

Remuneration Report

Remuneration Report

At the last General Meeting of Shareholders held on December 10, 2014, the shareholders of Barry Callebaut AG adopted a substantial amendment to the Company's Articles of Incorporation, namely for the implementation of the mandatory requirements set out in the "Minder Initiative" and the Swiss Federal Council's "Ordinance against Excessive Compensation at Listed Companies" ("OaEC"), respectively. The present Remuneration Report is based on these requirements as well as on the Art. 663c paragraph 3 of the Swiss Code of Obligations and the Corporate Governance Directive issued by the SIX Exchange Regulation.

This Remuneration Report describes the fundamental principles of the top management remuneration system at Barry Callebaut and how the respective decisions are made. Furthermore, it discloses the remuneration of the Members of the Board of Directors, the Executive Committee as a whole and the highest individual remuneration of a Member of the Executive Committee. Also disclosed are the shareholdings of the Members of the Board of Directors and the Executive Committee (reproduction of note 6 to the Financial Statements of Barry Callebaut AG on page 106), as well as further remuneration related information.

Fundamental principles and governance related to top management remuneration

The fundamental principles of top executive compensation are laid out in the Total Reward Policy that has been adopted by the Board of Directors in fiscal year 2014/15. Barry Callebaut believes in the principle that commitment and performance of its officers, managers and employees should be rewarded, reflecting the relevant market conditions, the performance of Barry Callebaut as a Company and the individual employee's contribution. Barry Callebaut aims at ensuring that the rewards attract and retain talented individuals, and that the employees' ongoing career development at Barry Callebaut is supported. Market information is taken into account for the determination of individual salaries. However, as a general rule, the target salary packages at Barry Callebaut, including those for the

top management, are not linked to any external benchmark and are therefore determined on a discretionary basis. Barry Callebaut has a performance-oriented culture and uses an annual Performance Management and Development Process ("PMDP") to help track and measure the contributions of all employees to the achievement of business results as well as their personal and professional development.

Pursuant to the OaEC as implemented in the Company's Articles of Incorporation, the General Meeting of Shareholders approves the total remuneration of the Members of the Board of Directors and the Executive Committee. The General Meeting of Shareholders approves 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 compensation of the Board of Directors for the forthcoming term of office;
- b) the aggregate maximum amount of the fixed compensation of the Executive Committee for the forthcoming financial year;
- c) aggregate maximum amount of the short-term and the long-term variable compensation of the Executive Committee for the past financial year.

The General Meeting of Shareholders votes separately on the aggregate compensation of the Board of Directors and the Executive Committee.

The Board of Directors reports to the General Meeting of Shareholders on the remuneration system and the actual remuneration of the past fiscal year in the Remuneration Report. The Remuneration Report is subject to a consultative vote of the General Meeting of Shareholders.

The Nomination & Compensation Committee assists the Board of Directors in fulfilling its responsibility by evaluating the remuneration strategy and proposing individual compensation packages for the Board of Directors, the Members of the Executive Committee and other key members of the Management (for further details please refer to the "Functioning of the Board" section in the Corporate Governance Report).

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The General Meeting of Shareholders has elected the following members to the NCC:

Name	Nationality	Member of the NCC since
James Donald (Chairman)	U.S.	2008
Nicolas Jacobs	Swiss	2012
Fernando Aguirre	Mexican/U.S.	2013
Wai Ling „Winnie“ Liu	Hong Kong-Chinese	2014

Remuneration of the top management

Remuneration of the Board of Directors

The remuneration structure of the Board of Directors is annually reviewed and determined at the discretion of the Board of Directors and not linked to any external benchmarks. It is comprised of fixed directors' fees and grants of Barry Callebaut AG share awards. The share awards granted to the Members of the Board of Directors vest, and the respective shares are transferred without further restrictions after one year of service on the Board. The Board remuneration is not related to any performance criteria. No lump sum expenses are paid. The remuneration of the Members of the Board is subject to the mandatory

social security contributions, half of which are borne by the Members of the Board and are listed in the full amount below under "Other compensation." Pursuant to the Articles of Incorporation, the Members of the Board are in principle eligible for pension fund contributions by the Company. However, in the fiscal year 2014/15 no such contributions were made with respect to non-executive Members of the Board. The disclosure of the remuneration of Juergen Steinemann is split into his remuneration as Member and Vice Chairman of the Board of Directors and his remuneration as CEO and Member of the Executive Committee, which is disclosed below in the section related to the remuneration of the Members of the Executive Committee.

Remuneration of the Board of Directors for fiscal year 2014/15 (audited figures)

in CHF						
BoD Member	Compensation fix	Other compensation ¹	Total cash-related remuneration	Number of shares ²	Value of shares ³	Total remuneration 2014/15
Andreas Jacobs Chairman/Delegate	400,000	–	400,000	500	518,833	918,833
Juergen Steinemann⁴ Vice Chairman	–	–	–	167	172,944	172,944
Fernando Aguirre Member of the NCC ⁷	125,000	–	125,000	180	186,780	311,780
Jakob Baer Chairman of the AFRQCC ⁵	140,000	33,355	173,355	180	186,780	360,135
James "Jim" Donald Chairman of the NCC ⁷	140,000	–	140,000	180	186,780	326,780
Nicolas Jacobs Member of the NCC	125,000	38,606	163,606	180	186,780	350,386
Wai Ling "Winnie" Liu⁸ Member of the NCC ⁷	83,333	9,865	93,198	180	186,780	279,978
Timothy Minges Member of the AFRQCC ⁵	125,000	–	125,000	180	186,780	311,780
Ajai Puri⁶	41,667	–	41,667	60	62,260	103,927
Andreas Schmid Member of the AFRQCC ⁵	152,500	41,899	194,399	180	186,780	381,179
Total remuneration Board of Directors	1,332,500	123,725	1,456,225	1,987	2,061,498	3,517,722

- Including social security and pension contributions as well as other benefits.
- Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions. Grants to BoD are based on the calendar year.
- Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.
- At the General Meeting of Shareholders held on December 10, 2014, Juergen Steinemann was elected as a member of the BoD and succeeded Andreas Schmid in the role of the Vice Chairman.

- Audit, Finance, Risk, Quality & Compliance Committee.
- At the General Meeting of Shareholders held on December 10, 2014, Ajai Puri did not stand for re-election to the BoD and the NCC, but continued to be a consultant for strategic and corporate governance issues to the BoD for the year 2015. For these services, he received a compensation of CHF 83,333 in cash and 120 shares which are not included in the above table.
- Nomination & Compensation Committee.
- At the General Meeting of Shareholders held on December 10, 2014, Wai Ling Liu was elected as a member of the BoD and the NCC.

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Remuneration of the Board of Directors for fiscal year 2013/14 (audited figures)

in CHF						
BoD Member	Compensation fix	Other compensation ¹	Total cash-related remuneration	Number of shares ²	Value of shares ³	Total remuneration 2013/14
Andreas Jacobs Chairman/Delegate	400,000	–	400,000	500	498,583	898,583
Andreas Schmid Vice Chairman Member of the AFRQCC ⁵	180,000	83,984	263,984	180	179,490	443,474
Fernando Aguirre Member of the NCC ⁵	125,000	–	125,000	180	179,490	304,490
Jakob Baer Chairman of the AFRQCC ⁴	140,000	35,232	175,232	180	179,490	354,722
James “Jim” Donald Chairman of the NCC ⁵	140,000	–	140,000	180	179,490	319,490
Markus Fiechter Member of the AFRQCC ⁴	62,500	55,034	117,534	–	–	117,534
Nicolas Jacobs Member of the NCC ⁵	125,000	38,011	163,011	180	179,490	342,501
Timothy Minges Member of the AFRQCC ⁴	125,000	–	125,000	180	179,490	304,490
Ajai Puri Member of the NCC ⁵	125,000	–	125,000	180	179,490	304,490
Total remuneration Board of Directors	1,422,500	212,261	1,634,761	1,760	1,755,013	3,389,774

- 1 Including social security and pension contributions as well as other benefits.
- 2 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions. Grants to the Board of Directors are based on the calendar year.

- 3 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.
- 4 Audit, Finance, Risk, Quality & Compliance Committee.
- 5 Nomination & Compensation Committee.

Remuneration of the Executive Committee

The current target remuneration of the Executive Committee is not linked to any external benchmarks. The individual packages are reviewed annually and determined at the discretion of the Board of Directors, upon proposal of the NCC, based on the framework set out in the Executive Total Reward Policy as defined by the Board of Directors and considering market data from various sources, position size,

the profile of and the negotiations with the respective manager. The remuneration framework for the Executive Committee of Barry Callebaut consists of three main compensation elements, a fixed annual base salary, an annual short-term cash bonus pursuant to the Company’s Short-Term Incentive Plan and a long-term incentive comprised of share grants pursuant to the Company’s Long-Term Incentive Plan, as well as other benefits.

Base salary	Annual gross base salary	<ul style="list-style-type: none"> • Determined at the discretion of the Board of Directors based on various market sources of market data, position, profile of the candidate and individual negotiations. • CEO 20%–40%, Executive Committee 25%–35%
Variable annual bonus	Barry Callebaut Short-Term Incentive Plan (“STIP”)	<ul style="list-style-type: none"> • Financial (75%–80%) and personal strategic targets (20%–25%) • Maximum payout: 150% • Knock-out threshold: 75%, i.e. below a target achievement of 75% there is no bonus payout • Payout in cash annually after release of full-year results, subject to the Company reporting a net profit and achievement of financial as well as personal strategic targets. • CEO 20%–40%, Executive Committee 25%–35%
Share awards	Barry Callebaut Long-Term Incentive Plan 2014 (“LTIP”)	<ul style="list-style-type: none"> • As from 2014: LTIP; until 2014: “Deferred Share Plan 2011–2014” (last share awards vesting in 2016) • Grant values approved by the Board per participant; number of share awards defined through division of share grant by average share price over three months prior to the granting decision • Vesting of share awards over a three-year vesting cycle: 30% in the first and second year, 40% in the third year subject to meeting performance criteria • Performance criteria: The final payout of shares is depending on the relative performance of the Barry Callebaut share compared to a basket of benchmark companies (see details below). • 35%–60%, Executive Committee 30%–50%

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Base salary

The base salary consists of the fixed annual gross base salary, which is defined by the Board of Directors following the review and proposal of the Nomination and Compensation Committee. The annual gross base salaries are not linked to any external benchmarking and are therefore defined at the discretion of the Board of Directors.

Short-term incentive plan (STIP)

In fiscal year 2014/15, the target short-term bonus was 100% of the fixed annual base salary of each Member of the Executive Committee. The short-term bonus is paid out as a lump sum cash payment and the payout is linked to meeting certain performance criteria with respect to one fiscal year. The maximum payout to the Members of the Executive Committee is capped at 150% of the target payout, depending on the achievement of the performance criteria.

These performance criteria for the Members of the Executive Committee have been defined by the Board of Directors upon evaluation and recommendation of the NCC. For the fiscal year 2015/16, the bonus of the Executive Committee depends to 20% for the Group CEO and CFO, and to 25% for the other Members of the Executive Committee, respectively, on the achievement of individual strategic targets and to 80% and 75%, respectively, of the achievement of financial business targets. The financial business targets for fiscal year 2015/16 are divided into the below sub-targets (the percentage figures indicating the weight of the respective target within the respective financial business targets). Different to the targets for fiscal year 2014/15, all Members of the Executive Committee have an Economic Value Added (EVA) target for fiscal year 2015/16.

Name	CEO/CFO	Regional Presidents	COO/CIO
Group EBIT	25%	15%	35%
Group EBIT/MT	15%	–	10%
Group volume	30%	–	20%
EVA	20%	15%	15%
Earnings per share	10%	–	–
Regional EBIT	–	30%* 15%**	–
Regional EBIT/MT	–	15%**	–
Regional volume	–	20%	–
Working capital	–	20%	20%
Total	100%	100%	100%

*President Global Cocoa **Presidents EMEA/Americas

Deferred Share Plan 2011–2014:

The granting of shares to management for the fiscal years 2011/12 until 2013/14 had been regulated by a Deferred Share Plan 2011–2014. For that period (the “Grant Cycle”), an annual share value was determined by the Board of Directors for each individual plan participant. The number of share awards to be granted to each participant with respect to each fiscal year was calculated by dividing the annual share grant value by the average closing price of the Company’s shares during the last three months of the previous fiscal year. The granted share awards vested according to the following schedule: 30% after one year, 30% after two years and 40% after three years. Actual shares were transferred upon vesting of the share awards. The vesting was subject to service criteria, but not subject to any performance criteria. However, in addition, each participant was entitled to receive an upside bonus calculated on each share award granted during the Grant Cycle. That upside bonus was payable if the average share price over the past three months at the end of the Grant Cycle exceeded a certain hurdle share price defined by the

Board of Directors at the onset of the Grant Cycle (which is defined as the share price at the onset multiplied with a 3-year Compound Annual Growth Rate of 7%). The rationale for the upside bonus was to compensate the Management for a change from the system of share award grants based on a fixed amount of shares to a system of share award grants based on grant value. As the share price development of the Company over the relevant three years exceeded the hurdle share price defined by the Board of Directors, the participants of the Deferred Share Plan 2011–2014 received an upside bonus, amounting to CHF 10,971,901, of which CHF 6,708,526 was paid out to the Executive Committee following the completion of fiscal year 2013/14. The respective amounts were included under “Compensation variable” in the remuneration of the Executive Committee in the Annual Report 2013/14 in note 6 to the Financial Statements of Barry Callebaut AG on pages 140–141, reproduced in the Corporate Governance Report on page 166.

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Long-Term Incentive Plan (LTIP)

For fiscal year 2014/15, the new LTIP was implemented and the share awards granted for the plan participants' service in the fiscal year 2014/15 were based on that new LTIP. No further grants were made under the old Deferred Share Plan 2011 – 2014.

The granting of share awards under the LTIP is based on a target lump sum determined for each plan participant in a discretionary manner by the Board of Directors based on the recommendation of its Nomination & Compensation Committee. The target lump sum for each participant in a fiscal year is divided by the average share price of the last three months of the preceding fiscal year. The share awards defined in this way vest in three tranches over three fiscal years, i.e. 30% after one year, 30% after two years and 40% after three years from the granting date. The first two tranches vest subject to the LTIP participant continuing to be employed by Barry Callebaut. The final 40% tranche vests subject to meeting a performance criterion which is defined as the relative performance (3-year Compound Annual Growth Rate) of the Barry Callebaut share versus the share performance of a peer group. The overperformance of the Barry Callebaut share price versus the benchmark share price of the peer group is incentivized by applying a multiplier of 25 on the overperformance in %, whereas in the case of underperformance, a multiplier of 12.5 applies. However, a cap and a floor apply at 5% over- or underperformance, so that the vesting for the last tranche can vary between 75% and 150% of the initially determined number of share awards granted, respectively, between 37.5% and 225% of the share awards granted for the final performance-related tranche. Share awards to Members of the Executive Committee may only vest to the extent that the actual market value of the share awards to vest in any given year does not exceed 160% of the target lump sum defined at the last grant date for the respective plan participant ("Value Cap"). Furthermore, the Board of Directors reserves the right to suspend or adjust the transfer of the shares in case of a negative result from continuous operations of the Barry Callebaut Group. Once, the shares are transferred, they are free of any sales restrictions. Shares are only transferred upon the vesting of the respective share awards.

The following table gives an overview on the different performance scenarios and the respective impact on the total opportunity of the share participants, expressed in % of the originally granted number of share awards (subject to the respective plan participant's continued service over the entire vesting cycle, the Value Cap not being reached and Barry Callebaut reporting a positive profit after tax):

Performance achievement scenario	Share awards vesting 2014/15	Share awards vesting 2015/16	Share awards vesting 2016/17	Total share awards vested over a vesting cycle
100% achievement of performance criteria	30%	30%	40%	100%
Top achievement of performance criteria (cap)	30%	30%	90%	150%
Lowest achievement of performance criteria (floor)	30%	30%	15%	75%
Total opportunity	30%	30%	15-90%	75-150%

Other benefits

Other benefits encompass, among others, social security contributions, post-employment benefits, pension contributions, insurance premiums, relocation allowances, housing or other cost of living allowances, car allowances,

and gross-ups for tax equalization of certain benefits. The benefits for each Member of the Executive Committee are subject to the specific situation, market practice and the negotiations after consideration to the total value of the individual's package and the role.

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Remuneration of the Executive Committee for fiscal year 2014/15 (audited figures)

in CHF	Compen- sation fix	Compen- sation variable	Post employ- ment benefits ²	Other compen- sation	Total cash- related remunera- tion	Number of shares ³	Value of shares ⁴	Total remunera- tion 2014/15
Remuneration Executive Committee¹	3,893,051	3,797,248	2,280,143	808,738	10,779,180	6,504	6,011,878	16,791,058
Highest individual remuneration within Executive Committee: Juergen Steinemann , CEO Barry Callebaut Group	1,130,000	1,060,201	1,101,771	512,566	3,804,538	2,956	2,687,300	6,491,838

- 1 Disclosure relates to the Executive Committee as in place on August 31, 2015, i.e.: Juergen Steinemann, Victor Balli, Massimo Garavaglia, Steven Retzlaff, David Johnson, Dirk Poelman and Peter Boone.
2 Including social security and pension contributions.

- 3 Number of shares granted in relation to the fiscal year 2014/15; vesting subject to meeting service and/or performance conditions.
4 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.

Remuneration of the Executive Committee for fiscal year 2013/14 (audited figures)

in CHF	Compen- sation fix	Compen- sation variable ²	Post employ- ment benefits ³	Other compen- sation	Total cash- related remunera- tion	Number of shares ⁴	Value of shares ⁵	Total remunera- tion 2013/14
Remuneration Executive Committee¹	3,923,352	10,685,954	1,510,800	764,566	16,884,672	8,876	7,842,137	24,726,809
Highest individual remuneration within Executive Committee: Juergen Steinemann , CEO Barry Callebaut Group	1,130,000	2,083,852	819,602	485,540	4,518,994	3,892	3,430,993	7,949,986

- 1 Disclosure relates to the Executive Committee as in place on August 31, 2014, i.e.: Juergen Steinemann, Victor Balli, Massimo Garavaglia, Steven Retzlaff, David Johnson, Dirk Poelman and Peter Boone.
2 Includes upside bonus pursuant to the deferred share plan 2011–2014, which led to an extraordinary payout of CHF 6.7 million as a result of the overperformance of the share price versus target share price over the past three fiscal years.

- 3 Including social security and pension contributions.
4 Number of shares granted in relation to the fiscal year 2013/14; vesting subject to meeting service and/or performance conditions.
5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.

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	2015	2014
Andreas Jacobs ¹	Chairman	3,760	3,260
Juergen Steinemann ²	Vice Chairman (as of December 10, 2014)	10,913	n/a
Fernando Aguirre		296	116
Jakob Baer		720	540
James "Jim" Donald		1,080	900
Nicolas Jacobs		159,359	159,179
Wai Ling "Winnie" Liu		–	n/a
Timothy Minges		296	116
Ajai Puri		n/a	360
Andreas Schmid	Vice Chairman (until December 10, 2014)	7,858	7,678
Total shares held by Board of Directors		184,282	180,212

- 1 Excluding the 50.11% participation held by Jacobs Holding AG (see Note 5 to the Financial Statements of Barry Callebaut AG)

- 2 Juergen Steinemann's shareholdings are listed in both tables, since he was member of the Board of Directors as well as of the Executive Committee on August 31, 2015.



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Shareholdings of the Executive Committee

Number of shares as of August 31, Name	Function	2015	2014
Juergen Steinemann ¹	CEO Barry Callebaut Group	10,913	8,063
Victor Balli	CFO Barry Callebaut Group	900	729
Peter Boone	Chief Innovation & Quality Officer	4	–
Massimo Garavaglia	President Western Europe	–	233
Dave Johnson	CEO and President Americas	1,964	2,261
Dirk Poelmann	Chief Operations Officer	1,490	1,724
Steven Retzlaff	President Global Cocoa	1,000	628
Total shares held by Executive Committee		16,271	13,638

1 Juergen Steinemann's shareholdings are listed in both tables, since he was member of the Board of Directors as well as of the Executive Committee on August 31, 2015.

Consideration paid for services of the majority shareholder

In line with the practice of the past years, Barry Callebaut AG and Jacobs Holding AG, Zurich, have entered into an auxiliary services agreement, under which Jacobs Holding AG offers certain management and consultancy services to Barry Callebaut AG. In fiscal year 2014/15, the total compensation paid by Barry Callebaut AG under this

agreement amounted to CHF 1.5 million (excl. VAT). The contract is renewable annually.

Loans and credits

During fiscal year 2014/15, no loans or credits were granted to Members of the Board of Directors and to Members of the Executive Committee, nor to related parties.