases in the process of being remediated

Enabling KPIs

81%

Farmer groups in our direct supply chain have systems in place to prevent, monitor and remediate child labor[11]

23%

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

[11] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering more than 12,000 farmers from our indirect supply.

Thriving Nature
Becoming carbon and forest positive

Our goal
By 2025, we will be carbon and forest positive.

Our approach
Deforestation and forest degradation are important drivers of climate change and biodiversity loss - the two major environmental challenges of our time. The main driver of deforestation and forest degradation is the expansion of agricultural land linked to commodities such as soy, palm oil and cocoa, all three ingredients found in chocolate products. In addition, when looking at cocoa, climate change, poor soil quality, the suboptimal use of agrochemicals, and a lack of natural inputs, such as shade cover 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 entire chocolate industry must be committed to reducing its carbon footprint and achieving a deforestation-free supply chain. That entails, on one hand, mitigating the impact of climate change, preserving ecosystems and restoring natural biodiversity and, on the other hand, empowering communities, helping farmers prosper and increasing the long-term productivity of cocoa in environmentally suitable areas.

We welcome the European Union's (EU) draft Regulation on Deforestation-free Products aiming to minimize EU-driven deforestation and forest degradation and reduce greenhouse gas emissions and biodiversity loss. We are confident that the Regulation can achieve its objectives if it is part of a smart mix of measures and is accompanied by enhanced cooperation with other non-EU countries, including technical and financial assistance, in order to support the development of government-mandated traceability systems and the swift transition to sustainable agricultural practices. Barry Callebaut was also one of the leading signatories behind the Cocoa & Forests Initiative (CFI) Frameworks for Action. The power of CFI is that it brings together public and private stakeholders, underlining that industry requires an enabling public policy environment to further scale impact. In 2021/22 we teamed up with other CFI signatory companies in a joint project in order to streamline the accounting approach for carbon throughout the industry and create a level playing field. This work is ongoing with final results expected in 2022/23. We also contributed to the development of the West Africa Cocoa Farm Dataset and Deforestation Risk Assessment (DRA), working together with the World Cocoa Foundation and Climate Focus in partnership with the World Resources Institute as well as other companies. The DRA will contribute to a better understanding of deforestation dynamics through an industry-level view of cocoa plot locations across West Africa, thereby facilitating effective landscape partnerships and encouraging pre-competitive collaboration. Paired with the outputs of the risk assessment, collaboration can proceed in the areas that matter most for addressing deforestation. The creation of the comprehensive dataset is underway, and a beta version of a risk assessment has been developed. The final risk assessment will be subject to peer review and then be made available as a freely accessible public good through WRI's Global Forest Watch platforms to help drive aligned deforestation risk management across the cocoa sector for impact at scale.

A crucial next step will be the implementation of government-mandated end-to-end traceability systems. Additional steps include the setting up of a cocoa farmer registry and a review of current land tenure policies to ensure better supply management and compliance with national forest and agricultural policies. We will continue to work with the governments of Côte d'Ivoire and Ghana, our industry partners and other stakeholders to protect and restore forests, support sustainable cocoa production and thriving communities, and build a forest-positive future.

Carbon positive progress
Greenhouse gas (GHG) emissions in a food company's supply chain are, on average, 87% of its total emissions[12]. For Barry Callebaut, this means that our emissions extend far beyond the locations and facilities where we produce our chocolate and cocoa products,

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

fillings, decorations and compounds. This is why, as part of our Forever Chocolate target to be carbon positive by 2025, we are 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 supply chain (scope 3), which includes the production and processing of all the raw materials we source, and related Land Use Changes (LUC).

In 2019, we released our science-based targets. These carbon reduction targets have been externally assessed and support the global carbon reduction trajectory required to limit global warming to +1.5°C.

Cutting emissions begins by improving the energy efficiency of our operations and changing the sources of energy that we use. On top of the large number of efficiency initiatives executed by our operations teams, we are progressively replacing fossil fuels with green electricity wherever possible. In 2021/22, we increased our consumption of renewable energy and 29 of the company's 66 factories are now sourcing 100% renewable electricity.

We continue to expand our sources of renewable energy with new solar installations. For example, our chocolate factory in Port Klang, Malaysia, switched on a system with more than 4,700 photovoltaic panels in March that will generate 2,500 MWh/year of clean energy, eliminating emissions of 1,500 t of CO_2e/year. In May 2022, our factory in Pennsauken, New Jersey (US) went live with a 690 kW rooftop solar array that produces 840 MWh/year, also contributing to reducing our carbon emissions.

In October 2021 "The Barry Callebaut Chocolate Box", our brand new Global Distribution Center which is also the largest chocolate warehouse in the world, was formally inaugurated in Lokeren, Belgium. The center was designed to deliver against the highest sustainability standards (BREEAM) for a logistical warehouse. This norm guarantees a sustainable approach from the design to the operation of the center. The building is CO_2 neutral. There are 12,000 m^2 of photovoltaic panels on the roof and we use a geothermal system to extract heat or cold from the ground. The entire system is fossil-fuel free and all the energy that is used in the building, including charging stations, forklifts and high bay installations, is supplied by on-site renewable energy sources.

Our scope 3 emissions, primarily from Land Use Change (LUC), form the biggest part of our carbon liability. LUC means the carbon emissions resulting from the transformation of forest land to agricultural land. However, identifying and measuring deforestation and carbon emissions associated with LUC at a large scale and in sufficient detail is notoriously difficult. This becomes all the more complicated when working with third-party suppliers who have complex supply chains.

Through the implementation of innovative technologies and in collaboration with academia, start-ups, and other stakeholders, we are committed to tackling these challenges, reducing our carbon footprint and achieving a deforestation-free supply chain.

In 2020 we developed the first satellite-based assessment approach for cocoa-related LUC emissions. Since 2018/19 we have also partnered with the Gold Standard Foundation and SustainCert as the first company to pilot their Value Chain Interventions Guidance and develop a methodology to monitor and certify carbon removals and reductions from value chain interventions (scope 3). Based on this work, we established a portfolio of supply chain interventions such as agroforestry that are now being implemented in major cocoa-growing regions. The resulting carbon benefits can be shared with our customers and suppliers.

In 2021/2022 we published our deforestation-free protocol describing the processes we are developing to reduce deforestation within our supply chains for cocoa and other ingredients. The traceability of our ingredients is crucial in order to monitor and prevent deforestation. This year we continued to put a particular focus on monitoring farms at risk of sourcing from protected areas. Currently, we are covering 230,749 farms mapped within 25 kilometers of national parks, game reserves, forest reserves, and classified forests 1 and 2 in Côte d'Ivoire. Combining this data with the other farms mapped, we now have GPS maps for 399,413 farms, covering 79.7% farms in our direct supply chain[13]. As a result, we have established traceability to farm level for the cocoa volumes coming from these mapped farms.

In order to provide third-party suppliers with a solution to identify the forest areas where preservation and protection activities have to be enhanced, we partnered with EcoVision Lab, part of ETH Zurich (Swiss Federal Institute of Technology in Zurich, Switzerland). In 2021, this collaboration led to the publication of an 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 innovative work was expanded in the fiscal year under review and will eventually enable HCS mapping in other regions such as West Africa.

In 2021/22 we also further improved our LUC and deforestation monitoring in partnership with Swift Geospatial, which leverages near real-time open access disturbance alerts. This can be overlaid with internal data for cocoa and other ingredient growing areas to better understand deforestation patterns.

In addition to our efforts to reduce our emissions from LUC, we are pursuing carbon projects that cover various ingredients through collaboration with trusted partners, including scientific institutes, NGOs, technology providers, suppliers and farmers. In these projects we aim to translate climate-smart management strategies into practical agronomic advice for farmers, helping them to implement and report carbon reduction measures in our supply chain

[13] In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering more than 12,000 farmers from our indirect supply.

and our customers. We are aligning our claims generation to the upcoming requirements for SBTi FLAG and developing internal systems that will support our customers in their reporting needs. In 2021/22, we worked on our emission factor governance by collecting emission factors from our ingredient suppliers and assigning each one a quality rating. Specifically for dairy, we developed a carbon tracking tool that enables us to live-monitor our carbon footprint based on our purchases. In a next step, we will be able to identify the largest source of emissions and thus the greatest potential for interventions, given that dairy is one of the major contributors to our overall corporate GHG emissions. The use of animal feed additives is widely recognized as an effective means of reducing methane emissions in dairy cattle. We have developed an insetting project with Verra to this end, building on previous work in dairy. Where credits are generated within our supply chain, we will allocate them to our dairy purchases and apply Verra certification towards the reduction of our dairy emissions.

In addition, we have also commenced several pilot projects with dairy, sugar cane, sugar beet, palm oil and coconut suppliers, focusing on soil carbon and crop nutrient management to reduce carbon emissions.

Ecosystem restoration, biodiversity and agroforestry

Through our agroforestry and reforestation efforts we aim to mitigate the impact of climate change and restore natural biodiversity while helping farmers to prosper and increase their long-term productivity.

Enhancing on-farm ecosystems with agroforestry helps farmers to develop cocoa farms that are more resilient to drought and disease, have better soil quality, produce better and higher yields and provide them with an additional source of income. Additionally, cocoa grown in the shade is linked to increased biodiversity, carbon removals, and nutrient retention in the soil. By carefully observing the local natural ecosystems we can determine the best mix of native species to promote cocoa and soil regeneration and attract pollinators, such as birds, bees and other insects, while providing extra income for farmers and removing carbon.

This year we further developed our agroforestry approach with a focus on long-term success through training, extended monitoring and payment for ecosystem services. In partnership with the Cocoa Horizons Foundation and major customers, we launched our intensified agroforestry approach covering 11,000 hectares in Ghana and Côte d'Ivoire. We also started a collaboration with third-party cocoa bean suppliers, supporting them in setting up an agroforestry system. We aim to continue to massively expand our intensified agroforestry approach in the coming financial year, focusing on tree growth and survival to maximize permanent carbon removals on our farms while at the same time diversifying farmer income and improving their livelihood.

One of the reasons farmers are hesitant to commit to long-term investment in their farms is their limited land tenure and tree rights. In contrast to many other countries, applying for land certificates in West Africa is often a very expensive and very time-consuming administrative process. For this reason, we joined forces with industry players, donors and local implementers under the Côte d'Ivoire Land Partnership (CLAP) in 2019 to develop an upscaling model for land registration. This year, 130 land tenure documents were issued as part of the pilot, with the ambition to issue more than 9,000 by 2023. In Ghana, we co-funded the 'Cocoa Household Income Diversification Project' under the Beyond Chocolate Partnership. Through the contributions of our customers to the Cocoa Horizons program and our partners Meridia, IDH - The Sustainable Trade Initiative, ALDI SÜD, Solidaridad West Africa and the Ministry of Development Cooperation Belgium, a group of around 500 Ghanaian cocoa farmers, about 30% of whom are women, received their land registration documents in June 2022.

Having formal rights to the land they own increases farmers' legal tenure security, resolves land disputes, and gives them peace of mind. Farmers are able to safely invest in their land in order to secure their livelihoods and family legacies. Land rights are essential to ensure a living income for farmers and sustainable cocoa production. This is why we aim to involve additional stakeholders at a pre-competitive level to apply this approach beyond our own supply chain.

Biodiversity is an important element for evaluating our progress on becoming forest positive. Our commitment to biodiversity is focused on both on-farm (agroforestry) and off-farm (reforestation) activities. 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 the restoration of these ecosystems extends beyond just the environmental factors. These landscapes are connected to farms and communities, so protecting and restoring these ecosystems can also improve the livelihoods of farmers and enhance the well-being of farming communities.

Currently, we are active in the Agbo 2 Forest in Côte d'Ivoire, in which, although designated as protected, many hectares of forest have been lost over time to illegal slash-and-burn, logging and poor agricultural practices. In May 2021, supported by the Cocoa Horizons Foundation, and in partnership with FORLIANCE, EticWood, the forest governance organization SODEFOR and, most importantly, the local communities, we commenced a large reforestation and biodiversity restoration initiative on 300 hectares. Through this activity, we are also creating employment opportunities for local communities. In fiscal year 2021/22 we planted over 50,000 seedlings, focusing on 20 different tree species, some of which IUCN recognized as endangered species, with a current survival rate of over 70%. Such a high survival rate is mainly due to favorable weather conditions and close collaboration with the local community and authorities. By involving them in income-generating activities through the creation of a nursery, firebreaks and regular patrols, we managed to foster acceptance, sensibilization and education in regards to reforestation. We are currently exploring further opportunities to scale up our restoration activities over the coming years.

Our measured impact

In 2021/22 our overall carbon footprint was 8.11 million tCO_2e, which is a +3.4% increase in comparison to our previous reported footprint. This increase was mainly driven by our volume growth (+4.8%). At the same time we managed to reduce our GHG intensity through increased use of renewable energy in our factories and by sourcing a higher percentage of certified non-cocoa ingredients. As a result, our carbon intensity for 2021/22 slightly decreased from 3.57 tCO_2e to 3.52 tCO_2e (-1.4%) per tonne of product. Since the commencement of Forever Chocolate in 2016, we have reduced our overall corporate carbon intensity per tonne of product by more than 18%. Additionally, through agroforestry insetting, we achieved 162,706 tCO_2e of scope 3 removals, according to the Gold Standard Value Chain Intervention methodology and independently certified by SustainCERT. Accounting for these removals, our net carbon footprint was reduced to 7.95 million tCO_2e and our carbon intensity was further reduced to 3.45 tCO_2e (-3.2%) per tonne of product.

In 2021/22 we distributed over 9 million trees, of which 5,053,922 non-cocoa trees for agroforestry projects, 50,798 trees for reforestation projects and 3,912,022 cocoa seedlings.

The percentage of sourced raw materials demonstrated not to be contributing to deforestation was 24.5% in 2021/22 compared to 28.7% the previous year. The drop is mainly due to changes in the Maplecroft risk index.

CDP, an independent organization that assesses the carbon reduction plans of over 14,000 companies, for 2021 awarded Barry Callebaut, for the first time, an A for global forest stewardship, along with 23 other high-performing companies leading in corporate action and transparency on deforestation. We also achieved Leadership status for our carbon reduction and supplier engagement efforts for the fourth consecutive year.

Key metric

The carbon footprint of our supply chain from farm to customer

8.11

million tonnes CO2e

Enabling KPIs

3.52

CO2e intensity per tonne of product

25%

Sourced raw materials demonstrated not to be contributing to deforestation

Our commitment to the UN SDGs

Sustainable Chocolate
Sustainable Ingredients

SUSTAINABLE CHOCOLATE

Our goal

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

Our approach

Barry Callebaut is the key strategic partner for our customers to turn sustainability commitments into reality. Switching from conventional to sustainable raw materials enables brands to differentiate their product, meet consumer demands and enhance their value and reputation. Approximately half of the ingredient volumes we source consists of cocoa products and the other half consists of other ingredients – sugar, dairy, palm oil, coconut oil, sweeteners, nuts, lecithin and vanilla, among other ingredients. Each ingredient we use has a complex supply chain that varies depending on the geographic region where it is grown. Each origin subsequently presents its own unique sustainability challenges. To reach our target of 100% sustainable ingredients by 2025, we collaborate closely with our suppliers, engage in industry-level working groups and strive to increase customer demand for sustainable products while implementing our sustainable sourcing programs across all ingredients.

Through innovation we are unlocking more sustainable uses of the cocoa fruit. For instance, we launched Cabosse Naturals, a new brand by Barry Callebaut with an innovative and up-cycling supply chain that uses the entire cacaofruit, including the 70% of the fruit that used to be discarded as only the seeds were used for chocolate. WholeFruit Evocao™, the first signature expression of WholeFruit chocolate, was 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. In October 2021 Barry Callebaut also unveiled its first nutraceutical fruit drink Elix. Since it upcycles the whole cacaofruit, Elix positively impacts nature and communities. All these innovations are great drivers to encourage industry players to embrace joint sustainability commitments, as seen in Japan in October 2021. At the same time, our global Gourmet brands are leading the charge by transitioning to 100% sustainably sourced cocoa or ingredients, as evidenced by our global vending & beverages brand Van Houten, which switched to 100% sustainable cocoa in the year under review.

Supporting customers with sustainable cocoa solutions

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 while addressing customer needs. Cocoa Horizons currently accounts for 37.5% of our sustainably sourced cocoa. In 2021/22, we again observed significant growth in Cocoa Horizons premiums, driven by solid demand from customers seeking a program that focuses on impact. This was also confirmed by the recognition the program received in the ITC Standards Map. The Standards Map is a global public good that provides comprehensive, verified and transparent information on over 260 standards for environmental protection, worker and labor rights, economic development, product quality, and business ethics. Customers are also willing to go the extra mile. Cocoa Horizons Plus, launched in the previous fiscal year, provides a solution for customers interested in addressing the living income gap. Premiums from the purchase of HORIZONS cocoa products generated CHF 37.4 million in funds, an increase of over 30% compared to prior year. Thanks to these premiums, 223,235 farmers were able to take part in Cocoa Horizons programs focusing on improving their productivity and income. This year the Cocoa Horizons foundation signed new partnerships with external implementers in origin countries, allowing us to grow the program further. The Cocoa Horizons program is active in seven origins, ramping up volume, especially in Nigeria and Cameroon, while continuing to grow in Brazil, Indonesia, Ecuador, Ghana and Côte d'Ivoire. For a full overview of the Cocoa Horizons activities, please see the latest Cocoa Horizons Progress Report.

Sustainable sourcing of ingredients

Establishing industry-wide sustainability standards and programs is essential for the sustainable sourcing of other raw materials besides cocoa. This is why we are working with both our suppliers and industry programs to define and implement sustainability standards for every ingredient we source. With the upcoming formalization of the sustainable coconut and coconut oil roundtable as well as the new standard on sweeteners introduced by the Sustainable

Agriculture Initiative (SAI), we have now established sustainability standards for the vast majority of our non-cocoa ingredients and we will continue onboarding additional suppliers, further increasing our volumes of sustainably sourced ingredients. Recognizing the important role of our suppliers in our value chain, we expect our suppliers to share our vision and support our high ambitions for sustainable supply chains.

Dairy

Dairy products are a key ingredient in many of our chocolate products and our VisionDairy Charter focuses on 15 principles for sustainability in dairy farming covering animal welfare, farm governance and the environment. In 2021/22 we further increased our sustainably sourced dairy share to 68% according to VisionDairy and another recognized standard. Reducing our carbon footprint across our supply chain is a key target of Forever Chocolate, and dairy is an important piece of this puzzle, being one of the major contributors to our corporate GHG footprint. The use of 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 the actual level of CO_2e reduction within our supply chain. Further, in the previous fiscal year, Barry Callebaut teamed up with Agolin and Gold Standard and developed the first valid methodology for quantifying CO_2e emission reductions in dairy cattle as a result of feed additives, so CO_2e insetting for the dairy producers within our chocolate supply chain can now be measured and certified. In 2021/22 we extended the program and worked with our most innovative and largest dairy suppliers in the US.

To further reduce emissions we also partnered with a global customer of ours and a large milk producer association in the US to plant 6,500 hectares of cover crops that help absorb carbon and store it in the soil, while at the same time improving soil quality.

In addition, to further advance regenerative agriculture in dairy production, this year we co-chaired the Americas working group under the SAI to expand projects in regenerative agriculture that improve soil health, biodiversity stewardship, reduce GHG emissions, and support farmer economic well-being. At the same time, we also delivered a Roadmap for Regenerative Dairy under a coalition of companies, partnering with FAI Farms and think tank Farmwel. Working with farmer groups and other stakeholders, we created a roadmap of critical steps and actions to establish the supply chain conditions for a successful transition to regenerative dairy, defining what regenerative dairy looks like from the bottom up. 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.

Sugar & Sweeteners

Barry Callebaut is a member of the Crops working group as well as the Beet Sugar Project at the Sustainable Agriculture Initiative (SAI). We benchmark and monitor our beet sugar suppliers against the SAI Farm Sustainability Assessment (FSA) and expect them to reach, at a minimum, silver level. Together with the SAI we team up with local suppliers in different regions to introduce and audit them in sustainable beet sugar production, focusing on the optimization of pesticide and fertilizer levels, maintenance of soil health to foster agricultural efficiency as well as the protection of carbon sinks and optimization of energy usage. In 2021/22 Barry Callebaut collaborated with the largest beet producer in Serbia, aiming to convert 100% of the supply sourced by our Serbian factory by the end of 2022. We have also collaborated with a leading supplier in North America to successfully implement a joint SAI / Field to Market Audit to verify sustainable performance levels in the US supply chain. We are now exploring opportunities to support farmers in amplifying soil health to create more resilient sugar beet supply chains and reduce our greenhouse gas footprint.

Barry Callebaut also works with suppliers and partners to foster improvement in our sugarcane supply chains by creating value and addressing key risks. We currently verify our cane sugar as sustainable through Bonsucro. We joined Bonsucro's sustainable sugarcane initiative in 2017 to address the myriad issues impacting sugarcane farmers and provide a sustainable supply of cane sugar for our customers' chocolate creations. Sustainable cane sugar precludes forced and child labor, ensures healthy and safe working conditions, protects land rights and avoids any negative environmental impact, especially loss of biodiversity. It is also traceable to mill level. Last fiscal year we worked with another supplier, three industry peers, and Proforest to implement responsible recruitment practices and regenerative agriculture, eliminate burning, create reforestation plans, and use biological amendments instead of synthetic fertilizers. We will scale this approach at several more suppliers in Mexico. Meanwhile, in Brazil, we are implementing similar programs to reduce the use of synthetic fertilizers that cause significant emissions of greenhouse gas, decrease soil health, and cause water pollution while pushing up costs for farmers.

Besides cane sugar and beet sugar, sweeteners are also used in certain products. In 2022 Barry Callebaut together with the SAI initiated a working group, bringing together key stakeholders, including suppliers and customers of ours, to address major sustainability challenges in China concerning potatoes, corn and wheat, the underlying sources of starch for all sweeteners. The scope of the project has been defined and potential farmers are being scouted with the aim of training them beginning in the next fiscal year.

Coconut

The rapid growth of the global coconut market in recent years has resulted in significant and unresolved sustainability challenges, leading to low-quality produce, depressed farmer incomes and little incentive to improve practices across the board, despite a growing market. Barry Callebaut has been at the forefront of efforts to bring together key players and stakeholders to tackle these issues. In partnership with the United States Agency for International Development (USAID) Green Invest Asia (GIA), we initiated the Sustainable Coconut & Coconut Oil Roundtable in early 2019. Ever since more and more members have joined and the roundtable has been meeting regularly, with two roundtables taking place in the past fiscal year. Along with other signatory members, and facilitated by GIA and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), we have also been part of the Sustainable Coconut Steering Committee (SCSC). The SCSC was established to formalize the roundtable into an industry-led organization.

In September 2020, we launched the world's first Sustainable Coconut Charter to boost sustainable coconut production. With support from USAID Green Invest Asia, other industry partners 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.

Together with a customer of ours and Proforest, we piloted a Sustainable Coconut Supplier Scorecard. This allows us to assess sustainability risks in our coconut supply chain, set clear improvement plans and track performance over time. Going forward, we plan to roll out this scorecard to all our suppliers. In conjunction with the scorecard, we also collected traceability data from our suppliers. In the past fiscal year, we managed to establish 100% traceability to the mill level for the coconut we source.

To implement the principles of the Sustainable Coconut Charter on the ground, Barry Callebaut joined forces with six other multinational consumer goods companies and an experienced public partner in development cooperation, GIZ, to improve the productivity of sustainable coconut production in key growing areas in the Philippines. The four-year project primarily focuses on smallholder farmers who grow and process coconuts. At the same time, the project applies the LandScale approach to assess the sustainability of entire landscapes in the two project regions, going beyond single farms and communities to improve the sustainability of coconut production. This is set to be the largest project focused on the coconut supply chain to date.

In addition, in 2022 we put in place a 5-year program with the Grameen Foundation in the Philippines to enhance farmer livelihoods through good agricultural practices, focusing on quality aspects, coconut-cocoa intercropping and CO_2e reductions whilst ensuring a direct and traceable supply chain to farm level.

Palm oil

We have been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011. To drive the uptake of RSPO-certified palm oil in our supply chain, we continue to engage with our customers. We are also actively participating in the revision of the RSPO Principles & Criteria (P&C) to improve the requirements and credibility of the standard. In 2022, we joined the Singapore Alliance for Sustainable Palm Oil (SASPO) program by WWF, a multi-stakeholder business platform with the aim of increasing both supply of and demand for sustainable palm oil.

This year, we also updated our Sustainable Sourcing Policy for Palm Oil. The update strengthens our commitments and reflects the latest developments in the palm oil sector. It also includes an overview of our implementation plan for translating policy into action.

We improved our approach to traceability, reaching 99% traceability to the mill (TTM). Traceability to plantation (TTP) is achieved via Palmoil.io, a third-party platform. TTP currently covers Indonesia and Malaysia, enabling us to link 87% of our volumes to concessions.

With this information, we have mapped and conducted a risk assessment of the mills in our supply chain. We can now work with Palmoil.io to monitor deforestation and supply chain relationships in near real-time from plantation to refinery. We receive monthly reports with deforestation and grievance monitoring alerts that help us obtain actionable insights into potential regulatory and NDPE (No Deforestation, No Peat and No Exploitation) violations. We also continue to engage with our suppliers through our sustainability questionnaire to assess implementation progress in key areas and flag any NDPE breaches detected in supply chains.

Addressing key challenges in our palm oil supply chain requires working with other stakeholders. We continue to look for opportunities to collaborate with various industry partners. This year, we joined the Palm Oil Collaboration Group (POCG). As a member of the POCG, we work together with other companies to accelerate effective implementation of the NDPE commitments. We are currently part of the Implementation Reporting Framework Active Working Group (IRF AWG) and Independent Verification Working Group (IVWG).

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.

Vanilla

Currently, sustainable vanilla initiatives don't sufficiently address the issues impacting vanilla farming in Madagascar, especially the widespread and daunting challenge of income insecurity. That's why in 2016 we joined our supplier, Prova, to implement our own joint program to improve the livelihoods of vanilla producers, promote good agricultural practices, provide income diversification opportunities via cocoa farming, and professionalize farm management practices,, all under Barry Callebaut's Sustainable Vanilla Charter.

In 2021 the first 5-year project cycle ended, showing impressive vanilla and cocoa growth rates in terms of quality and quantity. During this period the number of participating farmers doubled, farmer retention rates tripled and above average taste profiles in vanilla as well as cocoa were achieved.

The new project cycle starting in 2022 will introduce an additional pillar for climate & forest, satellite monitoring for live deforestation alerts, and further income diversification measures and also includes the construction of a second cocoa fermentation center in Madagascar.

Nuts

Last year, La Morella Nuts, part of the Barry Callebaut Group, became the very first nut company to source Farm Sustainability Assessment (FSA) certified hazelnuts from a selection of suppliers. FSA, part of the Sustainable Agriculture Initiative, is a comprehensive methodology to verify sustainable farming practices. This year we also implemented FSA with almond suppliers from both California and Spain which, following an assessment audit, have achieved at least silver level status. As part of La Morella Nuts' "Nature to Nuts" ambition, we have also made progress and are about to implement and validate FSA with additional hazelnut, almond and pistachio producers in Italy and Spain. Bee Friendly is a European certification organization that aims to identify and promote pollinator-friendly products and production systems. Our Gourmet brand, Cacao Barry, committed last year to partnering 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. Finally, in 2021/22, La Morella Nuts started and co-financed a project to optimize irrigation management in hazelnut production in Spain. The project, which will continue next year, strives to impact the day-to-day life of farmers so that the improvement in irrigation also translates into increased production and efficiency in the use of resources. In the first year, weather stations and flowmeters were installed to collect data on evapotranspiration and irrigation strategies used by farmers throughout the different phenological stages of the crop. The technical teams evaluated data in detail to provide personalized recommendations to the farmers, as well as training in irrigation optimization. The clarity and accuracy of the monitoring systems and close collaboration with each farmer contributed to the acceptance of the project, which became even more strategic after the 2022 European heat waves.

Türkiye's hazelnut supply chain faces several challenges. Seasonal migrant workers travel across Türkiye during the summer months to harvest hazelnuts before moving on to other crops. It is common for children to accompany their parents, which puts children at the risk of working alongside their parents without access to school or childcare. After last year's pilot program, Barry Callebaut has significantly expanded the project, onboarding a second hazelnut supplier in Türkiye this year, multiplying the sustainably sourced volume from Türkiye fivefold. The onboarding of additional suppliers is planned for the coming year, to further ensure the mapping of farms, training of farmers on good labor conditions, and allocation of safe areas for children to stay during harvest.

Our measured impact

Our Forever Chocolate KPIs for sustainable chocolate are focused on the percentage of sustainably sourced raw materials. In 2021/22, we sourced 73.4% (+10.9%) of our ingredients, excluding cocoa, from sustainable sources. Including cocoa, we sourced 50.0% (+4.8%) of our ingredients from sustainable sources.

Turning 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. Demand from our customers for sustainable cocoa has therefore increased as well. This explains the increase in the percentage of cocoa and chocolate products sold containing 100% sustainable cocoa or chocolate to 49.4% compared to 42.6% in prior year.

Key metric

50%

Percentage of sustainable sourced agricultural raw materials

Enabling KPIs

73%

Sustainably sourced non-cocoa raw materials

49%

Products sold containing 100% sustainable cocoa or chocolate

Our commitment to the UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our People

Employee Development
Nurturing a culture of growth for all

Our people are at the heart of our success. Our strength stems from the combined effort of every single person in our organization through their commitment to our core values of customer focus, passion, entrepreneurship, team spirit and integrity, nurtured by our love for cocoa and chocolate. These shared values radiate far beyond our company to embrace cocoa farmers, suppliers, customers, consumers and the communities in which we operate. We strive to establish an inclusive environment where we can be our true selves while equally setting others up for success.

We are tireless in forging a unique growth culture that attracts, develops and retains great talent by combining deep expertise with diversity of experience, ultimately enabling the sustainable growth of our company.

Embracing new ways of working

As we gradually moved out of the pandemic, our people continued to demonstrate agility in creating new business opportunities, creativity in developing innovative solutions for our customers, and resilience in dealing with uncertainty.

Grassroots team-building initiatives saw very high employee participation. Activities included a baking contest and growing our own urban vegetable gardens in support of “Seeds for Change”, our global employee program for sustainability. We continued our engagement in well-being initiatives across the world, for example by facilitating employee access to external mental health programs such as “BC cares” in the Americas and “WellBean” in Europe and Asia Pacific in support of the health, safety and mental well-being of our people.

The pandemic accelerated our digital transformation by fast-tracking the adoption of new ways of working. We launched our new global framework for working flexibly, FleX!, in September 2021 and spearheaded exciting initiatives to encourage a gradual and partial return to the office, including our new headquarters in Zurich, a space to live and work.

Diverse people supporting our sustainable growth

Barry Callebaut is a growth company. We believe that sustainable growth can only be achieved if we are able to attract and retain diverse talent across the world. We focus on inclusive leadership, bringing creativity and innovation in all we do to fuel business success whilst building an environment in which all of our people feel they belong. Moving into the second year of #oneBC, our D&I strategy, we started rolling out globally, focusing on building inclusive leadership capabilities at all levels as a business imperative.

#oneBC focuses on actions and behaviors, with both time-bound, measurable targets as well as programs that allow us to further develop as a team where we actively listen to our diverse insights and, together, grow our business.

Our people data for fiscal year 2021/22 shows significant demographic shifts between the four generations we have in our workforce: many employees of the baby-boomer generation retired, Generation Y (born 1981 to 1996, also called Millennials) now represents the largest age group, followed by Generation X (born 1965 to 1980), while Generation Z (born 1997 to 2012) accounted for the largest increase in the number of employees.

In 2021, we set ourselves focused targets to achieve more progress in gender balance at senior level overall and in commercial roles in particular, and more diversification in the origin of our talent at senior level. We are proud to report the following progress against our baseline, which confirms that we are on track:

- 35% women at Director[1] level, up from 28% (goal by 2025: 40%)
- 28% women at Director[1] level in Sales, up from 13% (goal by 2025: 30%)
- 27% local talent at Director[1] level in countries of origin and emerging markets, up from 21% (goal by 2025: 50%)

We are committed to continue nurturing an inclusive environment where everyone is given the opportunity to learn, fulfil their potential and be at their best.

Attracting, developing and retaining talent

With the increased customer demand post-COVID, we have put specific onboarding and retention programs in place while continuing to develop and retain top talent through our leadership programs.

We are proud to have been rated among the “top 15 most attractive employers in Belgium” in an annual survey conducted by human resources consultancy Randstad with nearly 13,000 participants. We attribute this rating to better recruitment, targeted development programs and retention efforts.

Not only how we recruit, also how we welcome and onboard new joiners is critical for their long-term success and growth at Barry Callebaut. In addition to our structured onboarding plan, our “International Onboarding Days” provide insights into our values, business, growth drivers and leadership principles. The intention is to give our “newbeans” a sense of belonging and a platform to build a network of contacts with colleagues across functions and regions – the best possible start at Barry Callebaut.

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

Employee Development

To empower all our people to develop their full potential, we continued to embed Individual Development Plans in our Performance Management processes. They are intended to give our employees and people managers a structured approach to drive their personal growth and to engage in a tailored development conversation.

People skills are essential and we continue to invest in this area. In the past year, we accelerated our People Management Essentials Program, a format in our Marbach Leadership Academy curriculum designed to support first-time managers in their new roles. More than 600 first-time managers across the world completed the 12-month blended learning program featuring e-learning and online classroom modules, which we are now extending to our factory supervisors. Our continued investment in our senior leaders through the Marbach Senior Leadership Program equips them with the leadership skills and business insights required now and in the future. Our sales learning journey, designed specifically for customer-facing employees, aims to strengthen our overall commercial capabilities.

In line with our home-grown talent programs, specifically in our African operations, we are partnering, together with other Swiss industry partners, with Ashesi University, Ghana, the Swiss Federal Institute of Technology in Zurich (ETH Zurich), in a 3-year Master program called "ETH Masters in Africa - Engineering for Development". We are currently funding six students to fuel our pipeline of African engineers for Africa. We have also designed a graduate trainee program in Africa with a focus on Supply Chain and Operations talent, in addition to establishing a pool of new graduates in Asia-Pacific who started their programs in September 2022.

Recognizing and rewarding our employees

As a performance-based organization, we reward employee performance and incentivize employees to create long-term value for all our stakeholders. Our employees receive recognition for their contribution to the overall success of our company and for living up to our core values. To ensure equal pay for equal work within our organization, and to help us stay competitive, we regularly compare our compensation elements with those of other market players. In line with the revised Gender Equality Act in Switzerland designed to progress toward equal pay for equal work, we performed an Equal Pay Analysis across our legal entities in Switzerland which showed a gender pay gap of less than 5%.

In addition, we have a number of awards at all levels to value our people, as well as two global awards: With the Annual Chairman’s Award, conceived by our late founder Klaus J. Jacobs in 1995, we honor colleagues from all over the globe for their outstanding work performance and strong social commitment in their local communities. The annual Value Awards recognize managers and their teams who have made a positive impact on the company in the past fiscal year by living up to our values. These Value Awards are given for each of Barry Callebaut's five company values: customer focus, passion, entrepreneurship, team spirit and integrity.

Our values came to the fore in particular during the salmonella incident in Wieze. Many teams, globally, regionally and locally, gathered to contribute, each in their own area of expertise, to the quick detection, communication and resolution of the issue. This truly was a moment when we joined forces to minimize the impact for our customers and to show our resilience as a company.

Fostering a safe and unique workplace

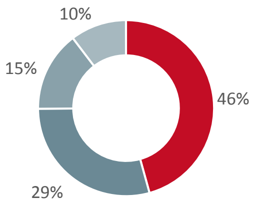
We focused on further enhancing our practices and standards in line with our corporate policies on Labor, Health & Safety and Environment. We adhere to the Ethical Trading Initiative (ETI) Base Code, local and national legislation and our customers' expectations and requirements. Our ongoing effort to enhance best practices for our people, the environment and the communities we operate in resulted in performance improvements during the past year. The total number of Lost Time Accidents and Incidents (LTA) rate, the indicator registering accidents resulting in absence from work, is 0.99 injuries per 100,000 hours, a +4% improvement in comparison to the previous year. Of our sites, 85% are now fully SMETA compliant, 15% of sites conducted a SMETA audit shortly before our fiscal year ended and were in the process of implementing one or more enhancements.

Employee Development

Employees per geographic footprint

As of August 31, 2022

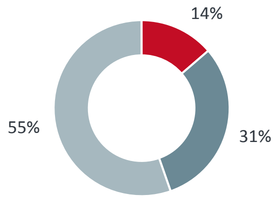
EMEA	6,133
Americas	3,917
Asia-Pacific	1,982
Africa	1,386
Number of employees	**13,418**



Employees per function

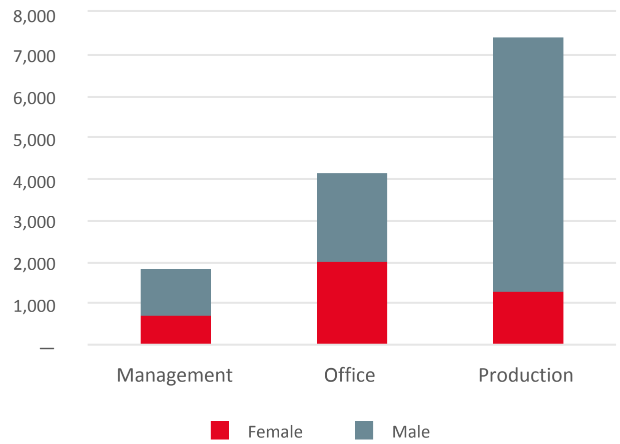
As of August 31, 2022

Management	1,836
Office	4,156
Production	7,426
Number of employees	**13,418**



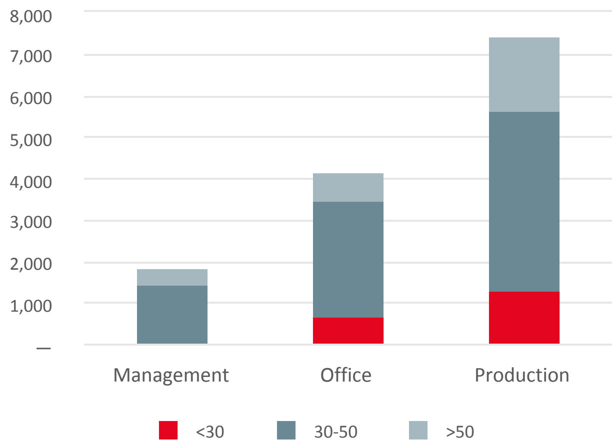
Gender of employees by function

As of August 31, 2022



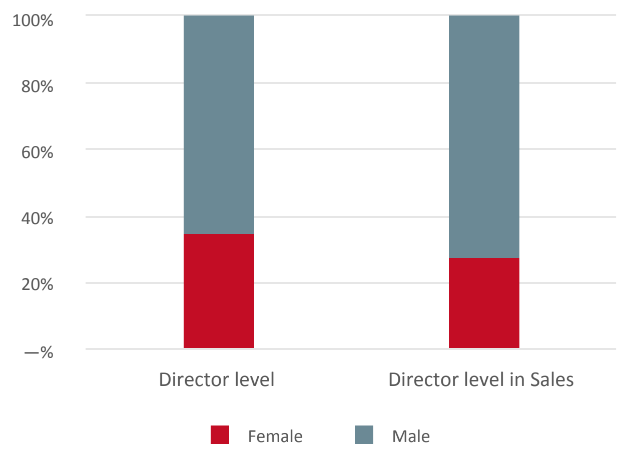
Age of employees by function

As of August 31, 2022



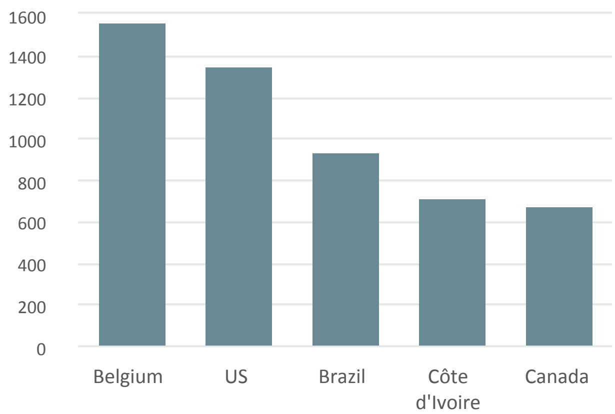
Gender representation at Director level

As of August 31, 2022



Top 5 nationalities

As of August 31, 2022, Number of employees



Average seniority in years by geographic footprint

As of August 31, 2022

EMEA (excl. Africa)	10.3
Americas	7.6
Asia Pacific	6.9
Africa	8.8

Chairman's Awards 2022

The **Chairman's Award** recognizes excellent Barry Callebaut employees who have demonstrated outstanding performance at work, have shown commitment to the Barry Callebaut Values, and have dedicated their personal time and resources to voluntary community service or charitable causes.

From left to right:

Bogumil Ulanski
(Lodz, Poland)

Patrick de Maeseneire
(Chairman of the Board)

Pious Vincent
(Abakah, Kumasi, Ghana)

Belinda Fiennain Ful Kuh
(Douala, Cameroon)

Arrizqiya Auliaur Rahmah
(Bandung, Indonesia)

Adam Smith
(St. Albans, U.S.)

Sean Terry
(Eddystone, U.S.)

Catherine Gilot
(Wieze, Belgium)

Per Ström
(Mjölby, Sweden)

Katherine Thiré
(Wieze, Belgium)

Masha Vis-Mertens
(Chief Human Resource Officer)

Isabelle Ponceau
(Louviers, France)

Paolo Francesco Rapino
(San Vito Chietino, Italy)

Value Awards 2022

The **Value Awards** are celebrating our five corporate values which bind each and everyone of us together as a team, globally, regardless of where we are located. Each year we celebrate colleagues who have truly stood out in embodying a particular value.

Team Spirit EMEA Wieze Recovery Team

Entrepreneurship Angela Gubser

Passion Bruno Scarpa

Customer Focus Dhruva Jyoti Sanyal

Integrity Victoria Gavazzi

Financial Reports

Consolidated Financial Statements

Consolidated Income Statement

for the fiscal year in thousands of CHF	Notes	2021/22	2020/21
Revenue from sales and services	1.1	8,091,855	7,207,595
Cost of goods sold		(6,874,688)	(6,060,392)
Gross profit		**1,217,167**	**1,147,203**
Marketing and sales expenses		(148,467)	(135,376)
General and administration expenses		(434,739)	(430,390)
Other income	1.3	21,444	3,060
Other expense	1.3	(101,919)	(17,809)
Operating profit (EBIT)	1.1	**553,486**	**566,688**
Finance income	3.8	8,077	3,628
Finance expense	3.8	(129,831)	(105,297)
Profit before income tax		**431,732**	**465,019**
Income tax expense	6.1	(70,792)	(80,514)
Net profit for the year		**360,940**	**384,505**
of which attributable to:			
shareholders of Barry Callebaut AG		360,705	383,939
non-controlling interests	3.2	235	566
Earnings per share			
Basic earnings per share (CHF)	3.3	65.81	70.04
Diluted earnings per share (CHF)	3.3	65.66	69.84

Consolidated Statement of Comprehensive Income

for the fiscal year in thousands of CHF	Notes	2021/22	2020/21
Net profit for the year		**360,940**	**384,505**
Currency translation adjustments		(56,001)	41,407
Effect of cash flow hedges	3.7	34,288	20,531
Tax effect on cash flow hedges	3.7 / 6.2	(8,183)	(5,184)
Items that may be reclassified subsequently to the income statement		**(29,896)**	**56,754**
Remeasurement of defined benefit plans	4.2	51,171	11,677
Tax effect on remeasurement of defined benefit plans	6.2	(10,827)	(2,686)
Items that will never be reclassified to the income statement		**40,344**	**8,991**
Other comprehensive income for the year, net of tax		**10,448**	**65,745**
Total comprehensive income for the year		**371,388**	**450,250**
of which attributable to:			
shareholders of Barry Callebaut AG		371,401	449,660
non-controlling interests		(13)	590

Consolidated Balance Sheet

Assets

as of August 31,

in thousands of CHF	Notes	2022	2021
Current assets			
Cash and cash equivalents	3.4	878,197	1,095,831
Short-term deposits		1,824	1,467
Trade receivables and other current assets	2.5	915,579	759,951
Inventories	2.4	2,426,485	2,043,333
Income tax receivables		70,623	74,854
Derivative financial assets	3.7	466,589	290,642
Total current assets		**4,759,297**	**4,266,078**
Non-current assets			
Property, plant and equipment	2.1	1,558,791	1,604,705
Right-of-use assets	2.2	256,301	259,928
Intangible assets	2.3	1,020,417	995,483
Employee benefit assets	4.2	21,664	15,056
Deferred tax assets	6.2	97,283	77,172
Other non-current assets		47,126	25,596
Total non-current assets		**3,001,582**	**2,977,940**
Total assets		**7,760,879**	**7,244,018**

Liabilities and equity

as of August 31,

in thousands of CHF	Notes	2022	2021
Current liabilities			
Bank overdrafts	3.5	62,418	63,564
Short-term debt	3.5	449,967	119,427
Short-term lease liabilities	3.5	42,141	41,075
Trade payables and other current liabilities	2.6	1,793,254	1,433,470
Income tax liabilities		114,840	115,351
Derivative financial liabilities	3.7	560,326	350,911
Provisions	2.7	88,952	31,154
Total current liabilities		**3,111,898**	**2,154,952**
Non-current liabilities			
Long-term debt	3.5	1,302,026	1,930,054
Long-term lease liabilities	3.5	222,504	224,464
Employee benefit liabilities	4.2	85,817	138,333
Provisions	2.7	12,437	8,709
Deferred tax liabilities	6.2	106,991	86,298
Other non-current liabilities		14,860	15,991
Total non-current liabilities		**1,744,635**	**2,403,849**
Total liabilities		**4,856,533**	**4,558,801**
Equity			
Share capital	3.2	110	110
Retained earnings and other reserves		2,901,889	2,682,747
Total equity attributable to the shareholders of Barry Callebaut AG		**2,901,999**	**2,682,857**
Non-controlling interests	3.2	2,347	2,360
Total equity		**2,904,346**	**2,685,217**
Total liabilities and equity		**7,760,879**	**7,244,018**

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year

in thousands of CHF	Notes	2021/22	2020/21
Net profit for the year		360,940	384,505
Income tax expense	6.1	70,792	80,514
Depreciation, amortization and impairment	2.1/2.2/2.3	236,819	230,696
Interest expense/(interest income)	3.8	100,537	93,584
Loss/(gain) on sale of property, plant and equipment, net	1.3	2,689	1,562
Increase/(decrease) of employee benefit liabilities		(7,041)	(7,940)
Equity-settled share-based payments	4.1	13,317	16,028
Unrealised currency translation losses / (gains)		(106,682)	2,923
Change in working capital:		(29,284)	(41,137)
Inventories cocoa beans		(92,275)	40,104
Inventories other		(229,237)	(171,364)
Write down of inventories	2.4	44,495	31,661
Inventory fair value adjustment		(47,138)	(13,346)
Derivative financial assets/liabilities		64,771	(85,017)
Trade receivables and other current assets		(112,904)	(113,315)
Trade payables and other current liabilities		343,004	270,140
Provisions less payments	2.7	66,885	16,853
Other non-cash effective items		(3,260)	1,357
Cash generated from operating activities		**705,712**	**778,945**
Interest paid		(104,378)	(95,358)
Income taxes paid		(79,683)	(67,950)
Net cash from operating activities		**521,651**	**615,637**

Cash flows from investing activities

for the fiscal year

in thousands of CHF	Notes	2021/22	2020/21
Purchase of property, plant and equipment	2.1	(239,507)	(227,190)
Proceeds from sale of property, plant and equipment		3,943	6,422
Purchase of intangible assets	2.3	(36,383)	(48,054)
Proceeds from sale of intangible assets		314	33
Acquisition of subsidiaries/businesses net of cash acquired	5.1	(38,203)	(907)
Disposal of investments in associates		342	—
Purchase of short-term deposits		(735)	(67)
Proceeds from sale of short-term deposits		4	4,923
Proceeds from sale/(purchase) of other non-current assets		1,460	(174)
Receipt of government grants		7,082	—
Interest received		8,077	3,428
Net cash used in investing activities		**(293,606)**	**(261,586)**

Cash flows from financing activities

for the fiscal year

in thousands of CHF	Notes	2021/22	2020/21
Proceeds from the issue of short-term debt	3.5	41,662	32,184
Repayment of short-term debt	3.5	(89,620)	(443,810)
Proceeds from the issue of long-term debt	3.5	11,814	137
Repayment of long-term debt	3.5	(130,928)	(28,433)
Payment of lease liabilities	3.5	(44,006)	(39,943)
Dividend paid to shareholders of Barry Callebaut AG	3.2	(153,467)	(120,715)
Purchase of treasury shares	3.5	(16,951)	(18,400)
Net cash (used in)/from financing activities		**(381,496)**	**(618,980)**
Effect of exchange rate changes on cash and cash equivalents		(63,037)	14,823
Net (decrease)/increase in cash and cash equivalents		**(216,488)**	**(250,106)**
Cash and cash equivalents at beginning of year		1,032,267	1,282,373
Cash and cash equivalents at end of year		815,779	1,032,267
Net (decrease)/increase in cash and cash equivalents		**(216,488)**	**(250,106)**
Cash and cash equivalents	3.4	878,197	1,095,831
Bank overdrafts	3.5	(62,418)	(63,564)
Cash and cash equivalents as defined for the cash flow statement	**3.4**	**815,779**	**1,032,267**

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

in thousands of CHF

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
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)**
Movements of non-controlling interest	—	—	—	—	—	—	—	—
Total changes in ownership interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
as of August 31, 2021	**110**	**(15,594)**	**3,538,158**	**282**	**(840,099)**	**2,682,857**	**2,360**	**2,685,217**
as of September 1, 2021	**110**	**(15,594)**	**3,538,158**	**282**	**(840,099)**	**2,682,857**	**2,360**	**2,685,217**
Currency translation adjustments	—	—	—	(395)	(55,363)	(55,758)	(243)	(56,001)
Effect of cash flow hedges	—	—	—	34,288	—	34,288	—	34,288
Tax effect on cash flow hedges	—	—	—	(8,183)	—	(8,183)	—	(8,183)
Items that may be reclassified subsequently to the income statement	**—**	**—**	**—**	**25,710**	**(55,363)**	**(29,653)**	**(243)**	**(29,896)**
Remeasurement of defined benefit plans	—	—	51,176	—	—	51,176	(5)	51,171
Tax effect on remeasurement of defined benefit plans	—	—	(10,827)	—	—	(10,827)	—	(10,827)
Items that will never be reclassified to the income statement	**—**	**—**	**40,349**	**—**	**—**	**40,349**	**(5)**	**40,344**
Other comprehensive income, net of tax	**—**	**—**	**40,349**	**25,710**	**(55,363)**	**10,696**	**(248)**	**10,448**
Net profit for the year	—	—	360,705	—	—	360,705	235	360,940
Total comprehensive income for the year	**—**	**—**	**401,054**	**25,710**	**(55,363)**	**371,401**	**(13)**	**371,388**
Application of hyperinflation accounting (IAS 29), net of tax	**—**	**—**	**9,011**	**—**	**—**	**9,011**	**—**	**9,011**
Hedge reserve transferred to initial carrying amount of the hedged item	**—**	**—**	**—**	**(4,169)**	**—**	**(4,169)**	**—**	**(4,169)**
Dividend to shareholders	—	—	(153,467)	—	—	(153,467)	—	(153,467)
Purchase of treasury shares	—	(16,951)	—	—	—	(16,951)	—	(16,951)
Equity-settled share-based payments	—	10,659	2,658	—	—	13,317	—	13,317
Total contributions and distributions	**—**	**(6,292)**	**(150,809)**	**—**	**—**	**(157,101)**	**—**	**(157,101)**
as of August 31, 2022	**110**	**(21,886)**	**3,797,414**	**21,823**	**(895,462)**	**2,901,999**	**2,347**	**2,904,346**

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 October 31, 2022 and are subject to approval by the Annual General Meeting of Shareholders on December 14, 2022.

The Consolidated Financial Statements of the Group for the reporting period from September 1, 2021 to August 31, 2022 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. In addition, IAS 29 Financial Reporting in Hyperinflationary Economies has been applied by the Group to its subsidiary in Türkiye for the first time. According to IAS 29, Türkiye is considered a hyperinflationary economy for reporting periods ending on or after 30 April 2022, see Note 7.1 - "Other accounting policies".

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.

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.

Following the outbreak of war in Ukraine, the Group assessed potential impacts on the valuation of its assets in the region. As a result, certain financial assets were impaired in light of increased counterparty credit risk in Russia. The Group will continue to monitor developments in the region and any potential triggers for impairment of its assets.

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, 2022, are included in the following notes:

Notes to the Consolidated Financial Statements

Note 2.2	Right-of-use assets: Critical judgements - Determination of the lease term for options to extend or terminate the lease
Note 2.3	Intangible assets: Significant estimates - Impairment test for CGUs containing goodwill, i.e. key assumptions used for value-in-use calculations
Note 2.7	Provisions: Significant estimates - Recognition and measurement of provisions
Note 4.2	Employee benefit: Significant estimates - Measurement of defined benefit liabilities, i.e. actuarial assumptions
Note 6	Income taxes: Significant estimates - 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 2021/22 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, amendments and interpretations with effective date beyond 2021 and with planned application in fiscal year 2022/23 . Based on this assessment, the Group does not expect a material impact on the Consolidated Financial Statements.

Amendments to Standards and Interpretations	Effective date	Applied /Planned application by the Group in
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
Reference to the Conceptual Framework / Amendments to IFRS 3	January 1, 2022	Fiscal year 2022/23
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022	Fiscal year 2022/23
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022	Fiscal year 2022/23
Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture)	January 1, 2022	Fiscal year 2022/23
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023	Fiscal year 2023/24
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023	Fiscal year 2023/24
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023	Fiscal year 2023/24
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2024	Fiscal year 2024/25

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 56% of its revenues from transactions with other operating segments of the Group. 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.

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

2021/22

in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total segments	Corporate	Eliminations	Group
Revenue from external customers	3,340,969	2,190,216	547,799	2,012,871	8,091,855	—	—	8,091,855
Revenue from transactions with other operating segments of the Group	153,304	5,618	227	2,554,152	2,713,301	—	(2,713,301)	—
Revenue from sales and services	**3,494,273**	**2,195,834**	**548,026**	**4,567,023**	**10,805,156**	—	**(2,713,301)**	**8,091,855**
Operating profit (EBIT)	**267,232**	**223,452**	**59,125**	**102,474**	**652,283**	**(98,797)**	—	**553,486**
Depreciation and amortization	(84,150)	(57,163)	(16,514)	(73,266)	(231,093)	(4,806)	—	(235,899)
Impairment	(432)	(13)	—	(475)	(920)	—	—	(920)
Interest income						8,077		8,077
Interest expense						(99,876)		(99,876)
Total assets	**2,311,129**	**1,457,719**	**329,771**	**3,129,843**	**7,228,462**	**1,090,737**	**(558,320)**	**7,760,879**
Additions to property, plant, equipment, right-of-use assets and intangible assets, excluding acquisitions of subsidiaries/businesses	(113,394)	(63,765)	(18,076)	(98,276)	(293,511)	(6,039)	—	(299,550)

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)

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.

	Revenue		Non-current assets	
in thousands of CHF	**2021/22**	**2020/21**	**2021/22**	**2020/21**
US	1,546,134	1,294,863	472,047	454,948
UK	560,775	502,993	64,569	69,286
Germany	520,893	509,933	86,382	98,082
Mexico	484,611	402,741	17,217	16,737
France	473,555	428,045	79,603	89,512
Brazil	413,103	362,318	109,661	77,223
Belgium	389,476	370,745	570,170	582,972
Poland	356,941	319,115	71,990	78,873
Rest of EMEA*	1,958,098	1,824,782	635,636	697,884
Rest of Americas	450,080	405,490	194,573	174,086
Asia Pacific	938,189	786,570	575,859	541,811
Total*	**8,091,855**	**7,207,595**	**2,877,707**	**2,881,414**
*of which Switzerland	**69,401**	**61,109**	**63,331**	**67,504**

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	2021/22	2020/21[1]
Cocoa Products	2,012,871	1,804,791
Food Manufacturers	4,684,339	4,281,151
Gourmet & Specialties	1,394,645	1,121,653
Revenue from external customers	**8,091,855**	**7,207,595**

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 2020/21.

In fiscal year 2021/22 no single customer contributed more than 10% of total consolidated revenue (2020/21: the biggest single customer contributed CHF 822.0 million or 11.4%).

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. In addition, for partnership agreements it typically includes 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 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.

1.2 Research and development expenses

in thousands of CHF	2021/22	2020/21
Research and development expenses	**(32,397)**	**(29,685)**

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	2021/22	2020/21
Rental income	484	421
Gain on net monetary positions, application of hyperinflation accounting (IAS 29) (Note 7.1)	2,283	–
Brazilian indirect tax credits	13,562	–
Other	5,115	2,639
Total other income	**21,444**	**3,060**

Indirect tax credits amounted to CHF 13.5 million and related to the recovery of Brazilian indirect tax credits from prior fiscal periods due to a decision by the Brazilian Supreme Court applicable to all taxpayers.

Composition of other expense

in thousands of CHF	2021/22	2020/21
Restructuring costs	(1,793)	(296)
Costs related to the closure of the chocolate factory in Moreton, UK	(7,821)	–
Litigations and claims	(7,462)	(9,517)
Net one-off impact related to the salmonella incident at the Wieze factory	(76,925)	–
Net loss on sale of property, plant and equipment	(2,689)	(1,562)
Impairment of property, plant and equipment (Note 2.1)	(110)	(803)
Impairment of intangibles (Note 2.3)	(810)	(1,387)
Impairment of financial instruments	(2,119)	(3,549)
Acquisition related costs (Note 5.1)	(182)	(194)
Other	(2,008)	(501)
Total other expense	**(101,919)**	**(17,809)**

Net one-off impact related to the salmonella incident at the Wieze factory in Belgium includes estimated costs of fulfilling contractual obligations as well as costs for transportation, storage, destruction and disposal of contaminated products. It also includes costs for cleaning including dismantling, disinfecting and reassembling all contaminated product lines. To the extent such costs were not yet incurred at the closing date, the obligations have been provided for based on estimates. The one-off impact is net of amounts that are considered virtually certain to be recovered from insurance.

Gain on disposal of property, plant and equipment in the amount of CHF 0.5 million in fiscal year 2021/22 (2020/21: CHF 0.5 million) was netted against the loss on disposal of property, plant and equipment.

2 Operating Assets and Liabilities

2.1 Property, plant and equipment

2021/22 in thousands of CHF	**Land and buildings**	**Plant and machinery**	**Office equipment, furniture and motor vehicles**	**Under construction**	**Total**
At cost					
as of September 1, 2021	**740,917**	**2,176,851**	**127,649**	**170,568**	**3,215,985**
Business combinations (Note 5.1)	4,603	5,450	130	—	10,183
Additions[1]	5,809	18,706	2,853	180,069	207,437
Disposals	(1,059)	(11,942)	(2,640)	(2,170)	(17,811)
Currency translation adjustments	(22,500)	(68,740)	(8,629)	(5,373)	(105,242)
Reclassifications from under construction	26,442	158,970	9,644	(195,056)	—
Application of hyperinflation accounting (IAS 29)	3,145	8,161	617	163	12,086
Other reclassifications[2,3]	(3,508)	(69,060)	332	(1,508)	(73,744)
as of August 31, 2022	**753,849**	**2,218,396**	**129,956**	**146,693**	**3,248,894**
Accumulated depreciation and impairment losses					
as of September 1, 2021	**326,248**	**1,183,797**	**100,491**	**744**	**1,611,280**
Depreciation	23,663	118,516	9,001	—	151,180
Impairment (Note 1.3)	—	(50)	—	160	110
Disposals	(827)	(7,974)	(2,319)	(60)	(11,180)
Currency translation adjustments	(11,758)	(42,840)	(6,995)	67	(61,526)
Application of hyperinflation accounting (IAS 29)	595	1,847	349	—	2,791
Other reclassifications[2,3]	(715)	(1,941)	104	—	(2,552)
as of August 31, 2022	**337,206**	**1,251,355**	**100,631**	**911**	**1,690,103**
Net as of August 31, 2022	**416,643**	**967,041**	**29,325**	**145,782**	**1,558,791**

1 Cash outflow amounted to CHF 239.5 million, of which CHF 32.1 million related to prepayments.
2 A Group finance operational excellence project aimed at harmonization and automation was conducted that resulted in a reclassification of Spare Parts from "Property, plant and equipment" to "Inventories" of CHF 70.8 million.
3 Reclassified from “Intangible assets” (net CHF 2.8 million), “Right-of-use assets” (net CHF 0.9 million) and "Inventories" Spare Parts CHF 3.5 million.

Notes to the Consolidated Financial Statements

2020/21 in thousands of CHF	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
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).

Impairment losses of CHF 0.1 million were recognized in “Property, plant and equipment” in fiscal year 2021/22 (2020/21: CHF 0.8 million).

Repair and maintenance expenses for the fiscal year 2021/22 amounted to CHF 79.4 million (2020/21: CHF 78.5 million).

As at August 31, 2022, no non-currents assets were pledged as security for financial liabilities (2021: nil).

Accounting policies

Property, plant and equipment

The Group periodically reviews the remaining useful lives of assets recognized in “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.

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 leased vehicles with an average lease term of seven years. Lease term for hardware is an average of five years.

2021/22

in thousands of CHF	Land and buildings	Plant and machinery	Office equipment and motor vehicles	Total
At cost				
as of September 1, 2021	**286,124**	**3,654**	**45,578**	**335,356**
Business combinations (Note 5.1)	—	—	250	250
Additions	42,338	324	9,066	51,728
Disposals	(9,540)	(159)	(5,636)	(15,335)
Lease modifications	(1,497)	(78)	(962)	(2,537)
Currency translation adjustments	(4,476)	(304)	(2,706)	(7,486)
Reclassifications[1]	(51)	(751)	(89)	(891)
as of August 31, 2022	**312,898**	**2,686**	**45,501**	**361,085**
Accumulated depreciation and impairment losses				
as of September 1, 2021	**56,086**	**1,288**	**18,054**	**75,428**
Depreciation	35,042	609	10,944	46,595
Disposals	(9,097)	(131)	(5,498)	(14,726)
Lease modifications	(17)	—	(306)	(323)
Currency translation adjustments	(714)	(146)	(1,334)	(2,194)
Reclassifications[1]	223	(175)	(44)	4
as of August 31, 2022	**81,523**	**1,445**	**21,816**	**104,784**
Net as of August 31, 2022	**231,375**	**1,241**	**23,685**	**256,301**

1 Reclassified to "Property, plant and equipment" (net CHF 0.9 million)

2020/21

in thousands of CHF	Land and buildings	Plant and machinery	Office equipment and motor vehicles	Total
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, 2020	**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).

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

in thousands of CHF	2021/22	2020/21
Expense relating to short-term leases	3,602	5,867
Expense relating to leases of low-value assets	742	1,305
Expense relating to variable lease payments not included in the measurement of lease liabilities	576	671
Lease-related expenses	**4,920**	**7,843**
Depreciation of right-of-use assets	46,595	44,030
Interests on lease liabilities	6,714	5,311
Total amount recognized in the income statement	**58,229**	**57,184**

In fiscal year 2021/22, the Group's total cash outflow for lease payments was CHF 55.6 million, including interest paid (2020/21: CHF 53.1 million).

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.

2.3 Intangible assets

2021/22

in thousands of CHF	Goodwill	Brand names and licenses	Internally generated intangible assets	Other / Under development	Total
At cost					
as of September 1, 2021	**829,587**	**62,223**	**535,834**	**47,739**	**1,475,383**
Business combination (Note 5.1)	26,510	—	—	1,916	28,426
Additions	—	—	17,056	23,329	40,385
Disposals	—	—	(437)	(843)	(1,280)
Currency translation adjustments	5,134	(1,085)	(33,896)	(4,750)	(34,597)
Reclassifications from under development	—	—	19,365	(19,365)	—
Other reclassifications[1]	—	—	3,284	(369)	2,915
as of August 31, 2022	**861,231**	**61,138**	**541,206**	**47,657**	**1,511,232**
Accumulated amortization and impairment losses					
as of September 1, 2021	—	**54,715**	**388,457**	**36,728**	**479,900**
Amortization	—	1,657	34,431	2,036	38,124
Impairment (Note 1.3)	—	—	810	—	810
Disposals	—	—	(342)	(624)	(966)
Currency translation adjustments	—	(1,155)	(24,095)	(1,970)	(27,220)
Other reclassifications[1]	—	—	750	(583)	167
as of August 31, 2022	—	**55,217**	**400,011**	**35,587**	**490,815**
Net as of August 31, 2022	**861,231**	**5,921**	**141,195**	**12,070**	**1,020,417**

1 Reclassified to "Property, plant and equipment" (net CHF 2.8 million).

2020/21

in thousands of CHF	Goodwill	Brand names and licenses	Internally generated intangible assets	Other / Under development	Total
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).

Additions and reclassification from under development to internally generated intangible assets amounted to CHF 36.4 million in fiscal year 2021/22 (2020/21: CHF 43.3 million). This mainly included costs related to various projects of internally generated software and amounted to CHF 33.9 million (2020/21: CHF 38.5 million). The remainder is related to the development of recipes and innovations of CHF 2.5 million that were recorded under internally generated intangible assets (2020/21: CHF 4.8 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 861.2 million (2021: CHF 829.6 million). The allocation to the segments is as follows:

as of August 31, in million CHF	2022	2021
Global Cocoa	454.0	441.2
EMEA	318.5	303.1
Americas	84.5	80.7
Asia Pacific	4.2	4.6
Total	**861.2**	**829.6**

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 2021/22.

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

	2022		2021	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Cocoa	7.8 %	1.6 %	7.7 %	1.2 %
EMEA	6.6 %	1.1 %	6.4 %	0.8 %
Americas	6.9 %	2.1 %	6.8 %	2.0 %
Asia Pacific	7.7 %	2.3 %	6.8 %	1.5 %

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.
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, in thousands of CHF	**2022**	**2021**
Cocoa beans stocks	849,216	733,872
Semi-finished and finished products	1,170,437	1,079,440
Other raw materials and packaging materials	406,832	230,021
Total inventories	**2,426,485**	**2,043,333**

As at August 31, 2022, the value of cocoa and chocolate inventories designated in a hedging relationship amounted to CHF 1,276.4 million (2021: CHF 1,134.6 million), on which a fair value hedge adjustment of CHF 60.8 million was recorded (2021: CHF 15.4 million). For further detail of hedged inventories refer to Note 3.7.9 – “Effect of hedge accounting on the financial position and performance”.

In 2021/22, materials used of CHF 5,643.5 million (2020/21: CHF 4,951.3 million) were recognized as an expense during the year and included in “Cost of goods sold”.

In fiscal year 2021/22, inventory write-downs of CHF 44.5 million were recognized as an expense (2020/21: CHF 31.7 million).

As at August 31, 2022, no inventories were pledged as security (2021: 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.

2.5 Trade receivables and other current assets

as of August 31, in thousands of CHF	2022	2021
Trade receivables	547,521	484,974
Accrued income	40,251	32,362
Loans and other receivables	60,618	38,446
Other current financial assets	17,315	20,278
Receivables representing financial assets	**665,705**	**576,060**
Prepayments	137,472	57,791
Other current non-financial assets	621	707
Other tax receivables and receivables from government	111,781	125,393
Other receivables	**249,874**	**183,891**
Total trade receivables and other current assets	**915,579**	**759,951**

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, 2022, was CHF 387.6 million (2021: CHF 360.5 million). This amount was derecognized from the balance sheet. The amount is the combination of the gross value of the receivables sold of CHF 408.1 million (2021: CHF 381.2 million) and the discount applicable of CHF 20.5 million (2021: CHF 20.7 million).

Net amounts payable to these programs amounted to CHF 73.4 million as at August 31, 2022 (2021: CHF 70.3 million), consisting of the balance of receivables collected before the next rollover date of CHF 93.9 million (2021: CHF 91.0 million), less the discount on receivables sold of CHF 20.5 million (2021: CHF 20.7 million). The discount is retained by the programs to establish a dilution reserve, a yield reserve, and an insurance first loss reserve. These amounts are included in Note 2.6 – "Trade payables and other current liabilities" on a net basis.

Trade receivables with the fair value of CHF 92.8 million (and CHF 93.1 million nominal amount) as at August 31, 2022 (2021: fair value CHF 87.1 million, nominal amount CHF 87.2 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 4.3 million (2020/21: CHF 3.1 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".

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 "Accrued Income", "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

2.6 Trade payables and other current liabilities

as of August 31, in thousands of CHF	2022	2021
Trade payables	1,202,076	891,208
Accrued expenses	164,500	134,408
Other payables	224,005	199,987
Payables representing financial liabilities	**1,590,581**	**1,225,603**
Accrued wages and social security	129,868	140,952
Other taxes and payables to government	72,020	64,008
Deferred income	785	2,907
Other liabilities	**202,673**	**207,867**
Total trade payables and other current liabilities	**1,793,254**	**1,433,470**

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.

2.7 Provisions

in thousands of CHF	Restructuring	Litigation & claims	Other	Total
as of September 1, 2021	**768**	**21,016**	**18,079**	**39,863**
Additions	9,652	75,066	6,828	91,546
Use of provisions	(4,253)	(8,084)	(1,503)	(13,840)
Release of unused provisions	(37)	(3,569)	(7,215)	(10,821)
Currency translation adjustments	(297)	(5,257)	195	(5,359)
as of August 31, 2022	**5,833**	**79,172**	**16,384**	**101,389**
of which:				
Current	5,833	75,973	7,146	88,952
Non-current	—	3,199	9,238	12,437

Restructuring

The amounts for restructuring primarily includes direct expenditures arising from the restructuring, notably severance payments and other costs directly linked to closure of facilities.

During the year, restructuring additions amounting to CHF 7.8 million were attributable to the closure of the chocolate factory in Moreton, UK.

Litigation & claims

The amount includes provisions for certain litigation and claims that have been recognized to cover legal, tax and administrative disputes that arise in the ordinary course of business for which, by their nature, the timing or the amount are difficult to predict. This includes, but is not limited to, customer, labor and non-income tax claims.

The provision includes the estimated costs of fulfilling contractual obligations related to the salmonella incident at the Wieze factory, and other costs arising from the event to the extent not yet incurred.

Other provisions

Other provisions cover 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.

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 capital and dividends

The issued share capital amounts to CHF 0.1 million (2021: CHF 0.1 million) and is divided into 5,488,858 registered shares with a nominal value of CHF 0.02 (2021: 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 8, 2021, the shareholders approved the proposed distribution of dividends in the amount of CHF 28.00 per share, effected through a dividend payment of CHF 153.5 million. The payment was made to shareholders on January 6, 2022.

During the fiscal year 2020/21, the payout of CHF 22.00 per share was effected through a dividend payment out of retained earnings in the amount of CHF 120.7 million. The payment was made to shareholders on January 7, 2021.

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, 2022, amounted to CHF 21.9 million (2021: CHF 15.6 million).

The fair value of the treasury shares as at August 31, 2022, amounted to CHF 20.6 million (2021: CHF 18.4 million). As at August 31, 2022, the number of outstanding shares amounted to 5,478,563 (2021: 5,480,985) and the number of treasury shares to 10,295 (2021: 7,873). During this fiscal year, 7,767 shares have been purchased, 5,345 transferred to employees and members of the Board of Directors under the employee stock ownership program (2020/21: 9,138 purchased; 14,102 transferred).

Retained earnings

As at August 31, 2022, retained earnings contain legal reserves of CHF 21.9 million (2021: CHF 15.6 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	2021/22	2020/21
as of September 1,	**2,360**	**1,770**
Non-controlling share of profit/(loss)	235	566
Non-controlling share of other comprehensive income	(248)	24
as of August 31,	**2,347**	**2,360**

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.

3.3 Earnings per share

in CHF	2021/22	2020/21
Basic earnings per share (CHF)	65.81	70.04
Diluted earnings per share (CHF)	65.66	69.84

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	2021/22	2020/21
Net profit for the year attributable to shareholders of Barry Callebaut AG, used as numerator for basic earnings per share	360,705	383,939
Adjusted net profit for the year used as numerator for diluted earnings per share	360,705	383,939

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

	2021/22	2020/21
Number of shares issued	5,488,858	5,488,858
Weighted average number of treasury shares held	(8,128)	(7,288)
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	**5,480,730**	**5,481,570**
Dilution potential of equity-settled share-based payments	12,560	15,910
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	**5,493,290**	**5,497,480**

3.4 Cash and cash equivalents

Cash and cash equivalents amounted to CHF 878.2 million as of August 31, 2022 (2021: CHF 1,095.8 million), and comprised cash on hand, cheques, bank balances and bank deposit balances with an original maturity of 90 days or less. Bank overdrafts amounted to CHF 62.4 million as of August 31, 2022 (2021: CHF 63.6 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.

3.5 Financial liabilities

3.5.1 Short-term financial liabilities

as of August 31,	Carrying amounts	
in thousands of CHF	2022	2021
Bank overdrafts	**62,418**	**63,564**
Short-term loans	61,211	54,318
Short-term portion of long-term loans	388,743	65,095
Other	13	14
Short-term debt	**449,967**	**119,427**
Short-term lease liabilities	**42,141**	**41,075**
Short-term financial liabilities	**554,526**	**224,066**

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

as of August 31,		2022			2021	
Split per currency		Interest range			Interest range	
in thousands of CHF	Amount	from	to	Amount	from	to
BRL	1,174	6.71 %	15.85 %	11,743	3.16 %	10.14 %
CLP	7,404	2.15 %	12.82 %	8,828	1.44 %	2.51 %
EUR	15,266	0.09 %	3.83 %	82,807	(0.55)%	2.00 %
INR	1,408	6.46 %	7.81 %	5,222	6.46 %	9.17 %
TRY	10,309	12.52 %	34.00 %	11,767	12.52 %	21.80 %
USD	418,104	1.03 %	5.50 %	26,734	1.03 %	3.00 %
XOF	77,635	2.75 %	5.80 %	60,876	3.90 %	5.80 %
Other	23,226	0.50 %	30.94 %	16,090	0.22 %	9.30 %
Total	**554,526**			**224,067**		

3.5.2 Long-term financial liabilities

as of August 31,	Carrying amounts		Fair values	
in thousands of CHF	2022	2021	2022	2021
Senior Notes	825,810	847,577	838,995	911,853
Schuldscheindarlehen	862,768	1,081,756	736,976	1,025,810
Short-term portion of long-term loans	(388,743)	(65,095)	(398,835)	(65,095)
Other Loans	2,191	65,816	2,191	65,817
Total long-term debt	**1,302,026**	**1,930,054**	**1,179,327**	**1,938,385**
Long-term lease liabilities	**222,504**	**224,464**	**222,504**	**224,464**
Long-term financial liabilities	**1,524,530**	**2,154,518**	**1,401,831**	**2,162,849**

as of August 31,
In issuance currency, in millions

Debt instrument	Issuance	Maturity	Issuance Currency	Issuance Amount	Interest rate type	Outstanding (face value) 2022	2021
USD 400 million 5.50% Senior Note	Jun-13	Jun-23	USD	400	Fixed	400	400
EUR 450 million 2.375% Senior Note	May-16	May-24	EUR	450	Fixed	450	450
Schuldscheindarlehen	Feb-19	Feb-26	EUR	104	Fixed	104	104
Schuldscheindarlehen	Feb-19	Feb-27	EUR	132	Fixed	132	132
Schuldscheindarlehen	Feb-19	Feb-29	EUR	12	Fixed	12	12
Schuldscheindarlehen	Feb-19	Feb-27	CHF	21	Fixed	21	21
Schuldscheindarlehen	Feb-19	Feb-26	EUR	88	Floating	88	88
Schuldscheindarlehen	Feb-19	Feb-27	EUR	122	Floating	122	122
Schuldscheindarlehen	Feb-19	Feb-29	EUR	10	Floating	10	10
Schuldscheindarlehen	Feb-19	Feb-26	CHF	11	Floating	0	11
Schuldscheindarlehen	Feb-19	Feb-27	CHF	110	Floating	0	110
Schuldscheindarlehen	Feb-19	Feb-29	CHF	10	Floating	0	10
Schuldscheindarlehen	Jul-20	Jul-25	EUR	112	Fixed	112	112
Schuldscheindarlehen	Jul-20	Jan-27	EUR	18	Fixed	18	18
Schuldscheindarlehen	Jul-20	Jul-28	EUR	82	Fixed	82	82
Schuldscheindarlehen	Jul-20	Jul-30	EUR	57	Fixed	57	57
Schuldscheindarlehen	Jul-20	Jan-27	CHF	5	Fixed	5	5
Schuldscheindarlehen	Jul-20	Jul-25	EUR	34	Floating	17	17
Schuldscheindarlehen	Jul-20	Jan-27	EUR	55	Floating	47	47
Schuldscheindarlehen	Jul-20	Jul-28	EUR	46	Floating	45	45
Schuldscheindarlehen	Jul-20	Jul-25	CHF	15	Floating	15	15
Revolving Credit Facility	Oct-21	Oct-26	EUR	900	Floating	0	0

Fiscal year 2021/22 Activities

In October 2021, the Group:

- extended the maturity of its Revolving Credit Facility to October 2026. The facility amount was reduced from EUR 1 billion to EUR 900 million.

In February 2022, early prepayment of:

- Schuldscheindarlehen, maturing in Feb 2026, Floating, CHF 11 million
- Schuldscheindarlehen, maturing in Feb 2027, Floating, CHF 110 million
- Schuldscheindarlehen, maturing in Feb 2029, Floating, CHF 10 million

Fiscal year 2020/21 Activities

In July 2021, partial prepayment of:

- Schuldscheindarlehen, maturing in Jul 2025, Floating, EUR 17 million
- Schuldscheindarlehen, maturing in Jul 2025, Floating, EUR 1 million
- Schuldscheindarlehen, maturing in Jan 2027, Floating, EUR 8 million

The Senior Notes, the Schulscheindarlehen, and Revolving Credit Facility all rank paru passu and are guaranteed by Barry Callebaut AG. The financial covenants related to the Revolving Credit Facility - profitability per metric tonne, interest cover ratio and tangible net worth value - were respected as of August 31, 2022 and August 31, 2021, respectively.

Long-term financial liabilities are to a major extent issued at fixed interest rates or fixed via plain-vanilla fixed-floating interest rate derivatives.

The Group's diversified long-term debt portfolio has a balanced maturity profile. The weighted average maturity of the long-term financial liabilities (i.e. without any portion falling due in less than 12 months) decreased from 5.1 years to 4.3 years.

as of August 31, in thousands of CHF	2022	2021
2022/23	—	398,248
2023/24	469,813	508,085
2024/25	168,142	175,009
2025/26	210,826	237,120
2026/27 (and thereafter for 2021)	356,138	836,056
2027/28 (and thereafter for 2022)	319,611	—
Long-term financial liabilities	**1,524,530**	**2,154,518**

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,			2022			2021
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
CHF	51,230	0.42 %	2.28 %	184,457	0.42 %	1.72 %
EUR	1,345,259	0.09 %	3.83 %	1,492,220	0.09 %	3.00 %
SEK	4,440	0.50 %	3.47 %	5,191	0.47 %	1.75 %
SGD	6,414	1.67 %	3.21 %	2,475	1.13 %	3.21 %
USD	85,267	0.03 %	5.50 %	444,591	1.51 %	5.50 %
XOF	3,307	3.90 %	5.80 %	5,202	3.90 %	5.80 %
Other	28,613	0.34 %	30.94 %	20,382	0.22 %	17.48 %
Long-term financial liabilities	**1,524,530**			**2,154,518**		

3.5.3 Changes in liabilities and equity from financing activities

	Financial liabilities			Equity				
in thousands of CHF	Short-term debt	Long-term debt	Lease liabilities	Retained Earnings	Share capital	Treasury shares	Non-controlling interests	Total
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)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—
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**
as of September 1, 2021	**119,427**	**1,930,054**	**265,539**	**3,538,158**	**110**	**(15,594)**	**2,360**	**5,840,054**
Cash flows from financing activities	**(47,958)**	**(119,114)**	**(44,006)**	**(153,467)**	**—**	**(16,951)**	**—**	**(381,496)**
Proceeds from the issue of short-term debt	41,662	—	—	—	—	—	—	41,662
Repayment of short-term debt	(89,620)	—	—	—	—	—	—	(89,620)
Proceeds from the issue of long-term debt	—	11,814	—	—	—	—	—	11,814
Repayment of long-term debt	—	(130,928)	—	—	—	—	—	(130,928)
Payment of lease liabilities	—	—	(44,006)	—	—	—	—	(44,006)
Dividend payment	—	—	—	(153,467)	—	—	—	(153,467)
Purchase of treasury shares	—	—	—	—	—	(16,951)	—	(16,951)
Other changes related to liabilities	**378,498**	**(508,914)**	**43,112**	**—**	**—**	**—**	**—**	**(87,304)**
Amortized structuring fee	—	3,843	—	—	—	—	—	3,843
Change in accrued finance expense other	—	1,073	—	—	—	—	—	1,073
New leases and modifications	—	—	49,162	—	—	—	—	49,162
Interest expense	65,499	—	6,714	—	—	—	—	72,213
Interest paid	(66,832)	—	(6,714)	—	—	—	—	(73,546)
Foreign exchange movements	62,642	(196,641)	(6,050)	—	—	—	—	(140,049)
Reclassification	317,189	(317,189)	—	—	—	—	—	—
Other changes related to equity	**—**	**—**	**—**	**412,723**	**—**	**10,659**	**(13)**	**423,369**
as of August 31, 2022	**449,967**	**1,302,026**	**264,645**	**3,797,414**	**110**	**(21,886)**	**2,347**	**5,794,623**

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, in thousands of CHF	2022	2021
Property, plant and equipment	76,198	5,254
Intangible assets	351	128
Leased assets	98,148	14,357
Total capital and lease commitments	**174,697**	**19,739**

In the current fiscal year, Property, plant and equipment commitments are mainly related to equipment for new production lines in multiple countries, while Leased assets commitments are related to a new production site.

Guarantees in favor of third parties

Group companies have issued guarantee commitments as of August 31, 2022 in the amount of CHF 0.5 million (2021: CHF 0.6 million). These are mainly related to third-party suppliers.

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 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 Chief Procurement Officer, the VP Group Accounting, Reporting & Risk Management, the CFO Global Cocoa, the VP Global Cocoa Trading & Sourcing, 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 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, 2022, the Group had a total VaR for raw materials of CHF 12.2 million (2021: CHF 9.3 million), well within the Group limit. The average VaR over the fiscal year 2021/22 was CHF 9.1 million (2020/21: CHF 8.0 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 forecasted sugar purchases will be linked 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 on an intraday basis as from identification, in line with the approved exposure limits. In case of limited deviations from 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, Net exposure in thousands of CHF/EUR/USD/GBP	2022 CHF	2022 EUR	2022 USD	2022 GBP	2021 CHF	2021 EUR	2021 USD	2021 GBP
CHF	—	1,436	9,862	(118)	—	123	(595)	(378)
EUR	(2,290)	—	380	(10,546)	(138)	—	(5,836)	(29,662)
USD	21	(1,522)	—	37	(619)	(88)	—	(208)
BRL	(118)	376	392	—	(118)	744	(67)	—
GHS	(3,383)	(248)	3,585	—	1	(38)	5,449	—
MXN	—	450	(2,546)	—	—	29	(1,745)	—
RSD	—	(60,285)	(13)	—	—	(73,309)	—	—
RUB	—	961	30,005	360	—	1,272	(8,589)	114
XAF	—	(11,693)	—	—	—	(22,451)	—	—
XOF	—	27,422	—	—	—	14,836	—	—
Total	**(5,770)**	**(43,103)**	**41,665**	**(10,267)**	**(874)**	**(78,882)**	**(11,383)**	**(30,134)**

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, 2022, the Group had a VaR of CHF 0.4 million (2021: CHF 0.4 million). The average VaR over the fiscal year 2021/22 was CHF 0.3 million (2020/21: CHF 0.2 million).

Value at Risk per main exposure currencies

as of August 31, Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies	2022	2021
Total Group	**383**	**444**
CHF	63	7
EUR	131	180
GBP	99	306
USD	582	184
Others	543	285
Diversification effect	**73 %**	**54 %**

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 therefore the related interest rate risks. To the extent possible, it 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, in thousands of CHF	2022	2021
Fixed interest-bearing items		
Carrying amount of financial liabilities	1,621,166	1,773,412
Reclassification due to interest rate derivative	306,939	340,106
Net fixed interest position	**1,928,105**	**2,113,518**
Floating interest-bearing items		
Carrying amount of financial assets	(880,021)	(1,097,299)
Carrying amount of financial liabilities	457,891	605,172
Reclassification due to interest rate derivative	(306,939)	(340,106)
Net floating interest position	**(729,069)**	**(832,233)**

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.

as of August 31,				2022				2021
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	5,470	(547)	—	—	4,273	(427)	—	—
Interest rate swaps	—	—	12,198	(1,261)	—	—	17,422	(1,692)
Total interest rate sensitivity	**5,470**	**(547)**	**12,198**	**(1,261)**	**4,273**	**(427)**	**17,422**	**(1,692)**

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, 2022, the largest customer represents 10% (2021: 8%) whereas the ten biggest customers represent 36% (2021: 30%) 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 2,017.2 million as of August 31, 2022 (2021: CHF 1,968.2 million).

All financial assets measured at amortized cost are first assessed for individual impairment. Subsequently, expected credit loss is calculated by applying either the annualized Credit Default Swap rates (CDS) of the country of product delivery (pro rated in line with average payment terms) and a premium of 25 basis points or, where available, the individual annualized CDS of the counterparty (pro rated in line with average payment terms or, in the case of Cash and Cash Equivalents, pro rated to 7 days). 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 7.5 million in 2021/22 (2020/21: CHF 6.6 million).

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

Aging of trade receivables

as of August 31,

in thousands of CHF	2022	2021
Total trade receivables measured at amortized cost, gross	**484,684**	**422,913**
of which:		
insured receivables	273,039	255,505
uninsured receivables with an individual balance over CHF 1 million	109,866	77,720
uninsured receivables with an individual balance below CHF 1 million	101,779	89,688
Less lifetime expected credit losses for trade receivables	(29,927)	(25,084)
Total trade receivables measured at amortized cost (Note 3.7.8)	**454,757**	**397,829**
of which:		
not overdue	415,385	372,625
lifetime expected credit losses for trade receivables not overdue	(5,719)	(3,749)
expected credit loss rate	1.38 %	1.01 %
past due less than 90 days	48,606	27,080
lifetime expected credit losses for trade receivables past due less than 90 days	(7,698)	(3,106)
expected credit loss rate	15.84 %	11.62 %
past due more than 90 days	20,693	23,207
lifetime expected credit losses for trade receivables past due more than 90 days	(16,510)	(18,228)
expected credit loss rate	79.78 %	78.55 %
Total trade receivables measured at amortized cost (Note 3.7.8)	**454,757**	**397,829**

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, 2021	**998**	**11**	**25,084**	**14,356**	**15**	**40,464**
Changes to expected credit losses on financial assets	2,249	5	11,399	2,013	37	15,703
Write-offs	(73)	—	(391)	(83)	—	(547)
Unused amounts reversed	(1,798)	—	(6,257)	(153)	(7)	(8,215)
Currency translation adjustments	80	—	34	(645)	7	(524)
Reclassifications[1]	—	—	58	(8,441)	—	(8,383)
as of August 31, 2022	**1,456**	**16**	**29,927**	**7,047**	**52**	**38,498**

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	613	1	7,349	5,224	9	13,196
Write-offs	(28)	—	(1,020)	(1,295)	—	(2,343)
Unused amounts reversed	(100)	(9)	(6,392)	(94)	(4)	(6,599)
Currency translation adjustments	11	—	178	(317)	—	(128)
as of August 31, 2021	**998**	**11**	**25,084**	**14,356**	**15**	**40,464**

1 Reclassification to impairment losses of non-financial assets CHF -8.4million

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, 2022

in thousands of CHF	Carrying amount	In the first year	In the second to the fifth year	After five years	Contractual amount
Non-derivative financial liabilities					
Bank overdrafts	(62,418)	(62,418)	—	—	(62,418)
Short-term debt	(449,967)	(449,967)	—	—	(449,967)
Trade payables	(1,202,076)	(1,202,076)	—	—	(1,202,076)
Lease liabilities	(264,645)	(42,141)	(103,965)	(118,539)	(264,645)
Long-term debt	(1,302,026)	(56,994)	(1,248,283)	(530,235)	(1,835,512)
Other current liabilities	(388,505)	(388,505)	—	—	(388,505)
Derivatives					
Interest rate derivatives	22,500	2,175	11,585	10,045	23,805
Currency derivatives					
Inflow	82,978	2,945,662	64,825	—	3,010,487
Outflow	(116,225)	(4,626,949)	(68,122)	—	(4,695,071)
Commodity derivatives					
Inflow	(121,955)	2,675,755	143,832	576	2,820,164
Outflow	38,963	(1,280,662)	313	—	(1,280,349)
Total net	**(3,763,374)**	**(2,486,120)**	**(1,199,815)**	**(638,153)**	**(4,324,088)**

as of August 31, 2021

in thousands of CHF	Carrying amount	In the first year	In the second to the fifth year	After five years	Contractual amount
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)**

3.7.6 Derivative financial assets and liabilities and hedge accounting

as of August 31,		2022		2021
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk	22,500	—	—	11,117
Commodity price risk	99	166	12,825	372
Foreign exchange risk	6	—	6	—
Fair values hedges				
Commodity price risk	241,905	333,073	199,754	276,467
Foreign exchange risk	87,414	140,776	14,605	12,661
No hedge accounting designation				
Commodity price risk	13,900	5,655	29,750	29,192
Foreign exchange risk	100,765	80,656	33,702	21,102
Total derivative financial assets	**466,589**	—	**290,642**	—
Total derivative financial liabilities	—	**560,326**	—	**350,911**

Derivative financial instruments consist of items used in a cash flow hedging model, items used in a fair value hedging model and derivative instruments measured at fair value, for which no hedge accounting is applied.

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:

as of August 31, 2022				Related amounts not set off in the balance sheet		
in thousands of CHF	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
Derivative financial assets	783,288	(316,700)	466,589	(20,593)	(63,073)	382,922
Derivative financial liabilities	877,026	(316,700)	560,326	(20,593)	(69,206)	470,527

as of August 31, 2021				Related amounts not set off in the balance sheet		
in thousands of CHF	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
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

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.

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.

Notes to the Consolidated Financial Statements

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

as of August 31, 2022 in thousands of CHF	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	—	878,197	—	—	878,197	878,197
Short-term deposits	—	1,824	—	—	1,824	1,824
Trade receivables	92,764	454,757	—	—	547,521	547,521
Derivative financial assets	466,589	—	—	—	466,589	466,589
Accrued income	—	40,251	—	—	40,251	40,251
Loans and other receivables	—	60,618	—	—	60,618	60,618
Other current financial assets	—	17,315	—	—	17,315	17,315
Other non-current financial assets	—	4,928	—	—	4,928	4,928
Total financial assets	**559,353**	**1,457,890**	**—**	**—**	**2,017,243**	**2,017,243**
Bank overdrafts	—	—	—	62,418	62,418	62,418
Short-term debt	—	—	—	449,967	449,967	449,967
Short-term lease liabilities	—	—	—	42,141	42,141	42,141
Trade payables	—	—	—	1,202,076	1,202,076	1,202,076
Accrued expenses	—	—	—	164,500	164,500	164,500
Other payables	—	—	—	224,005	224,005	224,005
Derivative financial liabilities	—	—	560,326	—	560,326	560,326
Long-term debt	—	—	—	1,302,026	1,302,026	1,179,327
Long-term lease liabilities	—	—	—	222,504	222,504	222,504
Total financial liabilities	**—**	**—**	**560,326**	**3,669,636**	**4,229,962**	**4,107,263**

as of August 31, 2021 in thousands of CHF	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
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**	**3,604,188**	**3,955,098**	**3,963,429**

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, 2022

in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	—	—	92,764	**92,764**
Derivative financial assets	78,508	388,081	—	**466,589**
Derivative financial liabilities	83,615	476,712	—	**560,326**

as of August 31, 2021

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

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

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 2021/22 and 2020/21.

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, 2022 on the Group's Consolidated Balance Sheet is as follows:

as of August 31, 2022 in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument Assets	Liabilities	Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
Cash flow hedges				
Interest rate risk	306.9	22.5	—	34.3
Commodity risk	11.4	0.1	0.2	(5.0)
Foreign exchange risk	—	—	—	(1.8)
Fair value hedges				
Commodity risk	(670.3)	69.2	80.4	(67.2)
Foreign exchange risk				
Forward and futures contracts	(1,675.9)	16.2	48.9	(15.6)
Receivables	204.3	197.7	—	(6.5)
Payables	(423.8)	—	423.8	22.0
Debts	—	—	—	(2.3)
Cash instruments	9.5	9.5	—	2.6

as of August 31, 2021 in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument Assets	Liabilities	Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
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	—	—

b) Impact of hedged items designated in hedging relationships

The impact of hedged items designated in hedging relationships as of August 31, 2022 on the Group's Consolidated Balance Sheet is as follows:

as of August 31, 2022	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 ineffectiveness	Cash flow hedge reserve
in CHF million	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
Cash flow hedges								
Interest rate risk	n/a	n/a	n/a	n/a	n/a	n/a	(34.3)	11.9
Commodity price risk	n/a	n/a	n/a	n/a	n/a	n/a	1.3	9.2
Foreign exchange risk	n/a	n/a	n/a	n/a	n/a	n/a	4.0	0.8
Fair value hedges								
Commodity price risk								
Cocoa and chocolate stocks	1,276.4	n/a	60.8	n/a	—	n/a	43.2	n/a
Risk component of cocoa and chocolate purchase and sales contracts	172.7	252.6	172.7	252.6	6.2	—	6.3	n/a
Foreign exchange risk								
Firm purchase and sales commitments denominated in foreign currency	71.2	91.9	71.2	91.9	—	—	14.8	n/a

Notes to the Consolidated Financial Statements

as of August 31, 2022	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 ineffectiveness	Cash flow hedge reserve
in CHF million	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

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

as of August 31, 2022 in CHF million	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
Interest rate risk	34.4	—	2.2	Finance expense
Commodity price risk	0.4	(3.7)	(3.7)	Cost of goods sold
Foreign exchange risk	(1.4)	2.2	2.3	Cost of goods sold

Cash flow hedges

as of August 31, 2022 in CHF million	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
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

This table includes the changes in the fair value of the hedging instruments recognized in Other comprehensive income throughout the entire fiscal years 2021/22 and 2020/21 (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, 2022.

Fair value hedges

as of August 31, 2022 in CHF million	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
Commodity price risk	(17.6)	Cost of goods sold
Foreign exchange risk	15.0	Cost of goods sold

Fair value hedges

as of August 31, 2022 in CHF million	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
Commodity price risk	4.2	Cost of goods sold
Foreign exchange risk	0.6	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.

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, 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 cash flow hedges	(3,547)	(158)	(1,479)	(5,184)
Currency translation adjustments	15	(5)	(129)	(119)
as of August 31, 2021	**15,960**	**(15)**	**(15,663)**	**282**
as of September 1, 2021	**15,960**	**(15)**	**(15,663)**	**282**
Movements in the period:				
Gains/(losses) taken into equity	393	(1,380)	34,443	33,456
Transfer to initial carrying amount of the hedged item	(3,778)	(391)	—	(4,169)
Transfer to the Consolidated Income Statement for the period	(3,743)	2,326	2,250	832
thereof:				
due to hedged cash flows that are no longer expected to occur/ineffectiveness	(3,677)	2,202	—	(1,474)
due to hedged item affected the Consolidated Income Statement	(67)	124	2,250	2,307
Tax effect on cash flow hedges	797	193	(9,173)	(8,183)
Currency translation adjustments	(477)	81	1	(395)
as of August 31, 2022	**9,152**	**814**	**11,858**	**21,823**

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, 2022 to hedge its interest rate risk:

			Period of maturity	
as of August 31, 2022	First year	Second to fifth year	After five years	Total
Nominal amount (CHF million)	—	266.9	40.0	306.9
Average interest rate	—	0.35 %	0.21 %	0.33 %

			Period of maturity	
as of August 31, 2021	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 %

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, 2022 to hedge its foreign exchange risk:

			Period of maturity	
as of August 31, 2022	Current year	Next year	After next year	Total
GBP exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	102.5	(349.1)	—	(246.5)
Average foreign exchange rate (EUR/GBP)	0.858	0.881	—	n/a
USD exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	(118.1)	(115.1)	(11.0)	(244.3)
Average foreign exchange rate (EUR/USD)	1.111	1.111	1.085	n/a
GBP exposure hedging in entities whose functional currency is USD				
Nominal amount (CHF million, long/(short))	155.3	(39.4)	0.1	116.0
Average foreign exchange rate (USD/GBP)	0.773	0.773	0.804	n/a
USD exposure hedging in entities whose functional currency is BRL				
Nominal amount (CHF million, long/(short))	(94.2)	—	—	(94.2)
Average foreign exchange rate (BRL/USD)	0.190	—	—	n/a

			Period of maturity	
as of August 31, 2021	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

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.

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.

3.8 Financial result

Composition of finance income

in thousands of CHF	2021/22	2020/21
Interest income	8,077	3,640
Share of result of equity-accounted investees, net of tax	—	(59)
Foreign exchange gains, net	—	47
Total finance income	**8,077**	**3,628**

Composition of finance expense

in thousands of CHF	2021/22	2020/21
Interest expense	(99,876)	(88,766)
Amortization of structuring fees	(3,844)	(2,958)
Charges on undrawn portion of committed credit facilities	(2,178)	(2,381)
Net interest costs related to defined benefit plans (Note 4.2)	(2,716)	(3,119)
Total interest expense	**(108,614)**	**(97,224)**
Bank charges and other financial expense	(5,298)	(4,286)
Foreign exchange losses, net	(13,545)	—
Loss on interest rate derivative financial instruments	(2,374)	(3,787)
Total finance expense	**(129,831)**	**(105,297)**

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 debt instruments referenced in the overview table of note 3.5.2 Long-term debt.

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

4 Employees

4.1 Personnel expenses

in thousands of CHF	2021/22	2020/21
Wages and salaries	(598,281)	(571,930)
Compulsory social security contributions	(108,705)	(105,112)
Equity-settled share-based payments (Note 4.2)	(13,317)	(16,028)
Expenses related to defined benefit pension plans (Note 4.2)	(14,201)	(15,860)
Expenses related to other long-term benefit plans (Note 4.2)	1,345	(238)
Contributions to defined contribution plans (Note 4.2)	(15,900)	(13,532)
Total personnel expenses	**(749,059)**	**(722,700)**
Amounts capitalized as assets	22,394	25,599
Total personnel expenses recognized in Consolidated Income Statement	**(726,665)**	**(697,101)**

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 96% (2021: 95%) of the Group's total gross defined benefit pension liabilities and 98% (2021: 98%) of the Group's total plan assets.

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

	Defined benefit pension plans						Other long-term benefit plans	
as of August 31,			2022			2021	2022	2021
in thousands of CHF	Funded	Unfunded	Total	Funded	Unfunded	Total	Total	Total
Switzerland								
Weighted average duration in years	13	—		16	—		—	—
Present value of liabilities	97,605	—	97,605	104,571	—	104,571	—	—
Fair value of plan assets	(90,508)	—	(90,508)	(85,436)	—	(85,436)	—	—
Net plan liabilities (assets)	**7,097**	**—**	**7,097**	**19,135**	**—**	**19,135**	**—**	**—**
Belgium								
Weighted average duration in years	12	—		17	—		10	12
Present value of liabilities	79,205	—	79,205	106,740	—	106,740	7,870	10,547
Fair value of plan assets	(52,316)	—	(52,316)	(51,579)	—	(51,579)	—	—
Net plan liabilities (assets)	**26,889**	**—**	**26,889**	**55,161**	**—**	**55,161**	**7,870**	**10,547**
US								
Weighted average duration in years	9	—		10	—		3	4
Present value of liabilities	69,398	—	69,398	78,387	—	78,387	34	71
Fair value of plan assets	(52,168)	—	(52,168)	(58,747)	—	(58,747)	—	—
Net plan liabilities (assets)	**17,230**	**—**	**17,230**	**19,640**	**—**	**19,640**	**34**	**71**
UK								
Weighted average duration in years	15	—		18	—		—	—
Present value of liabilities	55,506	—	55,506	80,674	—	80,674	—	—
Fair value of plan assets	(77,170)	—	(77,170)	(95,730)	—	(95,730)	—	—
Net plan liabilities (assets)	**(21,664)**	**—**	**(21,664)**	**(15,056)**	**—**	**(15,056)**	**—**	**—**
Rest of the world								
Weighted average duration in years	13	8		16	10		18	21
Present value of liabilities	11,801	15,349	27,150	17,517	17,489	35,006	4,275	5,003
Fair value of plan assets	(4,729)	—	(4,729)	(6,230)	—	(6,230)	—	—
Net plan liabilities (assets)	**7,072**	**15,349**	**22,421**	**11,287**	**17,489**	**28,776**	**4,275**	**5,003**
Total								
Present value of liabilities	313,515	15,349	328,864	387,889	17,489	405,378	12,179	15,621
Fair value of plan assets	(276,890)	—	(276,890)	(297,722)	—	(297,722)	—	—
Net plan liabilities (assets)	**36,625**	**15,349**	**51,974**	**90,167**	**17,489**	**107,656**	**12,179**	**15,621**
Net balances recognized in the Consolidated Balance Sheet								
Net employee benefit assets	**—**	**—**	**(21,664)**	**—**	**—**	**(15,056)**	**—**	**—**
Net employee benefit liabilities	**—**	**—**	**73,638**	**—**	**—**	**122,712**	**12,179**	**15,621**

Notes to the Consolidated Financial Statements

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

	Defined benefit pension plans		Other long-term benefit plans	
in thousands of CHF	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Present value of defined benefit liabilities as of September 1,	**405,378**	**381,476**	**15,621**	**16,497**
Currency translations	873	(60)	(73)	(9)
Current service cost	14,201	15,814	1,096	1,210
Past service cost	—	46	—	—
Remeasurement of other long-term employee benefits	—	—	(2,441)	(972)
Interest expense	4,645	4,621	430	436
Losses/(gains) on curtailment	—	—	—	—
Total recognized in income statement	**19,719**	**20,421**	**(988)**	**665**
Actuarial losses/(gains)	(70,886)	6,274	(1,146)	(1,301)
thereof:				
arising from changes in demographic assumptions	5	(6,130)	—	—
arising from changes in financial assumptions	(81,835)	12,574	(1,371)	(813)
arising from experience adjustments	10,944	(170)	225	(488)
Exchange differences on foreign plans	(15,282)	5,514	(743)	310
Total recognized in other comprehensive income	**(86,168)**	**11,788**	**(1,889)**	**(991)**
Reclassifications	3	—	(3)	—
Contribution by employees	4,534	4,425	—	—
Benefits received	11,366	9,237	—	—
Benefits paid	(25,968)	(21,969)	(562)	(550)
Total other	**(10,065)**	**(8,307)**	**(565)**	**(550)**
Present value of defined benefit liabilities as of August 31,	**328,864**	**405,378**	**12,179**	**15,621**
thereof:				
funded plans	313,515	387,889	—	—
unfunded plans	15,349	17,489	12,179	15,621

The Group expects to pay CHF 16.1 million in employer contributions to defined pension plans in the next fiscal year (2021/22: CHF 17.0 million).

Actuarial gains amounted to CHF 72.0 million for the current fiscal year (2020/21: actuarial losses of CHF 5.0 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:

	Defined benefit pension plans	
in thousands of CHF	**2021/22**	**2020/21**
Opening fair value of plan assets as of September 1,	**297,722**	**258,819**
Currency translations	873	(30)
Interest income	2,359	1,938
Total recognized in income statement	**3,232**	**1,908**
Return on plan assets excluding interest income	(20,861)	16,650
Exchange differences on foreign plans	(12,404)	5,221
Total recognized in other comprehensive income	**(33,265)**	**21,871**
Contributions by employer	17,532	21,757
Contributions by employees	4,534	4,425
Benefits received	11,368	9,237
Benefits paid	(24,233)	(20,295)
Total other	**9,201**	**15,124**
Fair value of plan assets as of August 31,	**276,890**	**297,722**

The plan assets consist of the following categories of securities:

as of August 31, in thousands of CHF	Defined benefit pension plans 2022	2021
Equities	77,967	95,387
Bonds	133,340	149,962
Insurance portfolio	11,300	13,219
Cash and other assets	54,283	39,154
Total fair value of plan assets	**276,890**	**297,722**

Most of the equity and debt securities have a quoted market price in an active market. Real estate and alternative investments, which include hedge funds, 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:

	Defined benefit pension plans		Other long-term benefit plans	
in thousands of CHF	2021/22	2020/21	2021/22	2020/21
Current service costs	14,201	15,814	1,096	1,210
Net interest expense	2,286	2,683	430	436
Net currency translations	—	(30)	(73)	(9)
Past service cost	—	46	—	—
Remeasurement	—	—	(2,441)	(972)
Total expenses related to defined benefit plans and other long-term benefit plans recognized in income statement	**16,487**	**18,513**	**(988)**	**665**

in thousands of CHF	2021/22	2020/21
Total defined contribution expenses recognized in income statement	**15,900**	**13,532**

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	2021/22	2020/21
Cost of goods sold	3,501	3,355
Marketing and sales expenses	1,058	1,278
General and administration expenses	7,599	10,703
Research and development expenses	698	762
Personnel expenses	**12,856**	**16,098**
Interest expense	2,716	3,119
Foreign exchange gains/(losses)	(73)	(38)
Finance expense	**2,643**	**3,081**
Total expenses related to defined benefit plans and other long-term benefit plans recognized in income statement	**15,499**	**19,179**

Actuarial assumptions

Weighted average actuarial assumptions used are as follows:

	Defined benefit pension plans		Other long-term benefit plans	
	2021/22	2020/21	2021/22	2020/21
Discount rate	6.4 %	1.7 %	5.2 %	2.8 %
Expected rate of pension increase	1.7 %	0.6 %	0.0 %	0.0 %
Expected rate of salary increase	3.2 %	2.4 %	2.5 %	2.3 %

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

		Life expectancy at age 65 for a male member		Life expectancy at age 65 for a female member	
	Mortality table	**2022**	**2021**	**2022**	**2021**
Switzerland	LPP 2020	22	22	24	24
Belgium	MR / FR	21	21	25	25
UK	S3NMA / S3NFA	22	22	25	25
US	PRI-2012	21	21	23	22

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,	Increase		Decrease	
in thousands of CHF	**2022**	**2021**	**2022**	**2021**
Discount rate (1% movement)	(36,145)	(56,670)	45,558	73,412
Expected rate of pension increase (1% movement)	13,760	21,956	(13,760)	(21,956)
Expected rate of salary increase (1% movement)	17,298	27,717	(17,298)	(27,717)
Life expectancy at age 65 (1 year)	5,721	9,187	(5,721)	(9,187)

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.

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 only, 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. This tranche has vested at 50%.

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 criterion rewards 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.

For the members of the Executive Committee only, and effective for fiscal year 2022/23, the RSU will be discontinued, which means that the members of the Executive Committee will be awarded PSU only. The vesting period will continue to amount to three years (cliff), and the vesting will be conditional on forward-looking performance conditions (relative share price and ROIC). The maximum vesting level will be reduced from 300% to 200% for all plan participants.

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. 1,971 share awards were granted in fiscal year 2021/22 with an average fair value of CHF 2,295 (in fiscal year 2020/21: 2,913 share awards with an average fair value of CHF 1,964).

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 –0.7% to 0.5%. 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 17.1% to 29.5%). 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 4.6%. 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 2,334.

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 2021/22, 1,174 PSU were granted to members of the ExCo with an average fair value of CHF 2,857 (in fiscal year 2020/21: 1,626 share awards with an average fair value of CHF 2,431). To the other plan participants, 714 PSU with an average fair value of CHF 2,857 per share were awarded in fiscal year 2021/22 (in fiscal year 2020/21: 1,116 share awards with an average fair value of CHF 2,431).

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 monetary amount to be delivered for the respective service period in shares. The total number of shares awarded for the service period amounted to 1,278 with an average fair value of CHF 2,180 per share (2020/21: 1,266 share awards with an average fair value of CHF 1,930 per share).

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 2021/22, the amount thus recognized (before taxes) was CHF 13.3 million with a corresponding increase in equity (2020/21: CHF 16.0 million). Of the amount recognized in 2021/22, CHF 10.6 million related to the LTIP (2020/21: CHF 13.3 million) and CHF 2.7 million to the Board of Directors plan (2020/21: CHF 2.7 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
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 2021/22 ECC Group

On June 24, 2021, Barry Callebaut announced the acquisition of two related companies, Europe Chocolate Company NV, a privately owned manufacturer of chocolate specialties and decorations and Flanders Quality Machines NV, a privately owned manufacturer of machinery for chocolate specialties and decorations. The companies began manufacturing specialty chocolate ingredients in 1993 in Malle, Belgium. The transaction 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 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 preliminary fair value of the purchase consideration amounts to CHF 39.2 million, of which CHF 22.4 million paid in cash at the acquisition date. The payment was made on September 1, 2021 and was subject to customary purchase price adjustments of CHF 0.6 million, paid on November 9, 2021. On May 18, 2022 the remaining CHF 16.2 million was paid out to the previous shareholders upon the achievement of performance conditions.

The total acquisition-related costs amounted to CHF 0.4 million, of which CHF 0.2 million were expensed and included in “Other expense” in fiscal year 2021/22 and CHF 0.2 million were already expensed in fiscal year 2020/21 also included in “Other expense”.

in thousands of CHF	2021/22
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	980
Trade receivables and other current assets and Inventories	9,402
Property, plant and equipment, Right-of-use assets, Intangible assets and other non-current assets	12,349
Trade payables and other current liabilities	(6,209)
Other non-current liabilities	(2,100)
Deferred tax liabilities	(1,749)
Total identifiable net assets	**12,673**
Goodwill	26,510
Total consideration at fair value	**39,183**
thereof:	
Cash paid	22,978
Contingent Consideration	16,205

The goodwill of CHF 26.5 million arising from the acquisition is attributable to strengthening Barry Callebaut’s presence in the high-growth specialties & decorations market as well as synergies and leverage achieved by the integration of the business into the Group’s footprint. The goodwill has been allocated to Region EMEA and its amortization is not deductible for income tax purposes.

Since the first time consolidation as of September 1, the acquired business contributed CHF 50.1 million to Revenue from sales and services and CHF 1.1 million to net profit.

Acquisitions in 2020/21

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

5.2 Discontinued operations and disposal

The Group did not have any discontinued operations or disposals in 2021/22 and 2020/21.

5.3 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2022, are as follows:

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 Re AG	Zürich	100	CHF	3,000,000
	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	261,521,544
	Barry Callebaut Manufacturing Halle BV	Halle	100	EUR	15,488,952
	Barry Callebaut Services N.V.	Lebbeke-Wieze	100	EUR	929,286,000
	BURG NV	Malle	100	EUR	171,047
	Cabosse Naturals N.V.	Halle	100	EUR	1,161,148
	Europe Chocolate Company NV	Malle	100	EUR	61,500
	Flanders Quality Machines NV	Malle	100	EUR	74,616
	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
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
	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	20,750,000
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	3,600,000
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

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
India	Barry Callebaut Cocoa & Chocolate Ingredients India Private Limited	Pune	100	INR	218,460,570
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	71,212
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.	Takasaki	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 Cocoa Management Services SA de CV	Mexico City	100	MXN	100,000
	Barry Callebaut Mexico Distributors SA de CV	Escobedo N.L.	100	MXN	109,000,000
	Barry Callebaut Mexico, S. de R.L. de CV	Monterrey	100	MXN	13,030,200
	DCMX Cocoa, SA de CV	Mexico City	100	MXN	1,304,967
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	Reus	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	THB	125,000,000
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
Türkiye	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	Istanbul	100	TRY	333,000,000
Uganda	Barry Callebaut East Africa Ltd	Kampala	100	UGX	70,000,000
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, 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.

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.

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,	2022	2021
Jacobs Holding AG	30.1 %	30.1 %
Renata Jacobs	5.0 %	5.0 %
BlackRock Inc.[1]	3.1 %	3.1 %
T. Rowe Price Associates Inc.[1]	3.0 %	— %
UBS Fund Management (Switzerland) AG[1]	3.0 %	— %

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	2021/22	2020/21
Other operating expenses charged by related parties		**(250)**	**(250)**
Jacobs Holding AG	Management services	(250)	(250)

as of August 31, in thousands of CHF		2021/22	2020/21
Other payables to related parties		**63**	**63**
Jacobs Holding AG		63	63

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	2021/22	2020/21
Short-term employee benefits	13.1	15.6
Post-employment benefits	2.3	2.3
Share-based payments	8.5	10.2
Total	**23.8**	**28.1**

Further details related to the requirements of the Swiss Transparency law (Art. 663bbis 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.

6 Taxes

6.1 Income taxes

Income tax expense

in thousands of CHF	2021/22	2020/21
Current income tax expenses	(92,600)	(76,250)
Deferred income tax expenses	21,808	(4,264)
Total income tax expenses	**(70,792)**	**(80,514)**

Reconciliation of income taxes

in thousands of CHF	2021/22	2020/21
Profit before income taxes	431,732	465,019
Expected income tax expenses at weighted average applicable tax rate	(88,866)	(99,245)
Non-tax deductible expenses	(10,735)	(6,193)
Tax-deductible items not qualifying as an expense under IFRS	35,638	28,310
Tax-exempt income	23,764	15,638
Income recognized for tax declarations purposes only	(3,233)	(8,083)
Prior-period-related items	(11,710)	(11,788)
Changes in tax rates	1,169	1,549
Losses carried forward not yet recognized as deferred tax assets	(22,879)	(6,711)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	6,060	6,009
Total income taxes	**(70,792)**	**(80,514)**

For the reconciliation above the weighted average applicable tax rate was 20.6% in 2021/22 (2020/21: 21.3%).

The weighted average applicable tax rate has, year-on-year, slightly decreased mainly due to changes in the country mix of profit before taxes and by modified corporate tax rates in certain tax jurisdictions. The application of the Swiss tax reform, which became effective as of January 1, 2020, has resulted in the recognition of a deferred tax income of CHF 17.2 million in 2021/22 (2020/21: CHF 12.8 million).

The Group's effective tax rate in 2021/22 is 16.4% (2020/21: 17.3%).

The tax relief on losses carried forward previously not recognized as deferred tax assets of CHF 6.1 million (2020/21: CHF 6.0 million) consists of CHF 4.9 million tax relief of utilization on tax losses carried forward previously not recognized (2020/21: CHF 5.9 million) and CHF 1.2 million of tax losses recognized for the first time in 2021/22 (2020/21: CHF 0.1 million).

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, 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)**
as of September 1, 2021	**2,731**	**(139,292)**	**52,305**	**(790)**	**40,922**	**34,998**	**(9,126)**
Charged to the income statement	3,102	(3,484)	71,821	308	(52,823)	2,884	21,808
Recognized in other comprehensive income	625	—	(738)	—	(18,897)	—	(19,010)
Application of hyperinflation accounting (IAS 29), deferred tax impact		(3,383)					(3,383)
Effect of acquisitions	(89)	(1,660)	—	—	—	—	(1,749)
Effect of disposals	—	(251)	966	—	(40)	—	675
Currency translation effects	834	2,020	1,427	308	(3,047)	(465)	1,077
as of August 31, 2022	**7,203**	**(146,050)**	**125,781**	**(174)**	**(33,884)**	**37,417**	**(9,708)**

For fiscal year 2021/22, deferred tax expense recognized in other comprehensive income amounted to CHF 19.0 million (2020/21: deferred tax expense CHF 7.9 million), and this relates to remeasurement of defined benefit plans of CHF 10.8 million (2020/21: deferred tax expense of CHF 2.7 million) and to cash flow hedging reserves CHF 8.2 million (2020/21: deferred tax expense of CHF 5.2 million).

Recognized deferred tax assets and liabilities

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

as of August 31,			2022			2021
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	18,891	(11,689)	7,202	14,003	(11,272)	2,731
Property, plant and equipment/Intangible assets/Right of use assets	12,706	(158,756)	(146,050)	9,799	(149,091)	(139,292)
Other assets	134,648	(8,867)	125,781	58,585	(6,280)	52,305
Provisions	2,264	(2,438)	(174)	1,072	(1,862)	(790)
Other liabilities	60,249	(94,133)	(33,884)	67,119	(26,197)	40,922
Tax losses carried forward	37,417	—	37,417	34,998	—	34,998
Tax assets/(liabilities)	**266,175**	**(275,883)**	**(9,708)**	**185,576**	**(194,702)**	**(9,126)**
Setoff within same tax jurisdiction	(168,892)	168,892	—	(108,404)	108,404	—
Reflected in the balance sheet	**97,283**	**(106,991)**	**(9,708)**	**77,172**	**(86,298)**	**(9,126)**

For fiscal year 2021/22, deferred tax assets amounting to CHF 11.5 million (2020/21: CHF 0.0 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.

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, in thousands of CHF	2022	2021
Expiry:		
Within 1 year	3,431	51
After 1 up to 2 years	1,022	1,020
After 2 up to 3 years	1,188	1,039
After 3 up to 10 years	15,683	11,120
After 10 years	995	305
Unlimited	459,345	376,287
Total unrecognized tax losses carried forward	**481,664**	**389,822**

Tax losses carried forward utilized during the year 2021/22 were CHF 19.0 million (2020/21: CHF 38.7 million). The related tax relief amounted to CHF 6.1 million, of which CHF 0.4 million were already recognized as a deferred tax asset in the previous year (2020/21: CHF 10.5 million of which CHF 4.6 million were already recognized as a deferred tax asset in the previous year) and CHF 5.7 million that were previously not recognized (2020/21: CHF 5.9 million).

As at August 31, 2022, the Group had unutilized tax losses carried forward of approximately CHF 628.9 million (2020/21: approximately CHF 531.1 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 147.2 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 37.4 million (2021/22: CHF 141.2 million recognized resulting in a deferred tax asset of CHF 35.0 million). The net increase of CHF 2.4 million in the deferred tax asset on recognized tax losses carried forward consists of CHF 1.2 million first time recognition of prior year tax losses carried forward, CHF 0.4 million decrease resulting from utilization of tax losses already recognized as a deferred tax asset in prior year, CHF 2.0 million increase relating to current year tax losses and CHF 0.4 million decrease 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.

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.

The provision of IAS 29 "Financial Accounting in Hyperinflationary Economies", were applied to one legal entity in Türkiye for the first time in FY 2022, due to the rapid devaluation of the Turkish lira. The financial information of the Turkish subsidiary have been restated into current purchasing power before being translated and included in the consolidated financial statement of the Group. Gains and losses on net monetary items amount to CHF 2.3 million are recognized in other income (see Note 1.3). Opening balances have been restated and recorded through retained earnings. The consumer price index provided by the Turkish Statistical Institute has been used in applying IAS 29.

Major foreign exchange rates

	2021/22		2020/21	
	Closing rate	Average rate	Closing rate	Average rate
BRL	0.1919	0.1793	0.1766	0.1699
EUR	0.9760	1.0333	1.0814	1.0861
GBP	1.1351	1.2221	1.2616	1.2377
MXN	0.0485	0.0461	0.0456	0.0446
RUB	0.0160	0.0128	0.0125	0.0121
USD	0.9744	0.9391	0.9170	0.9087
XOF/XAF (unit 1,000)	1.4878	1.5750	1.6486	1.6557

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

Approval of the Financial Statements

The Consolidated Financial Statements were authorized for issue by the Board of Directors on October 31, 2022, and are subject to approval by the Annual General Meeting of Shareholders on December 14, 2022 There are no subsequent events that would require any modification of the value of the assets and liabilities or additional disclosures.

KPMG

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 2022 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 2022, 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 Global Cocoa

Provisions resulting from the Salmonella Incident at the Wieze Factory in Belgium

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 2,426.5 million as of 31 August 2022.

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 71 to 72)

Derivative Financial Instruments and Hedge Accounting

Key Audit Matter

The Group reports derivative financial assets at fair value of CHF 466.6 million and derivative financial liabilities at fair value of CHF 560.3 million as of 31 August 2022.

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 83 to 100)

Valuation of Goodwill

Key Audit Matter

As of 31 August 2022, the Group reports Goodwill of CHF 861.2 million 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, performing impairment risk assessment procedures at the level of the individual CGU using sensitivity analysis on key assumptions, 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 for the Global Cocoa CGU:

— 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 relevant 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 69 to 71)

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Provisions resulting from the Salmonella Incident at the Wieze Factory in Belgium

Key Audit Matter

On 27 June 2022, the Group detected a salmonella-positive production lot manufactured in Wieze, Belgium. The Group informed the Belgian food authorities (FAVV) about the incident and stopped all chocolate production lines and blocked all products manufactured since the time of testing. After reaching out to all customers supplied with impacted chocolate products, the Group were able to confirm that no affected products entered the retail food chain.

The incident causes costs to fulfill contractual obligations as well as costs for transportation, storage, destruction, and disposal of contaminated products. It also includes costs for cleaning, including dismantling, disinfecting, and reassembling all contaminated product lines.

As at 31 August 2022, the Group reported a total Litigation & claim provision of CHF 79.2 million. A portion of this provision includes the estimated costs of fulfilling contractual obligations related to the salmonella incident at the Wieze factory.

The estimation requires management to apply significant judgement.

Our response

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

— Obtaining an understanding over the Group's provisions process for the estimated costs of fulfilling contractual obligations which included identification, quantification, review and approval of the provisions;

— Discussing the status of the ongoing assessment of the incident with management and the inhouse legal counsel;

— Considering the relevant claim notifications, communications with the food safety authorities as well as the minutes of the board of directors and managements meetings;

— Examining the Group's conclusion with respect to the evaluation of provisions for certain elements, considering the results of information obtained to evaluate the judgment made in determining the provision for the costs of fulfilling contractual obligations;

— For a sample selected, reperforming the calculation of the provisions and reconciling to underlying internal and external data.

We also considered the appropriateness of disclosures in the Consolidated Financial Statements.

For further information on the Salmonella incident at the Wieze factory in Belgium refer to the following:

— Notes to the Consolidated Financial Statements – 1.3 Other income and expense (page 64) and 2.7 Provisions (pages 74 to 75)

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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.

KPMG

- 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

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Regula Tobler
Licensed Audit Expert

Zurich, 31 October 2022

Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year

in thousands of CHF	2021/22	2020/21
Income		
Dividend income	100,000	150,000
License income	68,944	62,365
Management fees	46,853	47,304
Other finance income	1,550	4,327
Other operating income	1,992	3,260
Total income	**219,339**	**267,256**
Expenses		
Finance expense	(32,226)	(19,159)
Personnel expenses	(43,127)	(72,054)
Other operating expense	(40,901)	(53,292)
Depreciation / impairment of property, plant and equipment	(1,341)	(657)
Amortization / impairment of intangible assets	(342)	(4,540)
Total expenses	**(117,937)**	**(149,702)**
Profit before income tax	**101,402**	**117,554**
Income tax expense	(552)	(6)
Net profit for the year	**100,850**	**117,548**

Available earnings

in thousands of CHF	2021/22	2020/21
Available earnings as of September 1,	**1,437,627**	**1,440,794**
Dividends to shareholders (gross)	(153,467)	(120,715)
Net profit for the year	100,850	117,548
Available earnings as of August 31,	**1,385,010**	**1,437,627**

Balance Sheet

Assets

as of August 31, in thousands of CHF	2022	2021
Current Assets		
Cash and cash equivalents	3,205	732
Other short-term receivables		
Other short-term receivables from third parties	816	694
Other short-term receivables from Group companies	32,291	34,501
Short-term interest-bearing receivables from Group companies	14	15
Prepaid expenses and accrued income	1,299	910
Total current assets	**37,625**	**36,852**
Non-Current Assets		
Investments in Group companies	2,521,909	2,282,374
Property, plant and equipment	9,135	9,841
Intangible assets		
Trademarks	2	5
Patents/R&D Development projects	1,334	1,465
Other	145	208
Other non-current assets	785	—
Total non-current assets	**2,533,310**	**2,293,893**
Total assets	**2,570,935**	**2,330,745**

Liabilities and shareholders' equity

as of August 31,

in thousands of CHF	**2022**	**2021**
Current Liabilities		
Other short-term payables		
to third parties	8,602	6,874
to Group companies	13,654	16,603
Short-term interest-bearing loans from Group companies	480,453	255,943
Short-term provisions	19,641	30,294
Accrued expenses and deferred income		
to third parties	15,653	18,074
to Group companies	4,737	1,932
to shareholders	63	62
Total current liabilities	**542,803**	**329,782**
Non-Current Liabilities		
Long-term interest-bearing loans from Group companies	639,211	553,174
Long-term provision	49	7
Total non-current liabilities	**639,260**	**553,181**
Total liabilities	**1,182,063**	**882,963**
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	1,284,159	1,320,079
Net profit for the year	100,850	117,548
Treasury shares	(21,886)	(15,594)
Total shareholders' equity	**1,388,872**	**1,447,782**
Total liabilities and shareholders' equity	**2,570,935**	**2,330,745**

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 license 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.

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,					Percentage of ownership[1]	
Name and domicile	**Municipality of registration**		**Share capital**	**Purpose**	**2022**	**2021**
Barry Callebaut Belgium N.V., Belgium	BE-Lebbeke-Wieze	EUR	261,521,544	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., Belgium	BE-Halle	EUR	15,488,952	Production, sales	100 %	100 %
Barry Callebaut Sourcing AG, Switzerland	CH-Zürich	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-Zürich	CHF	1,000,000	Research and development	100 %	100 %
Barry Callebaut Management Services AG, Switzerland	CH-Zürich	CHF	100,000	Management services	100 %	100 %
Barry Callebaut Cocoa AG, Switzerland	CH-Zürich	EUR	81,515	Production, sales	100 %	100 %
Barry Callebaut Re AG, Switzerland	CH-Zürich	CHF	3,000,000	Insurance	100 %	0 %
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	3,600,000	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 %
Barry Callebaut Nigeria Ltd., Nigeria	NG-Lagos	NGN	10,000,000	Dormant	1 %	1 %

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, in thousands of CHF	**Maturity**	**Interest**	**2022**	**2021**
Short-term loan from Group companies	9/20/2022	1.079 %	480,000	—
Short-term loan from Group companies	9/20/2021	0.459 %	—	255,500
Bank overdraft from Group companies	n/a	0.852 %	453	443
Total			**480,453**	**255,943**

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.

Notes to the Financial Statements of Barry Callebaut AG

2.5 Long-term interest-bearing loans from Group companies

as of August 31, in thousands of CHF	Maturity	Interest	2022	2021
Loan from Group companies	7/28/2025	1.1850 %	15,000	15,000
Loan from Group companies	7/28/2025	1.1563 %	18,216	18,216
Loan from Group companies	2/14/2022	0.7910 %	—	11,000
Loan from Group companies	2/13/2026	1.7418 %	69,000	69,000
Loan from Group companies	2/13/2026	2.0096 %	115,000	115,000
Loan from Group companies	1/27/2027	1.2642 %	50,534	50,534
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	2/14/2022	0.9350 %	—	110,000
Loan from Group companies	2/13/2027	1.9204 %	67,000	67,000
Loan from Group companies	7/27/2028	1.5218 %	48,424	48,424
Loan from Group companies	2/14/2022	1.0760 %	—	10,000
Loan from Group companies	2/13/2029	2.5085 %	13,000	13,000
Loan from Group companies	11/22/2031	1.5600 %	217,037	—
Total			**639,211**	**553,174**

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 in thousands of CHF	2021/22	2020/21
Future lease commitments		
within the next 5 years	8,089	7,753
more than 5 years	3,229	4,492
Total future lease commitments	**11,318**	**12,245**

2.7 Share capital and authorized capital

Share capital in the amount of CHF 109,777 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
as of September 1, 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	—	—	1,856	(1,556)
Inventory as of August 31, 2021	—	—	—	—	**7,873**
Purchase	14	1,993	2,250	2,182	7,767
Allocations to Management	7	—	—	1,998	(4,079)
Allocations to Board members	1	—	—	1,981	(1,266)
Inventory as of August 31, 2022	—	—	—	—	**10,295**

As at balance sheet date, acquisition costs for directly held treasury shares amounted to CHF 21.9 million (previous year: CHF 15.6 million).

2.9 Dividend income

In the reporting year, dividend income amounted to CHF 100.0 million (previous year: CHF 150.0 million). The amount in this year was fully related to the dividend distributed by Barry Callebaut Sourcing AG, Switzerland for fiscal year 2020/21.

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 in thousands of CHF	2021/22	2020/21
Bank interest and charges	193	102
Interest to Group companies	14,740	10,975
Foreign exchange losses	17,293	8,082
Total	**32,226**	**19,159**

2.14 Other operating expense

for the fiscal year in thousands of CHF	2021/22	2020/21
Legal and consulting fees	14,428	10,403
Other expenses third parties	7,665	6,418
Cash contributions to subsidiaries	—	15,000
Assistance fees related parties	250	250
Assistance fees Group companies	18,558	21,221
Total	**40,901**	**53,292**

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 900.0 million (CHF 878.4 million; 2020/21: CHF 1,081.4 million) obtained by Barry Callebaut Services N.V., Belgium, on October 20, 2021, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,363.1 million less 35% withholding tax).
- The Company is also a co-debtor to the Senior Notes of USD 400.0 million (CHF 389.8 million; 2020/21: CHF 366.8 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013, to the Senior Notes of EUR 450.0 million (CHF 439.2 million; 2020/21: CHF 486.6 million) disbursed by Barry Callebaut Services N.V., Belgium, on May 24, 2016, as well as to Schuldscheindarlehen of EUR 467.0 million (CHF 455.8 million; 2020/21: 505.0 million) and CHF 21.0 million disbursed by Barry Callebaut Services N.V., Belgium, on February 13, 2019 , as well as to Schuldscheindarlehen of EUR 377.0 million (CHF 367.9 million; 2020/21: CHF 407.7 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 1,363.1 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 1,605.0 million (2020/21: CHF 1,384.8 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,	2022	2021
Jacobs Holding AG	30.1 %	30.1 %
Renata Jacobs	5.0 %	5.0 %
BlackRock Inc.[1]	3.1 %	3.1 %
T. Rowe Price Associates Inc.[1]	3.0 %	— %
UBS Fund Management (Switzerland) AG[1]	3.0 %	— %

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

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,

Name	Function	2022	2021
Patrick De Maeseneire	Chairman	2,523	2,175
Markus R. Neuhaus	Vice-Chairman; Chairman of the AFRQCC	643	469
Fernando Aguirre	Member of the NCC	1,097	973
Angela Wei Dong	Member of the AFRQCC	457	333
Nicolas Jacobs[1]	Member of the AFRQCC	18,703	18,579
Elio Leoni Sceti	Member of the NCC	637	513
Tim Minges	Chairman of the NCC; member of the AFRQCC	1,492	1,368
Antoine de Saint-Affrique[2]	Member of the Board	2,006	1,836
Yen Yen Tan	Member of the NCC	124	n/a
Total shares held by Board of Directors		**27,682**	**26,246**

1 Excluding the 30.1% participation held by Jacobs Holding AG (see Note 3.3 "Significant shareholders").
2 Number of shares as of August 31, 2021 as Chief Executive Officer.

Notes to the Financial Statements of Barry Callebaut AG

Shareholdings of the Executive Committee

Number of shares as of August 31,

Name	Function	2022	2021
Peter Boone	Chief Executive Officer	553	207
Ben De Schryver	Chief Financial Officer	588	330
Olivier Delaunay	Chief Operations Officer	419	264
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet	740	425
Steven Retzlaff	President Global Cocoa	1,076	629
Massimo Selmo	Chief Procurement Officer (as of October 1, 2021)	100	n/a
Rogier van Sligter	President EMEA (as of October 1, 2021)	185	78
Jo Thys	President APAC	339	253
Masha Vis-Mertens	Chief Human Resources Officer (as of October 1, 2021)	70	n/a
Steve Woolley	President Americas	22	n/a
Isabelle Esser	Chief Human Resources Officer (until September 30, 2021)	n/a	115
Andrew Fleming	Co-President EMEA (until September 30, 2021)	n/a	214
Total shares held by Executive Committee		**4,092**	**2,515**

3.5 Shares granted to the Board of Directors and employees

	2021/22		2020/21	
	Quantity	Value (CHF)	Quantity	Value (CHF)
Granted to members of the Board	1,278	2,786,040	1,266	2,443,380
Granted to employees[1] of Barry Callebaut AG and subsidiaries	3,859	9,918,158	5,655	12,386,681

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.

3.6 Significant events after the balance sheet date

There are no 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, 2021	**1,437,627**
Dividend to shareholders (gross)[1]	(153,467)
Net profit	100,850
Voluntary retained earnings as of August 31, 2022	**1,385,010**
Treasury shares	(21,886)
Available retained earnings as of August 31, 2022	**1,363,124**
Proposed appropriation of available earnings by the Board of Directors	
Dividend of CHF 28.00 per share[2]	(153,688)
Balance carryforward	**1,209,436**

1 Resolution of the General Meeting of Shareholders as of December 8, 2021; 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 2022 Annual General Meeting a dividend of CHF 28.00 per share.

The dividend is expected to be paid on or around January 11, 2023.

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 2022, 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 financial statements (pages 128 to 136) for the year ended 31 August 2022 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.

KPMG

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

Marc Ziegler Licensed Audit Expert Auditor in Charge	Regula Tobler Licensed Audit Expert

Zurich, 31 October 2022

Governance

Corporate Governance Report

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.

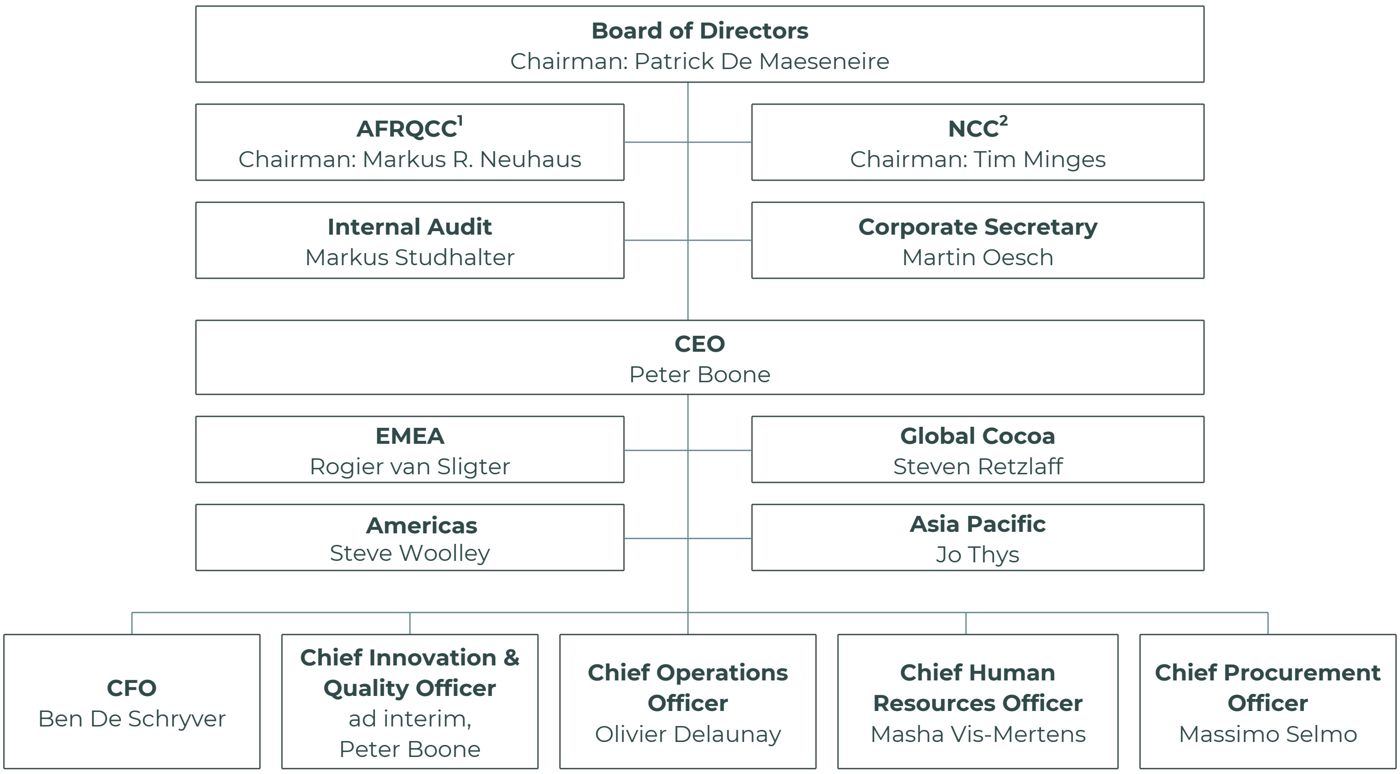
The principles and rules of corporate governance practiced by Barry Callebaut are laid down in the Articles of Incorporation, the Organizational Regulations of the Board of Directors and the Charters of the Board Committees. These are reviewed regularly by the Board of Directors (the "Board") and adapted 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.

Organizational Chart as of the publication date of this Annual Report 2021/22.



1 Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC).
2 Nomination and Compensation Committee (NCC).

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 of August 31, 2022, the total number of issued shares in the Company was 5,488,858 and the market capitalization based on issued shares was CHF 11,000 million (2021: CHF 12,811 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 (2021: 30.1%).

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 direction and the organizational and financial policies to be followed. It 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 responsibilities 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.

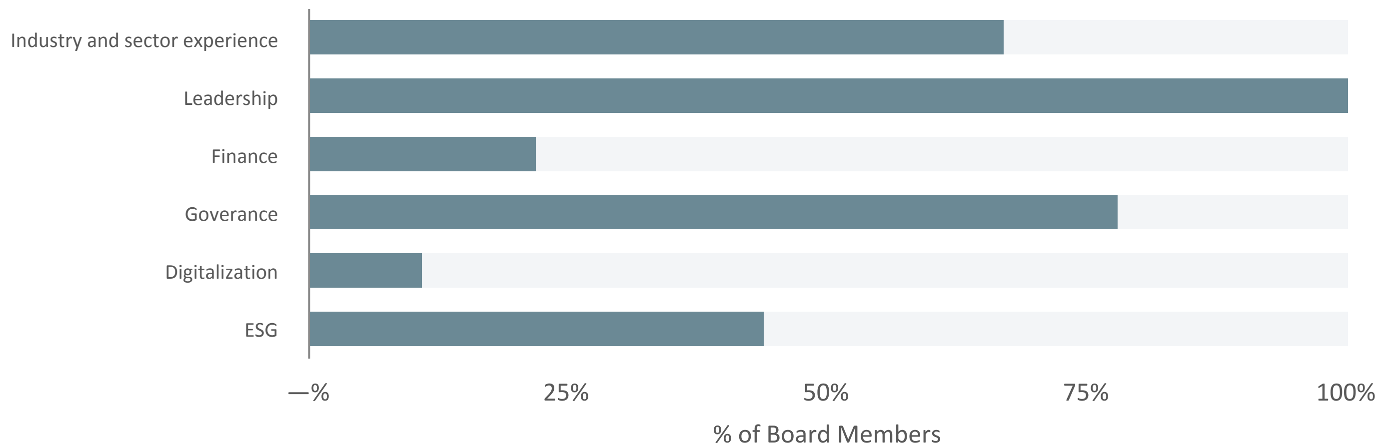
As of the publication date of this Annual Report 2021/22, the Board consisted of nine non-executive members. Each member of the Board is elected by the shareholders of the Company at the Annual General Meeting of Shareholders for a term of office of one year and may be reelected for successive terms.

The composition of the Board of the Company as of the publication date of this Annual Report 2021/22, 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
Antoine de Saint-Affrique	French	2021	Director		
Yen Yen Tan	Singaporean	2020	Director		Member

The below matrix sets out the key skills of the Board based on internal assessment.

Skills matrix



Patrick De Maeseneire

Chairman,
1957, Belgian national

Patrick De Maeseneire was elected to the Board of Directors of Barry Callebaut AG 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.

Markus R. Neuhaus

Vice-Chairman,
1958, Swiss national

Markus R. Neuhaus 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 until 2019. From 2003 to 2012 he served as CEO of PwC Switzerland. From 2005 to 2007 he was a member of the PwC Global Board. From 2007 to 2008, he was in charge of Continental Europe and a member of the Global Network Executive Team, which he joined again from 2010 to 2013. From 2013 to 2016 he was a member of the office of the global PwC chairman.

Markus R. Neuhaus is also a member of the Board of Baloise Holding AG, Galenica AG, Orior AG (vice-chairman) and Jacobs Holding AG. Furthermore, Markus R. Neuhaus is Vice-Chairman 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).

Fernando Aguirre

Director,
1957, Mexican and US national

Fernando Aguirre 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 chairs 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,
1973, Chinese national

Angela Wei Dong 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 meaningful cooperation with 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.

In July 2022, Angela was elected to the Estée Lauder Companies Inc.'s Board of Directors and also joined the company's Audit Committee.

Angela was named as one of the Most Powerful Businesswomen in China by Fortune China in 2021 for the 6th consecutive time, and also honored as one of the Top 100 Businesswomen in China by Forbes China a number of consecutive times. In April 2022, Angela was listed for the third time 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.

Nicolas Jacobs

Director,
1982, Swiss national

Nicolas Jacobs 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 in Banking 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,
1966, Italian national

Elio Leoni Sceti 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.

Tim Minges

Director,
1958, US national

Tim Minges 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.

Antoine de Saint-Affrique

Director,
1964, French National

Antoine de Saint-Affrique joined the Board of Directors of Barry Callebaut in 2021. He was appointed Chief Executive Officer of Danone effective September 2021 and has been a member of Danone's Board of Directors since April 2022.

Previously, he was Chief Executive Officer of Barry Callebaut from October 2015 to September 2021. From September 2011 to September 2015, Antoine de Saint-Affrique served as President Unilever Foods and Member of Unilever's Group Executive Committee, where he was accountable for businesses with a combined turnover of € 12.4 billion.

Prior to this, Antoine de Saint-Affrique was Executive Vice President of Unilever's Skin category. From 2005 to 2009, Antoine de Saint-Affrique was Executive Vice President for Unilever's Central and Eastern Europe region – an area covering 21 countries. Before rejoining Unilever in 2000, Antoine de Saint-Affrique was Marketing Vice President and a Partner at Amora Maille, a foods company which was acquired under a leveraged buyout from the Danone Group.

Antoine de Saint-Affrique has held assignments in Africa, the US, Hungary, the Netherlands, Russia, Switzerland, and the United Kingdom. He served as a reserve naval officer between 1987 and 1988.

Antoine de Saint-Affrique is also a non-Executive Director at Burberry PLC, a FTSE 100 company.

Antoine de Saint-Affrique has a degree in Business Administration from ESSEC Business School (1987), and a qualification in executive education from Harvard Business School.

Yen Yen Tan

Director,
1965, Singaporean national

Yen Yen Tan joined the Board of Barry Callebaut in 2020. 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 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.

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).

For her contributions and distinguished services to Singapore, 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.

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 2021/22, the Board met six times. Due to COVID-19, some meetings were held by way of a video conference without physical attendance and some in a hybrid format.

The Chairman invites the members of the Board to the meetings in writing, indicating the agenda and the motions for resolution. 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 the Company's raw material exposure. 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 qualifications 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 2021/22; 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 proposed 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. 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, some meetings took place in the form of a video conference and some of them in a hybrid format. The meetings lasted two to three hours each.

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. The NCC 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 developments in the regulatory framework for compensation of the top Management and the Board on an ongoing basis and prepares recommendations 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, some 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 2021/22, was as follows:

Name	Function	Nationality	Member since
Peter Boone	Chief Executive Officer, Chief Innovation & Quality Officer a.i.[3]	Dutch	2012
Ben De Schryver	Chief Financial Officer	Belgian	2017
Olivier Delaunay	Chief Operations Officer	French	2019
Steven Retzlaff	President Global Cocoa	US/Swiss	2008
Massimo Selmo	Chief Procurement Officer	Italian/Swiss	October 1, 2021
Rogier van Sligter	President EMEA	Dutch	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

3 With effect as of September 1, 2022, Pablo Perversi stepped down from the Executive Committee. His successor in the role of Chief Quality and Innovation Officer will be announced in due course. Peter Boone holds the position ad interim as from September 1, 2022.

Peter Boone

Chief Executive Officer,
1970, Dutch national

Peter Boone was appointed Chief Executive Officer of Barry Callebaut effective September 1, 2021. He has been a member of the Executive Committee 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. He subsequently held other positions at Unilever such as Global Vice President Brand Development and Vice President Marketing & Sales Latin America Foods Solution. From 2010 to 2012, Peter Boone served as Chief Marketing Officer responsible for the marketing of all Unilever brands in all categories in Australia and New Zealand and was also a member of the regional Executive Board.

He was appointed chairman of the World Cocoa Foundation, effective October 2022.

Peter Boone holds a degree in Business Administration from Erasmus University in Rotterdam, Netherlands.

Ben De Schryver

Chief Financial Officer,
1974, Belgian national

Ben De Schryver was appointed Chief Financial Officer effective January 1, 2021, and has been a member of the Executive Committee of Barry Callebaut since September 2017.

Ben De Schryver began his career with Barry Callebaut in Belgium in 1999. He transferred to Singapore in 2002 as Chief Financial Officer Region Asia Pacific and then relocated to Canada as Director Pricing & Customer Services in 2007. He moved 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 effective September 2016.

Ben De Schryver holds a bachelor's degree in Accounting from Hogeschool Gent in Ghent, Belgium.

Olivier Delaunay

Chief Operations Officer,
1963, French national

Olivier Delaunay was appointed 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. Before returning to Barry Callebaut in 2012, Olivier Delaunay worked at Danone and Mondelez in different operation and supply chain roles.

Olivier Delaunay holds a Master of Mechanical Engineering from ICAM in Lille, France, and is certified non-executive Director from INSEAD.

Steven Retzlaff

President Global Cocoa,
1963, US and Swiss national

Steven Retzlaff was appointed President Global Cocoa (until August 2013: Global Sourcing & Cocoa) and member of the Executive Committee of Barry Callebaut in January 2008. He has been assigned additional responsibility for the Group's sustainability strategy as of September 2022.

He joined Barry Callebaut in 1996 and held various senior finance and general management positions with the company. Prior to joining Barry Callebaut, Steven Retzlaff worked for JMP Newcor AG as Director of European Finance and Operations.

He is a 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,
1965, Swiss and Italian national

Massimo Selmo 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. 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. He initiated a market analysis team and heads a dedicated team for sourcing sustainable ingredients. He began his professional career in 1992 with KPMG in Italy as senior auditor.

Massimo Selmo 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, since 2016. He is also a member of the Board of Aloja Starkelsen, one of the largest producers of organic potato starch globally.

Massimo Selmo holds a Master of Business Administration from Università Commerciale Luigi Bocconi Milan, Italy. He also completed the LEAP Leadership Executive Advanced Program (INSEAD Singapore) from INSEAD Business School and is a registered chartered auditor.

Rogier van Sligter

President EMEA,
1973, Dutch national

Rogier van Sligter 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. In 2008, Rogier van Sligter was appointed 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. Before joining Barry Callebaut, Rogier van Sligter held various marketing roles at different companies.

Rogier van Sligter holds a Bachelor of International Management from Haarlem Business School, Netherlands.

Jo Thys

President Asia Pacific,
1972, Belgian national

Jo Thys was appointed President Region Asia Pacific and member of the Executive Committee effective June 1, 2021.

Jo Thys started his career at Barry Callebaut as a graduate trainee in 1997. He then 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 returned to Europe in 2010, where he assumed the role of as Vice President Operations and Supply Chain Global Cocoa. Jo Thys was appointed Vice President Cocoa Africa in September 2017 and had assumed additional responsibility for Africa, Middle East and Türkiye in September 2020.

Jo Thys holds an electromechanical engineering degree from Group T University College of Leuven, Belgium.

Masha Vis-Mertens

Chief Human Resources Officer
1971, Dutch national

Masha Vis-Mertens 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 in European Studies from the University of Amsterdam, the Netherlands, as well as an Executive MBA in International Supply Chain Management from the University of Louvain-la-Neuve, Belgium.

Steve Woolley

President & CEO Americas,
1968, US national

Steve Woolley was appointed President & CEO Americas and 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. In 2012 he was appointed Vice President Sourcing for Region Americas and he assumed additional responsibility for strategic initiatives in 2017. In 2018 Steve Woolley was appointed Vice President & General Manager Global Accounts, responsible for the partnerships with the Group's largest customers in North America. Before joining Barry Callebaut, he worked at Russell Stover Chocolates, the third largest American chocolate manufacturer.

Steve Woolley is a Board Member of the Executives' Club of Chicago.

Steve Woolley holds a Bachelor of Business Administration from the University of Missouri-Kansas City, US.

Shareholder 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 33 1⁄3% 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 appointment letters of the members of the Board or in the employment contracts 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 8, 2021, 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. Pursuant to the Swiss Code of Obligations, the lead auditor in charge may exercise her/his role for a maximum of seven years. A new lead auditor was appointed as of fiscal year 2021/22.

For fiscal year 2021/22, 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 2.6 million. The remuneration was evaluated and determined to be reasonable by the AFRQCC in view of the scope and the complexity of the Group. The performance 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 0.2 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 2022/23 and related contacts are published on page 177.

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 and Compensation Committee (NCC), I am pleased to share with you the Remuneration Report for the fiscal year 2021/22. 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, and the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse.

In fiscal year 2021/22, the Group reported a strong set of results, delivering profitable volume growth and good cash flow generation. The sales volume was up +5.3% and recurring EBIT grew by +13.5% in local currencies. The EBIT reported amounted to CHF 553.5 million, up +0.1% in local currencies (-2.3% in CHF). The cash flow generation remained solid and amounted to CHF 266.2 million compared to a very strong prior year (CHF 355.0 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 entailed the nomination of Peter Boone as the new Chief Executive Officer as of September 1, 2021 Steve Woolley succeeded as President & CEO Americas. Several appointments occurred as of October 1, 2021: Masha Vis-Mertens was appointed Chief Human Resources Officer, succeeding Isabelle Esser. Rogier van Sligter was promoted to sole President EMEA, after the Co-President EMEA, Andrew Fleming, left the Company. Massimo Selmo was appointed Chief Procurement Officer and member of the Executive Committee. Thanks to our strong and well-established talent pool, the vacancies were filled with experienced internal candidates promoted within or onto the Executive Committee.

With regard to the remuneration programs, an extensive review had been conducted in the previous year, based on which the NCC decided that the long-term incentive plan will be awarded exclusively in the form of Performance Share Units (PSU) starting in financial year 2022/23. The NCC believes that this change strengthens the alignment with the interests of the shareholders. The NCC performed its regular activities throughout the year, such as the succession planning for the positions on the Board of Directors and 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 Board of Directors and the Executive Committee, as well as the preparation of the Remuneration Report and 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 2022 Annual General Meeting of Shareholders, we will request your approval of the maximum aggregate 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 2023/24, and the maximum aggregate amount of variable remuneration awarded to the Executive Committee in fiscal year 2021/22. 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 2022 Annual General Meeting of Shareholders and the fixed remuneration awarded to the Executive Committee in 2021/22 are within the limits approved at the 2021 Annual General Meeting of Shareholders and the 2020 Annual General Meeting of Shareholders.

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 and we will pursue an open and active dialogue with our shareholders as we continue to enhance the compensation system.

Tim Minges
Chairman of the NCC

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 receive only fixed remuneration in the form of cash and restricted share units (RSU) settled in shares and blocked for three years. The remuneration system for the Board of Directors does not contain any performance-related components.

Annual compensation

(amount in CHF)	Cash	RSUs
Chairman	400,000	700,000
Vice-Chairman	200,000	350,000
Member	100,000	250,000
Committee Chair	40,000	
Committee Member	25,000	

Summary of current remuneration system Executive Committee

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

- The annual 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 and long-term elements and benefits.

Base salary	Pay for the function
Benefits	Cover retirement, death and disability risks, attract & retain
Short-Term Incentive (STI)	Drive and reward annual performance, attract & retain
Long-Term Incentive (LTI)	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 2021/22 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 2020 – AGM 2021	CHF 4,550,000	CHF 4,310,409
AGM 2021 – AGM 2022	CHF 5,000,000	To be determined*

* The compensation period is not yet completed; a definitive assessment will be provided in the Remuneration Report for fiscal year 2022/23.

Changes from 2022 onwards

No changes to the remuneration of the Board of Directors are planned.

Remuneration in 2021/22 Executive Committee

The fixed remuneration awarded to the Executive Committee in fiscal year 2021/22 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 2021/22	6,700,000	5,645,596

Short-term performance achievement fiscal year 2021/22

CEO: 84.6% of target; other current members of the Executive committee in the range of 71.0% to 107.5% of target.

Changes from fiscal year 2022/23 onwards

The long-term incentive (LTI) will be awarded in the form of Performance Share Units (PSU) subject to a three-year cliff vesting.

Key Performance Indicators for the short-term incentive (STI) remain unchanged, but the weightings will be adapted.

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.

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, and the Swiss Code of Best Practice from Corporate Governance issued by economiesuisse.

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 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	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 conducted an extensive review of the remuneration programs applicable to the Executive Committee. The findings and decisions taken by the Board of Directors following this review are described in the section "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. To mitigate any potential conflicts of interest, 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 2021 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	Singaporean	2020

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. The remuneration in restricted share units (RSU) is allocated based on a monetary amount of 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 RSU to be granted is calculated by dividing the monetary amount by the 3-month average share price preceding the beginning of the term of office; the RSU are granted at the beginning and vest at the end of the term of office. The resulting shares are allocated at the end of the term of office and are blocked for three years.

The remuneration of the Board of Directors 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	

At the Annual General Meeting of Shareholders in December 2020, the shareholders approved a maximum aggregate amount of CHF 4,550,000 for the remuneration in cash and in RSU for the Board of Directors for the period from the Annual General Meeting of Shareholders in December 2020 until the Annual General Meeting of Shareholders in December 2021. The remuneration paid for this term of office amounts to CHF 4,310,409 and is therefore within the limit approved by the shareholders.

At the Annual General Meeting of Shareholders in December 2021, the shareholders approved a maximum aggregate amount of CHF 5,000,000 for the remuneration in cash and in RSU for the Board of Directors for the period from the Annual General Meeting of Shareholders in December 2021 until the Annual General Meeting of Shareholders in December 2022.

The remuneration effectively paid for the portion of this term of office included in this Remuneration Report (that is, from January 1, 2022 until August 31, 2022) is within the limit approved by the shareholders.

A conclusive assessment for the entire period will be included in the Remuneration Report 2022/23.

During fiscal year 2021/22, 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 2021/22, 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, 2022, there were no outstanding loans or credits to members of the Board of Directors, to former members nor to related parties.

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.

Remuneration of the Board of Directors for fiscal year 2021/22 (audited figures)

in CHF	Fixed compensation	Other compensation[1]	Total cash-related remuneration	Number of RSU[2]	Value of RSU[3]	Total remuneration 2021/22
Board Member						
Patrick De Maeseneire Chairman/Delegate	400,000	148,466	548,466	330	693,080	1,241,546
Markus R. Neuhaus Vice-Chairman Chairman of the AFRQCC[4]	240,000	80,043	320,043	165	346,867	666,910
Fernando Aguirre Member of the NCC[5]	125,000	—	125,000	118	247,347	372,347
Angela Wei Dong Member of the AFRQCC[4]	125,000	57,685	182,685	118	247,347	430,032
Nicolas Jacobs Member of the AFRQCC[4]	125,000	60,759	185,759	118	247,347	433,106
Elio Leoni Sceti Member of the NCC[5]	125,000	—	125,000	118	247,347	372,347
Tim Minges Chairman of the NCC[5] Member of the AFRQCC[4]	165,000	—	165,000	118	247,347	412,347
Antoine de Saint-Affrique[6] Member of the Board	66,667	46,469	113,136	76	165,680	278,816
Yen Yen Tan Member of the NCC[5]	125,000	57,685	182,685	118	247,347	430,032
Total remuneration Board of Directors	**1,496,667**	**451,107**	**1,947,774**	**1,279**	**2,689,709**	**4,637,483**

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.
3 Value defined as grant value at the beginning of the term of office.
4 Audit, Finance, Risk, Quality & Compliance Committee.
5 Nomination & Compensation Committee.
6 Member of the Board as of December 8, 2021.

Remuneration of the Board of Directors for fiscal year 2020/21 (audited figures)

in CHF	Fixed compensation	Other compensation[1]	Total cash-related remuneration	Number of RSU[2]	Value of RSU[3]	Total remuneration 2020/21
Board Member						
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
Angela Wei Dong Member of the AFRQCC[4]	125,000	63,245	188,245	134	268,616	456,861
Nicolas Jacobs Member of the AFRQCC[4]	125,000	54,231	179,231	134	268,616	447,847
Elio Leoni Sceti Member of the NCC[5]	125,000	—	125,000	134	268,616	393,616
Tim Minges Chairman of the NCC[5] Member of the AFRQCC[4]	165,000	—	165,000	134	268,616	433,616
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 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 (fixed)	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%
Annual cash bonus (variable)	Barry Callebaut Short-Term Incentive Plan (STIP)	• Target 120% of annual base salary for the Chief Executive Officer and 100% of annual base salary for all other 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 based awards (variable)	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. As of FY 2022/23 the LTIP will be awarded exclusively in form of Performance Share Units (PSU) subject to cliff vesting over three years • 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 2020/21 with the support of an external independent consultant. 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 annual 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, 2021	Revenue Dec 31, 2021	Headcount Dec 31, 2021
Barry Callebaut	12,146	7,208	12,783
1st quartile	5,883	3,904	13,655
Median	17,856	5,277	17,168
3rd quartile	34,051	9,949	31,835

The short-term incentive (STI) target is expressed as percentage of the fixed annual base salary and amounts to 120% for the CEO and to 100% for all other 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 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 (ESG): 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.

As of financial year 2022/23, the weighting of the key performance indicators will change to:

- Group sales volume: 20%
- Group EBIT: 40%
- Group Free cash flow: 30%
- Sustainability (ESG): 10%

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 (ESG) metric is focused to 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 sustainable non-cocoa ingredients sourced. In this financial year, 47.5% of our products sold contained 100% sustainable cocoa or chocolate and 73% 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 weightings assigned to growth, profitability and strategic objectives in the IPF depend 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 long-term incentive (LTI) target 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, with a 100% vesting for ranking 6 or 7. 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 criterion rewards 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% 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 120.0% of annual base salary, for the other members of the Executive Committee, it amounts to 100.8% of the annual base salary on average in fiscal year 2021/22. 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 for fiscal year 2022/23, the RSU will be discontinued, which means that the members of the Executive Committee will be awarded PSU only. PSU will be subject to a three-year cliff vesting, based on the same two equally weighted performance criteria:

The first performance criterion, accounting for 50% of the respective PSU grant, is still the relative share price development of Barry Callebaut versus the peer group of companies in the chocolate, ingredients and FMCG secor: AAK, Fuji Oil, Givaudan, Hershey, Kellogg's, Kerry, Lindt, Mondelēz, Nestlé, Olam and Unilever. The objective (100% vesting) is to achieve median performance, i.e., to outperform half of the peer companies. There will still be no vesting for a performance below the first quartile of the peer group (threshold), and the vesting is capped at 200% (currently 300%) for delivering the best performance in the peer group.

The second performance criterion, accounting for 50% of the relevant PSU grant, is still the Return on Invested Capital (ROIC). The three-year ROIC target is still 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 200% of target (currently 0% to 300%).

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

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

No special contractual arrangements are in force.

Remuneration of the Executive Committee for fiscal year 2021/22 (audited figures)

in CHF	Compensation fixed	Compensation variable[2]	Post-employment benefits[3]	Other compensation[4]	Total cash-related remuneration	Number of shares[5]	Value of shares[6]	Total remuneration 2021/22
Remuneration Executive Committee[1]	5,645,596	5,180,201	1,839,642	734,481	13,399,920	2,250	5,769,138	**19,169,058**
Highest individual remuneration within Executive Committee: Peter Boone, CEO Barry Callebaut Group	1,050,000	1,065,960	322,533	34,000	2,472,493	565	1,455,228	**3,927,721**

1 Disclosure relates to the Executive Committee including all members during fiscal year 2021/22, i.e.: Peter Boone, Ben De Schryver, Olivier Delaunay, Isabelle Esser, Andrew Fleming, Masha Vis-Mertens, Pablo Perversi, Steven Retzlaff, Massimo Selmo, Jo Thys, Rogier van Sligter and Steve Woolley.

2 Based on best estimate of expected payout for fiscal year 2021/22 (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 2021/22; vesting subject to meeting service and/or performance conditions. For the Executive Committee, the amount includes 1,273 RSU, 587 ROIC-dependent performance share units and 587 share price-dependent performance share units.

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 (CHF2,247) 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 3,467) excluding the net present value of expected dividends.

Remuneration of the Executive Committee for fiscal year 2020/21 (audited figures)

in CHF	Compensation fixed	Compensation variable[2]	Post-employment benefits[3]	Other compensation[4]	Total cash-related remuneration	Number of shares[5]	Value of shares[6]	Total remuneration 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.

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: Peter Boone, former President & CEO Americas, was appointed CEO on September 1, 2021, succeeding Antoine de Saint-Affrique. On September 1, 2021 Steve Woolley was appointed as President & CEO Americas. On October 1, 2021, Masha Vis-Mertens was appointed as CHRO, succeeding Isabelle Esser, Rogier van Sligter was promoted to President EMEA and Massimo Selmo was appointed as Chief Procurement Officer and member of the Executive Committee.
- For the other members of the Executive Committee, the individual fixed remuneration and target STI remained unchanged except for one member of the Executive Committee.
- The overall payout under the STIP was lower than in the previous year. With a volume increase to 2.3 million tonnes (+5.3%), an operating profit (EBIT) of CHF 553.5 million (+0.1% in local currencies), a strong Free cash flow of CHF 266.2 million, 47.5% of our products sold containing 100% sustainable cocoa or chocolate and 73% of our non-cocoa ingredients sustainably sourced, the performance in the fiscal year showed solid results with profitable volume growth in all Regions. Nevertheless, not all stretched Group targets were achieved, due to the salmonella incident at the Wieze factory in Belgium. The STI payouts amount to 84.6% of the target for the CEO and range between 71.0% and 107.5% of the target for the other members of the Executive Committee.
- Consequently, the ratio of fixed versus variable remuneration amounts to 26.7% versus 73.3% for the CEO, and 30.4% versus 69.6% in average for the other members of the Executive Committee.

The PSU granted under the LTIP in 2019 vested at the end of the reporting year. Under the plan rules of the 2019 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 7.35% 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 175.0%. The aggregate vesting level of the PSU related to the grants in FY 2019/20 thus amounts to 137.5%.

The fourth exceptional tranche granted under the LTIP 2018 vested at 50% at the end of the reporting year, after a four-year cliff vesting period.

The aggregate amount of remuneration for the Executive Committee is subject to the approval of the Annual General Meeting of Shareholders. A maximum aggregate amount of fixed remuneration of CHF 6,500,000 was approved by the Annual General Meeting of Shareholders in December 2020 prospectively for fiscal year 2021/22. Accordingly, the fixed remuneration of CHF 5,645,596 effectively paid is within the approved limits. The aggregate remuneration amount for the variable compensation for fiscal year 2023/24 will be submitted to a shareholder vote at the upcoming Annual General Meeting of Shareholders in December 2022. During fiscal year 2021/22, no compensation was paid to parties closely related to members, or former members of the Executive Committee.

During fiscal year 2021/22, 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, 2022, there were no outstanding loans or credits to members of the Executive Committee, to former members or to related parties.

Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31,

Name	Function	2022	2021
Patrick De Maeseneire	Chairman	2,523	2,175
Markus R. Neuhaus	Vice-Chairman; Chairman of the AFRQCC	643	469
Fernando Aguirre	Member of the NCC	1,097	973
Angela Wei Dong	Member of the AFRQCC	457	333
Nicolas Jacobs[1]	Member of the AFRQCC	18,703	18,579
Elio Leoni Sceti	Member of the NCC	637	513
Tim Minges	Chairman of the NCC; member of the AFRQCC	1,492	1,368
Antoine de Saint-Affrique[2]	Member of the Board	2,006	1,836
Yen Yen Tan	Member of the NCC	124	n/a
Total shares held by Board of Directors		**27,682**	**26,246**

1 Excluding the 30.1% participation held by Jacobs Holding AG (see Note 3.3 to the Financial Statements of Barry Callebaut AG).
2 Number of shares as of August 31, 2021 as Chief Executive Officer.

Shareholdings of the Executive Committee

Number of shares as of August 31,

Name	Function	2022	2021
Peter Boone	Chief Executive Officer	553	207
Ben De Schryver	Chief Financial Officer	588	330
Olivier Delaunay	Chief Operations Officer	419	264
Pablo Perversi	Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet	740	425
Steven Retzlaff	President Global Cocoa	1,076	629
Massimo Selmo	Chief Procurement Officer (as of October 1, 2021)	100	n/a
Rogier van Sligter	President EMEA (as of October 1, 2021)	185	78
Jo Thys	President APAC	339	253
Masha Vis-Mertens	Chief Human Resources Officer (as of October 1, 2021)	70	n/a
Steve Woolley	President Americas	22	n/a
Isabelle Esser	Chief Human Resources Officer (until September 30, 2021)	n/a	115
Andrew Fleming	Co-President EMEA (until September 30, 2021)	n/a	214
Total shares held by Executive Committee		**4,092**	**2,515**

Equity overhang and dilution

As of August 31, 2022, the equity overhang, defined as the total number of share units and blocked shares outstanding as calculated in the Dilution Potential (12,560 units) divided by the total number of outstanding shares (5,488,858 registered shares), amounts to 0.2%.

The company's "burn rate", defined as the number of equities (shares and share units) granted in the reporting year (5,137 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 31 October 2022 of Barry Callebaut AG for the year ended 31 August 2022. 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 167 and 171 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 2022 of Barry Callebaut AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Regula Tobler
Licensed Audit Expert

Zurich, 31 October 2022

Alternative Performance Measures

Barry Callebaut uses a number of non-IFRS measures to report the performance of its business. Recurring results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS.

The table below provides a reconciliation of non-recurring items and their impact on the Group's Key Alternative Performance Measures (APMs).

2021/22 in CHF million	**EMEA**	**Americas**	**Asia Pacific**	**Global Cocoa**	**Group (incl. Corporate)**
EBITDA	351.4	280.6	75.6	175.7	789.4
Brazilian indirect tax credits		2.5		11.0	13.5
Net one-off impact related to salmonella incident at factory in Wieze, Belgium	(76.9)				(76.9)
Costs related to the closure of the chocolate factory in Moreton, UK	(7.8)				(7.8)
EBITDA (recurring)	**436.1**	**278.1**	**75.6**	**164.7**	**860.6**
Operating profit (EBIT)	267.2	223.5	59.1	102.5	553.5
Brazilian indirect tax credits		2.5		11.0	13.5
Net one-off impact related to salmonella incident at factory in Wieze, Belgium	(76.9)				(76.9)
Costs related to the closure of the chocolate factory in Moreton, UK	(7.8)				(7.8)
Operating profit (EBIT, recurring)	**351.9**	**221.0**	**59.1**	**91.5**	**624.7**
Net profit for the year					360.9
Brazilian indirect tax credits (incl. financial income)					14.9
Net one-off impact related to salmonella incident at factory in Wieze, Belgium					(76.9)
Costs related to the closure of the chocolate factory in Moreton, UK					(7.8)
Tax effect of non recurring items					2.2
Net profit for the year (recurring)					**428.5**

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 such as acquisitions and disposals during 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 weighted average number of shares outstanding.
Cash earnings per share	Free cash flow divided by the weighted average number of shares outstanding.
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	Cash outflows for capital expenditure on 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

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Impressum

Publisher
Barry Callebaut AG
Hardturmstrasse 181
8005 Zurich
Switzerland

Concept
Source Associates,
Zurich, Switzerland

Photography
Jos Schmid
Zurich, Switzerland

Design & publishing
KentieDesign Reporting B.V.
Amersfoort, The Netherlands

Financial Calendar

December 14, 2022
Annual General Meeting of Shareholders 2022, Zurich

January 18, 2023
3-month Key Sales Figures 2022/23

April 5, 2023
Half-Year Results 2022/23

July 13, 2023
9-month Key Sales Figures 2022/23

November 1, 2023
Full-Year Results 2022/23

December 6, 2023
Annual General Meeting of Shareholders 2023, 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 2021/22 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 2, 2022. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.