



Sustainability

028 Our approach

029 Sustainable cocoa

031 Environmental protection

032 Employee development



Our approach

Taking sustainability to the next level

Sustainability means generating value both for our business and our stakeholders, now and in the future. As the heart and engine of the chocolate and cocoa industry, we assert our leadership in sustainability, too.

Our approach focuses on three key areas identified as most relevant to Barry Callebaut and our stakeholders. These are:

- Sustainable cocoa – making our cocoa supply chain more sustainable by improving farm productivity and supporting local communities
- Environmental protection – minimizing the environmental impacts of our business
- Employee development – attracting, developing and rewarding our people, and providing a fair and safe workplace

Our commitment to sustainability is embedded in our company's growth strategy. Sustainable Cocoa is one of four key pillars, alongside Expansion, Innovation, and Cost Leadership.

We aim to become the leader in cocoa and chocolate sustainability. Most of our efforts and resources focus on cocoa, where we have the largest impact and the most influence.

Our Vision is to be the leader in innovation, implementation, and impact in cocoa sustainability globally. To achieve this vision, we have strong teams present on the ground and we partner with actors across the sustainability landscape.

Barry Callebaut believes that cocoa production is sustainable when farmers earn an equitable income; engage in responsible labor practices; safeguard the environment; and can provide for the basic health and education needs and well-being of their families.

Growing impact, driving change in cocoa sustainability

Customer demand for responsibly sourced cocoa continues to grow. Barry Callebaut offers both its own range of sustainable HORIZONS cocoa and chocolate products, and

products from certified sources such as UTZ Certified, Rainforest Alliance, Fairtrade, and Organic.

Sales of our HORIZONS cocoa and chocolate products support sustainability activities which lead to a stronger, more sustainable cocoa supply chain by improving the livelihoods of cocoa farmers and their families. For this, we focus on farm productivity and community development.

Traceability is an integral characteristic of HORIZONS products. The cocoa beans of these products are traceable from our warehouse to the individual farm, and comprehensive data from registered farms will soon be collected into a data management system.

To grow the reach and impact of our existing CHF 40 million Cocoa Horizons initiative, Barry Callebaut established the Cocoa Horizons Foundation, an independent nonprofit organization.

The Cocoa Horizons Foundation serves as a new platform for chocolate companies and other contributors to invest in sustainable cocoa. By pooling resources and funds from the purchase of HORIZONS products, contributions from donors and customers, and Barry Callebaut's Cocoa Horizons initiative, the Foundation aims to scale impact and drive positive change in cocoa communities.

Sustainable cocoa

Scaling impact in cocoa sustainability

To address the challenges faced by cocoa farmers and achieve real progress, we focus on farmer productivity and community development. This approach is aligned with the industry's CocoaAction strategy.

Barry Callebaut's cocoa sustainability strategy comprises six key elements. These are: customer engagement, the Cocoa Horizons Foundation, direct farmer sourcing, R&D, a farm management database, and farmer training accreditation.

Sourcing directly from farmers and farmer organizations

To source beans that meet the specifications of sustainability schemes, we work directly with farmers or with farmer cooperatives.

Biolands is our direct sourcing and farm services organization and engages with 34,000 farmers in Côte d'Ivoire and Tanzania. We work with village coordinators to provide training, fertilizers, services, and assistance in the production of certified cocoa.

Where farmers are organized in cooperatives, we work with them to implement cocoa sustainability programs.

Research and Development

To support improvements in cocoa farming, Barry Callebaut has established an R&D center on the Selborne Estate, Malaysia. Research focuses on intercropping, pest and disease management, soil management, and rehabilitation. Findings are incorporated into the teaching curriculum at our learning centers in Pacobo, Côte d'Ivoire, and Tanah Datar, Indonesia.

Farm data collection and management

To target support to farmers and help them to become more efficient, we want to understand their needs at farm level. During fiscal year 2014/15, we developed a farm data management system that will be implemented in the next fiscal year.

Improving productivity through farmer training, support and finance

We have put in place a robust training infrastructure to disseminate good agricultural practices among farmers in Côte d'Ivoire. At the Cocoa Center of Excellence, trainers learn how to teach farmers good agricultural practices, post-harvest management techniques, optimal use of inputs, crop diversification, farm rehabilitation, and grafting, as well as basic business skills. Last year, 213 farmer trainers were trained, bringing the total to 867. Furthermore, we have developed an accreditation program for farmer trainers to increase the quality and uniformity of training delivered to farmers.

To date, we have set up 55 demonstration plots to demonstrate to nearby cocoa farmers how to rehabilitate degraded farmland and develop profitable, high-yielding farms.

During fiscal year 2014/15, we trained a total of 70,500 farmers worldwide.

Once farmers have adopted good practices, they are eligible to receive support services such as pruning training, use of fertilizers, provision of plant material, and effective pest and disease management. In fiscal year 2014/15, more than 2,600 farmers benefited from tree pruning; over 2,200 had crop protection services and 800 received fertilizer application.

To date, over 9,100 farmers have joined mobile banking technology introduced by Barry Callebaut. This secures payments and savings in remote areas.

In a pilot project, farmers were given the opportunity to open a savings account and get access to credit, allowing them access to farm inputs such as fertilizer.

Next to our R&D center in Selborne, Malaysia, we recently opened our new Cocoa Learning Center in West



Sustainable cocoa

Sumatra where we teach farmer trainers for the entire region. The center also includes a tree nursery and clone garden. We work in close cooperation with the foundation Swisscontact to run training across Indonesia.

Promoting community development

Rural communities often lack basic infrastructure and services. We work with communities and farmer groups to help address four key areas: education, health, child protection, and women's empowerment.

In fiscal year 2014/15, we built and equipped two more primary schools in Côte d'Ivoire to benefit a total of 600 children annually. We also funded the construction of four additional classrooms and additional latrines at Akoupé College, bringing to 16 the number of classrooms we have built at this Ivorian secondary school. In Ghana, we funded construction of a primary school library and built a kindergarten comprising three classrooms, an office and a dining room.

Our vision for prospering cocoa communities is one in which all children can attend school and are protected from harmful work. We believe this is a shared responsibility.

Barry Callebaut partners with the International Cocoa Initiative to provide training and raise awareness about child labor issues. In fiscal year 2014/15, we provided training to 46 coop administrators, as well as farmers and community members.

We are working to encourage and enable women's active participation in farmer training activities and in farmer group administration and management. In fiscal year 2014/15, 274 women participated in one of our training programs.

We work with communities to provide drinking water in remote areas. We also build school latrines and promote hygiene training. In addition, we help improve farmer access to basic healthcare, including health insurance, vaccination campaigns, and free medical check-ups. In fiscal year 2014/15, we distributed over 1,300 water filters, benefiting more than 12,000 people.

Environmental protection

Successfully implementing energy-saving projects

In Barry Callebaut's own operations, energy use accounts for our greatest environmental impacts. Consequently, we focus efforts on reducing our energy use and associated carbon emissions.

By 2013/14, we had achieved our five-year targets to reduce relative energy use and carbon emissions by 20%. Barry Callebaut has now committed to a further set of targets to reduce relative energy use, carbon emissions, and water consumption by 20% by 2020.

Implementing energy-saving projects

Our aim is to reduce greenhouse gas emissions by improving the energy efficiency of our operations. We do so firstly by raising employee awareness and seeking their commitment to reduce all types of energy losses. We also identify, develop and implement energy-efficient technologies and processes. In fiscal 2014/15, our average energy use per tonne of activity was 1.05 GJ per tonne of activity.

Using renewable energy

About 17% of our global energy use comes from renewable sources.

In West Africa, we use discarded cocoa shells as biomass to generate energy for heating and butter deodorization. In fiscal year 2014/15, our factories generated 155,000 GJ of energy from biomass.

Some of the renewable energy we use comes from electricity sourcing. About 26% of grid electricity comes from renewable sources. In our Swiss operation, we purchase 100% renewable electricity, which comes entirely from local hydropower.

Reducing carbon emissions

The combination of energy-saving activities and renewable energy projects results in lower carbon emissions. Our efforts to reduce emissions currently focus on our production facilities, since this is where we have operational control. In fiscal year 2014/15, these emissions amounted to about 367,000 tonnes of CO₂.

To accelerate efforts to reduce CO₂ emissions, we are now allocating more resources to carbon reduction activities.

Conserving water

Although our operations do not face significant water supply challenges, we intend to reduce our water footprint. In fiscal year 2014/15, we used 2.32 million m³ of water, or 0.53 m³/tonne of activity. Water-saving projects include switching from wet-cooling to dry-cooling systems which use air instead of water.

Optimizing waste

Waste is a relatively small part of our environmental footprint. Nevertheless, waste reduction is part of our continuous improvement program One+. We focus on our main waste streams, reducing the amount we generate.

By burning bean shells in origin countries, for example, we considerably reduce waste while providing the heat required by local operations. By replacing fossil fuels, this also reduces CO₂ emissions. In European and American factories, bean shells are sold to make soil improvement material. This is then used in agriculture as a substitute for peat and other organic materials.

Making our supply chains more sustainable

We strive to embed sustainability in our supply chain, in addition to our existing Supplier Code, we have developed sustainable sourcing guidelines for non-cocoa ingredients, and joined global sector sustainability frameworks, such as AIM Progress and SAI Platform.

Employee development

Building talents for growth

We are committed to providing employees with opportunities to achieve their full potential.

Barry Callebaut has experienced strong business growth in recent years. We now employ 9,430 employees from 70 nationalities. One in three employees is from a cocoa origin country, and half are working in emerging markets.

We aim to offer a safe, engaging and collaborative workplace for our people, as well as the development and career growth opportunities that they need to reach their full potential. Only by doing so, can we attract and retain the skilled talent that we need to achieve our business goals.

In 2015, Barry Callebaut developed a new workplace policy. This details the principles which apply to employees worldwide in the areas of talent management, fair labor, health and safety, and employee services.

Talent management

Our talent management process helps employees to focus on – and prepare for – the next step in their career. In fiscal year 2014/15, we globally implemented an HR information-solution (SuccessFactors) which provides full visibility of our organization and people, and supports the talent acquisition, remuneration, development and succession planning processes.

We aim to increase the proportion of internally hired managers. In 2014/15, we filled 55% of managerial positions with internal candidates, up from 42% the previous year, and are on track to meet our target of 60% by 2020.

Across the organization, we offer a wealth of training programs. These include technical and on-the-job skills development, as well as quality, health and safety courses. In fiscal year 2014/15, 385 managers and other professional associates took part in one of the 21 Global Leadership and Skills Development trainings from our Marbach Development Programs in Germany, Singapore, and the United States.

Developing tomorrow's leaders

As a springboard for an international and functionally focused career path, the two-year Graduate Trainee Program

Yourfuture@BC recruits and develops top young college graduates from around the world, with a focus on emerging markets. In 2014/15, there were 21 graduate trainees, bringing the total to 95 graduates from 31 nationalities since the program began.

Promoting fair labor

Barry Callebaut is committed to providing equal employment and promotion opportunities to all employees. This is enshrined in our new workplace policy.

Throughout our organization, we support freedom of association in line with local laws and regulations. More than half of all permanent contract employees are covered by a union or collective bargaining agreement. All Barry Callebaut employees are aged 16 or more and earn the minimum wage or more where one is defined.

Health and safety

Every Barry Callebaut plant has appointed a health and safety responsible to coordinate the implementation of safety plans. Approximately 45% of our workforce is represented within health and safety committees.

In fiscal year 2014/15, our rates of injury, occupational disability, lost days and absenteeism were low. The injury frequency rate was 10.2 accidents per million hours worked. The severity rate was 0.20 lost days per thousand hours worked. Through the safety programs at each plant, we aim to continue reducing accidents and injuries across our business.

We encourage our employees to live healthy active lifestyles, for example through the “Water for Life” focus within our Winning Together engagement program. In origin countries, we provide HIV/AIDS education to both employees and their families.

Employee benefits in origin countries

Barry Callebaut supports employees with services, support programs and benefits. In cocoa-growing countries, where

Employee development

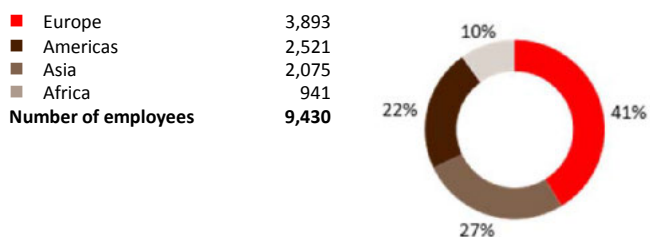
medical care and education are not universally available, our programs support a broad range of services, including medical care, housing, and education.

We also encourage employees to engage in their local communities. Globally, we commit to programs such as Winning Together which allow employees to support community service and development projects, and we recognize their outstanding achievements through the Chairman’s Award.

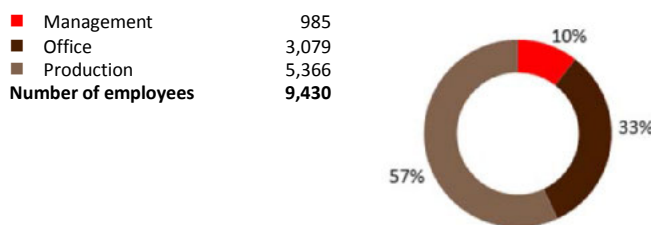
Average seniority by geographic region in years

	2014/15
Africa	9.7
Americas	8.3
Asia	5.0
Europe	10.5

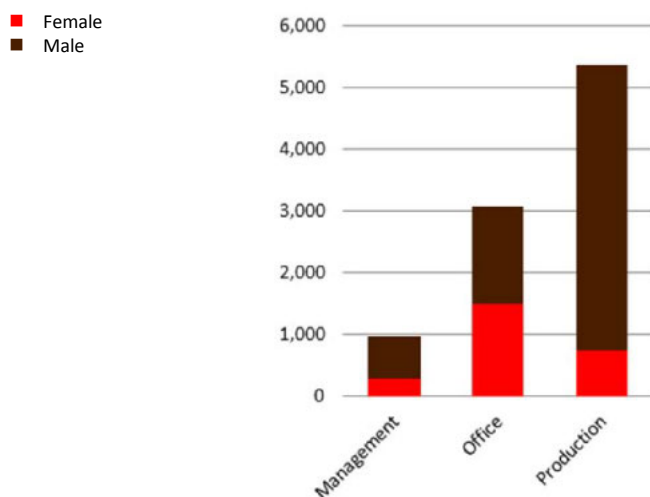
Employees per geographic region



Employees per function



Gender of employees by function



Age of employees by function

