Report on Top Management Compensation

General remarks regarding the executive remuneration at Barry Callebaut

This section of the Corporate Governance Report has been established pursuant to the Directive on Information Relating to Corporate Governance issued by the SIX Exchange Regulation. The rules of the "Ordinance against Excessive Compensation with respect to Listed Stock Corporations" will only become applicable to Barry Callebaut's compensation report for the fiscal year 2014/15.

The Board of Directors has the final responsibility for the remuneration of the Directors and the Executive Committee. The Nomination & Compensation Committee assists the Board in fulfilling its responsibility by evaluating the remuneration strategy and proposing individual compensation packages for the Executive Committee members and other key members of the management.

The Board of Directors, following the review and recommendation of the Nomination & Compensation Committee, approved a revised Executive Total Reward Policy in September 2014, which aims to offer an overall remuneration package which is aligned with corporate and individual value contribution and market practice, in order to attract and retain Directors and Executives with the necessary skills.

Remuneration of the Board of Directors

The remuneration structure of the Board of Directors is 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 after one year and the respective shares are transferred without further restrictions.

For the disclosure of the compensation of the Board of Directors in the fiscal year 2013/14, please see note 6 to the Financial Statements of Barry Callebaut AG on pages 140–141, and reproduced on the following page.

Board of Directors (BoD)	Compensation fix	Compensation variable	Other compensation[3]	Total cash-related remuneration	Number of shares[4]	Value of shares[5]	Total remuneration 2013/14	Total remuneration 2012/13
in thousands of CHF								
Andreas Jacobs Chairman/Delegate	400.0	–	–	400.0	500	498.6	**898.6**	833.8
Andreas Schmid Vice Chairman Member of the AFRQCC[6]	180.0	–	84.0	264.0	180	179.5	**443.5**	400.3
Ajai Puri Member of the NCC[7]	125.0	–	–	125.0	180	179.5	**304.5**	281.2
James L. Donald Chairman of the NCC	140.0	–	–	140.0	180	179.5	**319.5**	296.2
Jakob Baer Chairman of the AFRQCC	140.0	–	35.2	175.2	180	179.5	**354.7**	328.0
Markus Fiechter[8] Member of the AFRQCC	62.5	–	55.0	117.5	–	–	**117.5**	305.3
Nicolas Jacobs[9] Member of the NCC[7]	125.0	–	38.0	163.0	180	179.5	**342.5**	226.2
Timothy E. Minges[10] Member of the AFRQCC	125.0	–	–	125.0	180	179.5	**304.5**	74.5
Fernando Aguirre[10] Member of the NCC[7]	125.0	–	–	125.0	180	179.5	**304.5**	74.5
Stefan Pfander[10] Member of the NCC	0.0	–	–	–	–	–	**–**	62.5
Total remuneration Board of Directors	**1,422.5**	**–**	**212.2**	**1,634.7**	**1,760**	**1,755.1**	**3,389.8**	**2,882.5**

3 Including social security and pension contributions as well as other benefits.

4 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.

5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.

6 Audit, Finance, Risk, Quality & Compliance Committee.

7 Nomination & Compensation Committee.

8 Services rendered by Markus Fiechter as a member of the BoD until and including October 2012 were covered by the service fee charged by Jacobs Holding AG (see also note 27 of the Consolidated Financial Statements of Barry Callebaut Group). As from November 2012, he received the regular compensation for the members of the BoD. At the General Assembly held on December 11, 2013, Markus Fiechter resigned.

9 Nicolas Jacobs was elected as member of the BoD at the General Assembly held on December 5, 2012. At the same time, Stefan Pfander, who was formerly serving as BoD member and member of the NCC, resigned.

10 At the Extraordinary General Assembly held on April 22, 2013, Timothy E. Minges and Fernando Aguirre were elected members of the BoD.

Remuneration of the Executive Committee
The current top executive remuneration scheme is not linked to any external benchmarks. The individual packages are determined at the discretion of the Board of Directors based on 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 four compensation elements: a fixed annual base salary, an annual short-term cash bonus pursuant to the Company's Short-Term Incentive Plan, a long-term incentive comprised of a share grant pursuant to the Company's Long-Term Incentive Plan and other benefits.

Short-term incentive plan (STIP)
Pursuant to Barry Callebaut's Executive Total Rewards Policy, the short-term bonus under the STIP has a target weight in the total remuneration of the members of the Executive Committee of 25–35%, and in the case of the CEO of 20–30%. The target short-term bonus is 100% of the fixed annual base salary of each Executive Committee member. The short-term bonus 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 current fiscal year, the bonus of the Executive Committee depends to 20% for the Group CEO and CFO, and to 25% for the other Executive Committee members respectively, on the achievement of individual strategic targets and to 80%, and 75% respectively, on the achievement of financial business targets. The financial business targets are divided into the following sub-targets (the percentage figures indicating the weight of the respective target within the respective financial business targets):

	CEO/CFO	Presidents	COO/CIO
Group EBIT	25%	20%	40%
Group EBIT/MT	15%	–	15%
Group volume	20%	–	25%
EVA	20%	–	–
Earnings per share	20%	–	–
Regional EBIT	–	35%* 20%**	–
Regional EBIT/MT	–	15%**	–
Regional volume	–	25%	–
Working capital	–	20%	20%

* President Global Cocoa ** Presidents Western Europe/Americas

Long-Term Incentive Plan (LTIP)
Pursuant to Barry Callebaut's Executive Total Reward Policy, the long-term incentivation shall have a weight in the total remuneration of the members of the Executive Committee of 30–50%, and in the case of the CEO of 40–60%. In the fiscal year under review, the Board of Directors with the assistance of the NCC and external advice from consultants of Mercer and EY has developed a new LTIP to be implemented in the fiscal year 2014/15.

Deferred Share Plan 2011–14: The granting of shares to management for the past three fiscal years has been regulated by a Deferred Share Plan 2011–14. For this period (the "Grant Cycle"), an annual share value has been 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 Barry Callebaut 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, i.e. over the past three years. This 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, "CAGR", 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 fixed amount of shares to a system of share award grants based on grant values. As the share price development of Barry Callebaut over the past three years exceeded the hurdle share price defined by the Board of Directors, the participants of the Deferred Share Plan 2011–14 received an upside bonus, amounting to CHF 10,971,901 of which CHF 6,708,526 were paid out to the Executive Committee. The respective amounts are included under "Compensation variable" in the remuneration of the Executive Committee in note 6 to the Financial Statements of Barry Callebaut AG on pages 140–141, reproduced on the following page. Thus, on average, the members of the Executive Committee each received retroactively an additional variable compensation of CHF 319,453 per year for the past three years in view of the share price over-performance of Barry Callebaut. During the same period, a total shareholder return of CHF 1,362 million was created.

Executive Committee	Compen-sation fix	Compen-sation variable[2]	Other compen-sation[3]	Total cash-related remuneration	Number of shares[4]	Value of shares[5]	Total remuneration 2013/14	Total remuneration 2012/13
in thousands of CHF								
Remuneration Executive Committee[11]	**3,923.4**	**10,686.0**	**2,275.4**	**16,884.8**	**8,876**	**7,842.1**	**24,726.9**	**17,359.1**
Highest individual remuneration within Executive Committee: **Juergen Steinemann** CEO Barry Callebaut Group	1,130.0	2,083.9	1,305.1	4,519.0	3,892	3,431.0	**7,950.0**	6,632.2

2 Includes upside bonus pursuant to the deferred share plan 2011–14, which led to an extraordinary payout of CHF 6.7 million to the Executive Committee 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 as well as other benefits.
4 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.
5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.
11 Disclosure relates to the Executive Committee as in place on August 31, 2014, i.e. Juergen Steinemann, Victor Balli, Massimo Garavaglia, David S. Johnson, Steven Retzlaff, Dirk Poelman and Peter Boone.

Long-term Incentive Plan 2014: As from the current fiscal year, the long-term incentivation of the top management is based on the new Long-term Incentive Plan 2014 ("LTIP") which the Board of Directors approved in September 2014. The LTIP is an open-ended deferred share plan. The granting of the shares is unchanged to the previous plan, i.e. the granting is based on a grant value determined by the Board of Directors annually for each plan participant in a discretionary manner within the framework of the Board's Executive Total Reward Policy. The grant value for each LTIP participant is divided by the average share price during the last three months of the preceding fiscal year, which determines the total number of share awards granted to each LTIP participant in view of the services of the LTIP participant of the respective year. These defined share awards vest in three tranches over three years, i.e. 30% after one year, 30% after two years and 40% after three years from the granting date. The first two 30%-tranches are only subject to the LTIP participant continuing to be employed by Barry Callebaut. The final 40% tranche is also subject to meeting a performance criterion, which is defined as the relative performance (three-year CAGR) of the Barry Callebaut share versus the share performance of a peer group. The relevant share prices are calculated as average closing price over the three months preceding the fiscal year end. The peer group consists of three sub-groups of chocolate, fast moving consumer goods and ingredients companies. The reference share price is calculated as the equally weighted performance of the sub-groups' average share performance. The amount of share awards to vest from the final tranche may be higher or lower than the originally granted number of share awards, depending on the relative over- or under-performance of the Barry Callebaut share versus the benchmark share price of the peer group. There is a cap on the maximum number of shares (at 5% per annum relative share price over-performance) and a floor (at –5% per annum under-performance) for the number of share awards to vest. Share price over-performance is incentivized by an accelerator of 2.25. Therefore, considering the maximum variance of the vesting from the performance-related final tranche, each LTIP participant may eventually receive, subject to continued employment, a number of shares which corresponds to a minimum of 75% and a maximum of 150% of the originally granted total number of share awards for the respective year. Shares are only transferred upon the vesting of the respective share awards. Once the shares are transferred, they are free of any sales restrictions.

Other benefits
Other benefits awarded to the top management of Barry Callebaut depend on the level of benefits pursuant to market practice, mandatory benefits of the jurisdiction applicable to the respective employment relationship and the composition of the respective overall package.

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 to Barry Callebaut AG certain management and consultancy services. In the fiscal year 2013/14, the total compensation paid by Barry Callebaut AG under this agreement amounted to CHF 1.5 million (excl. VAT). The contract is renewable annually.