
**Corporate social responsibility
and sustainability**

An overview of our activities 2008–2010



Company profile

With annual sales of about CHF 5.2 billion / EUR 3.6 billion / USD 4.9 billion for fiscal year 2009/10, Zurich-based Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate products.

Our business starts with the cocoa bean. Barry Callebaut entities have been operating in West Africa, the source of 70% of the world's cocoa, for more than 50 years. We work with farmers and farmer organizations in Côte d'Ivoire, Ghana, Cameroon, Malaysia and Brazil. With our acquisition of a 49% stake in Biolands in 2008, we further expanded our support of farmer-focused programs in Tanzania, Sierra Leone and Côte d'Ivoire.

In 2009/10, we directly sourced about 65% of our cocoa beans from cooperatives, intermediaries and government bodies in the cocoa origin countries, the same as prior-year volumes (2008/09).

Barry Callebaut is present in 26 countries, operates more than 40 production facilities and employs about 7,500 people. We serve the entire food industry, from food manufacturers to professional users of chocolate – including chocolatiers, pastry chefs and bakers, and the hotel, restaurant and caterer (HORECA) sector – to global retailers. We also provide a comprehensive range of professional services in product development, processing, training and marketing. Barry Callebaut is actively engaged in initiatives and programs that contribute to a more sustainable cocoa supply chain.

5

Barry Callebaut factories meet 60–70% of their steam requirements by burning cocoa shells as fuel in Côte d'Ivoire, Ghana, Cameroon and Brazil

230

Students were enrolled in 2009/10 in the **Akoupé secondary school** in Côte d'Ivoire built by Barry Callebaut with the union UCADA

1,300

Barry Callebaut employees out of about 7,500 worldwide work in the cocoa producing countries of Côte d'Ivoire, Ghana, Cameroon, Brazil, Mexico and Malaysia

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This report contains key updates to the programs and activities described in the Barry Callebaut Corporate Responsibility & Sustainability Report originally published in November 2009.

41,000

Farmers from 48 cooperatives participate in our Quality Partner Program in Côte d'Ivoire that aims to improve yields of good quality cocoa and increase farmer incomes

52,200

Tonnes of cocoa were sourced in 2009/10 from cooperatives in Côte d'Ivoire who participate in our Quality Partner Program

150,000

Kilometers were walked by Barry Callebaut colleagues as part of our 2010 Winning Together! initiative to fund scholarships for women and children in Ghana cocoa communities

Market conditions in fiscal year 2009/10 were challenging given a still fragile world economy, a flat global chocolate market, volatile raw material prices and currency fluctuations. Barry Callebaut navigated very well through these challenges and achieved strong results: sales volume up 7.6%, EBIT up 7.9% and net profit up 13.5% in local currencies.

We intensified our focus on securing a long-term supply of cocoa beans. Our business depends on cocoa, a sensitive crop grown in a narrow geographical band near the Equator by mainly smallholder farmers and their families. In order to meet the rising future demand for cocoa and chocolate, we must contribute to ensuring that cocoa is grown in a sustainable way that generates income for farmers and that safeguards the environment. As the world's largest cocoa and chocolate company, with operations in key cocoa growing regions and a history of community engagement, Barry Callebaut is uniquely positioned to help drive sustainability initiatives.

Trends

Key trends that have continued to have an impact on our company include the globalization of the food supply chain; increasing consumer demand for safe food produced in a responsible way, which has triggered more interest in certified products though not changed necessarily buying behaviors; and the rapid and prolific dissemination of information through social media and other communication channels.

In 2009/10, more customers explored options for certified cocoa and chocolate products. We stepped up our sourcing and procurement activities accordingly. As a customer-focused company, we work together with customers to meet their unique requirements, including sourcing cocoa from certified producers or from a specific origin country. In addition to our own programs with cooperatives and farmers, we support other programs and systems that are desired by our customers and which strive to improve farming and labor practices, protect natural resources and improve family livelihoods.

Strategic priorities

We reshaped our CSR strategy in 2009/10 to focus on three main spheres of activity: cocoa, the environment and employees. These spheres reflect the well-established focus areas of sustainability and sustainable development, namely economic, environmental and social impact (or profit, planet, people) and align with our strategic business goals. Examples of our activities in these areas are highlighted in this report.



“We intensified our focus on securing our long-term supply of cocoa beans.”

Juergen B. Steinemann, CEO

Cocoa – Empowering farmers to increase incomes and improve family livelihoods

Contributing to ensure future supplies of cocoa is imperative because without cocoa there is no chocolate. We work with farmers to grow cocoa in a sustainable, responsible way. Higher crop yields per hectare and better quality cocoa can help increase farmer incomes and improve family livelihoods.

Environment – Conserving energy to reduce our impact on the environment

We share one planet, and need to make wise use of natural resources. We are working to reduce overall energy consumption in our factories and facilities, reduce our carbon emissions and increase our use of “green” energy.

Employees – Developing people to help our company continue to prosper and grow

Our people make Barry Callebaut competitive and successful, and we are committed to developing our future leaders. We want to continue to attract talented people and to provide employees the chance to realize their full potential by offering development and training opportunities.

Key achievements in 2008/09

In 2009/10, we built on the groundwork laid in the prior year. Some examples of our efforts to contribute to a sustainable cocoa supply chain include:

- We intensified our work with cooperatives participating in our Quality Partner Program (Partenaire de Qualité) in Côte d’Ivoire and in Cameroon to help growers improve agricultural practices and increase yields.
- We expanded our innovative controlled fermentation projects to farmers in Côte d’Ivoire and Malaysia.
- We continued to support the efforts of Tanzania-based Biolands to replicate its farmer-centric business model in Sierra Leone and Côte d’Ivoire.

Performance and outlook

We believe our sharper focus on sustainability will enable us to achieve greater impact. We will continue to work closely with farmers and farmer organizations to deepen our understanding of their needs and challenges, while ensuring that our programs are aligned with our business goals.

We remain steadfast in our commitment to corporate responsibility and to ensuring the sustainability of the cocoa supply chain. This commitment is part of our history and values, and is reflected in the initiatives we champion today. While we are proud of our accomplishments, we recognize that much remains to be done. We look forward to continuing to engage our customers, suppliers, employees and other stakeholders as we continue on this journey.

Juergen B. Steinemann
Chief Executive Officer

Our corporate responsibility and sustainability activities are aligned with our growth objectives and anchored by our vision and values, which provide the foundation for our Code of Conduct.

Corporate Governance

The principles and rules on Corporate Governance as practiced by Barry Callebaut are laid down in the Articles of Incorporation, the Regulations of the Board of Directors and the Charters of the Board Committees. These documents are reviewed regularly by the Board of Directors and adapted as needed.

Code of Conduct

The Code of Conduct is a practical guide for doing business in a responsible way and applies to all Barry Callebaut employees. It includes how to manage potential conflicts of interest and other ethical dilemmas that may arise in our business lives. All Barry Callebaut employees receive a copy of the Code of Conduct in English or a local language upon joining the company. By signing the code, employees acknowledge that they have read and understood the Code of Conduct and also acknowledge their commitment to their colleagues and our company.

Any employee who has questions regarding the Code of Conduct is encouraged to contact his or her direct manager, local HR department or local legal department. If any comments or concerns cannot be addressed through these channels, employees have the option to contact the Corporate Secretary to the Board of Directors via a dedicated e-mail address or by phone. In fiscal year 2009/10, a relatively small number of inquiries or comments had been received and subsequently addressed, and no material issues were raised.

Our vision:

“We are the heart and engine of the chocolate industry.”

Our values:

**Customer focus.
Passion.
Entrepreneurship.
Team spirit.
Integrity.**

Key issues and drivers

The following six broad issues relevant to corporate responsibility, and two main drivers, continue to have a significant impact on our business and are of concern to our stakeholders:

Issues

- Food safety, traceability and transparency
- Nutritional habits and diet-related diseases
- Human rights, including child labor and forced labor
- Global labor markets and demographic changes
- Climate change
- Depletion of natural resources and fossil energy resources

Drivers

- Diversity of stakeholder perceptions and issues
- Globalization of media and communication channels

Organizational integration

The Group Corporate Social Responsibility (CSR) department, part of the Corporate Communications & CSR function, was established in 2008. The Zurich-based team advises and consults with departments and functions across the Group on CSR- and sustainability-related project and activities. These departments and functions, which span our business and the cocoa supply chain, include Cocoa & Sourcing, Quality Assurance, Operations, Innovation, Sales, Marketing and Human Resources, as well as local CSR teams in cocoa-producing countries.

Our Internal Audit Department audits key aspects of our CSR policy. The Audit, Finance, Risk, Quality and Compliance Committee of the Board of Directors reviews the work of the Internal Audit Committee.

Stakeholder relations

Our interactions with various stakeholders contribute to our understanding of the issues and challenges facing our business and the cocoa and chocolate sector, regionally and globally. We join forces with organizations from the public and private sector to address common challenges. Some examples of our interactions with stakeholders in 2009/10 are summarized here.

Main stakeholders, issues and interactions

Employees, other workers and trade unions

- Inaugurated Barry Callebaut's first chocolate factory in South America in May 2010, creating 50 new jobs plus part-time jobs in Extrema, Brazil
- Implemented an updated Workplace Policy in all sites
- Advanced professional development of employees through management, leadership and skills training programs conducted at Marbach training center and at local sites
- Developed and launched Technical Training Cocoa Program for technicians and engineers
- Repositioned our international trainee program through which we recruit and develop university graduates for functions in cocoa regions
- Organized annual international Managers' Conference
- Maintained regular employee communication through quarterly magazine "Hot Chocolate", published in five languages and distributed to all employees worldwide, and company intranet
- Participated in European Works Councils and had regular dialogue with works councils, trade unions and/or authorities in countries where we have factories
- Implemented measures to ensure employee safety during period of political instability in Côte d'Ivoire

Suppliers

- Expanded Quality Partner Program (Partenaire de Qualité) for cocoa farmer cooperatives in Côte d'Ivoire
- Joined Steering Group of UTZ Certified in October 2009 and held regular dialogue with other certification organizations including Fairtrade and Rainforest Alliance
- Launched multiple certification project with cooperatives in Côte d'Ivoire in January 2010
- Launched Quality Partner Program in Cameroon in August 2010
- Expanded opportunities for farmers to participate in cocoa fermentation trials in Malaysia with signing of collaborative research agreement with Malaysian Cocoa Board in March 2010
- Continued Organic Cocoa Program and direct sourcing of certified cocoa from farmers in Brazil
- Continued direct cocoa sourcing from farmers through Biolands companies

Shareholders and other providers of capital

- Conducted quarterly road shows with CEO and CFO to meet current and potential investors
- Provided investor and analyst information support through specialized Investor Relations function
- Published relevant financial and strategic information on corporate website; provided transparent and timely information via e-mail distribution

Customers

- Held regular dialogue with customers to monitor performance and ensure need fulfilment
- Organized innovation days for customers
- Organized site visits and study tours in cocoa growing regions; held dialogue on cocoa sustainability

Civil society

- As Board member of International Cocoa Initiative, interacted with NGOs to work towards eliminating worst forms of child labor, forced labor and trafficking in cocoa sector
- Participated in multi-stakeholder forum convened by Fairtrade Labeling Organizations (FLO) on child labor in cocoa
- Contributed to the Certification Capacity Enhancement (CCE) Program to develop a common cocoa farmer training curriculum for multiple standards, in partnership with private companies, national bodies and NGOs
- Interacted with civil society organizations working in sustainable agriculture

Communities

- Supported child labor sensitization activities for cooperatives who participate in our Quality Partner Program in Côte d'Ivoire
- Served on oversight committee for Akoupé secondary school in Côte d'Ivoire
- Sponsored refurbishment of Goh medical center in Côte d'Ivoire
- Sponsored local projects to enhance health, education and the environment through Barry Callebaut Ghana charitable trust fund
- Provided free drinking water to communities in Cameroon and Côte d'Ivoire
- In Brazil, revised educational program for children of cocoa farmers and expanded community education support program to include children of employees

Universities and scientific research institutes

- Consulted with and/or executed innovation and cocoa research projects with universities in Belgium, France, Germany and Switzerland, and research institutes in Côte d'Ivoire, Ecuador, Ghana, Malaysia, Switzerland and the UK

Governments

- Interacted with representatives of Côte d'Ivoire, Ghana, Cameroon, Nigeria and Liberia through participation in the Steering Committee of the World Cocoa Foundation's Cocoa Livelihoods Program, co-funded by private companies and the Bill & Melinda Gates Foundation
- Interacted with Ministries of Education and local officials in Côte d'Ivoire and Ghana regarding our education development projects
- Interacted with national cocoa boards in Ghana and Malaysia



Barry Callebaut Mexico recognized for creating job opportunities

Barry Callebaut Mexico was again recognized by municipal authorities in Monterrey for contributing to the creation of job opportunities in the region. At a ceremony in February 2010, Mayor Clara Luz Flores announced that the Avenida Industrias del Poniente where our factory is located, will be renamed Avenida Los Chocolates. The industrial area has seen a steady level of development over the last two years. Noting the important contribution of the chocolate industry to the area which has resulted in the creation of hundreds of new jobs, mainly for citizens of Escobedo, the Municipality of Escobedo, Nuevo León, has proclaimed an annual “Chocolate Day.”

In April 2009, Barry Callebaut Mexico received the Annual Civic Merit Award from the local authorities of the municipality and was recognized for helping to contribute to the increase in industrial activity and economic development in the region.

Barry Callebaut Canada invests in St. Hyacinthe plant and receives government grants

The Canada Economic Development body granted an interest-free loan of CAD 3.1 million to support Barry Callebaut’s investment in its St. Hyacinthe plant in Quebec, Canada. In addition, the Quebec government will grant up to CAD 5 million. The funding assistance is being provided under Canada’s “Business and Regional Growth” program. Our aim is to increase the profitability of the factory which specializes in the production of industrial chocolate.

We recognize that our businesses have an influence on the livelihoods of many people around the world. We believe we have a responsibility to all our stakeholders – shareholders, customers, consumers, suppliers, farmers, employees and the communities where we operate – that goes beyond making a profit.

At Barry Callebaut, we use the terms corporate social responsibility (CSR) and sustainability interchangeably. Our CSR activities have always linked with our business objectives. In 2009/10, our Executive Committee decided to sharpen the focus of our CSR strategy to better align with our economic, environmental and social goals. Our programs are now grouped under three spheres of activity: Cocoa, Environment, and Employees. To ensure measurable progress, we have defined a “signature program” for each sphere and named an Executive Committee member to serve as the program’s champion.

Cocoa – Empowering cocoa farmers to increase incomes and improve family livelihoods

Contributing to ensure future supplies of cocoa is imperative because without cocoa there is no chocolate. We work with cocoa farmers to improve crop yields and quality, thereby helping to increase farmer incomes and improve family livelihoods. Farmers can earn more through higher yields and better quality; we benefit by having sufficient quantities of quality cocoa, grown in a responsible manner, to meet consumers’ growing demand for chocolate.

Signature program: Quality Partner Program in Côte d’Ivoire and Cameroon
Program champion: Juergen B. Steinemann, Chief Executive Officer

Environment – Conserving energy to reduce our impact on the environment

We share one planet, and need to make wise use of natural resources. Processing cocoa and making chocolate is energy-intensive and transportation requirements are significant. We need to do our part to reduce our overall energy consumption in our factories and facilities, reduce our carbon emissions and increase our use of “green” energy.

Signature program: Energy management
Program champion: Dirk Poelman, Chief Operations Officer

Employees – Developing our people to help our company continue to prosper and grow

Our people make Barry Callebaut competitive and successful. We want to continue to attract talented people and to provide employees the chance to realize their full potential by offering development and training opportunities and providing regular feedback on their performance. We are committed to developing our future leaders.

Signature program: Performance Management & Development Program (PMDP)
Program champion: David S. Johnson, President Americas

Key CSR activities

Farmer training	Status 2008/09	Our goals	Results 2009/10
<p>Quality Partner Program with cocoa farmer cooperatives and unions – Côte d'Ivoire</p> <p>(Updated figures verified by external audit report commissioned in 2010)</p>	<p>Expanded from 33 coops in 2007/08 to 46 coops</p> <p>Increased volumes sourced direct from 49,814 MT in 2007/08 to about 61,379 MT</p> <p>% quality grade dipped from 33% in 2007/08 to 32%</p> <p>Trained 3,120 farmers in Good Agricultural Practices from 2006/07 through 2008/09</p> <p>Offered EUR 26 million in interest-free loans to cooperatives</p> <p>Conducted successful trials of a new controlled fermentation process</p>	<p>Expand up to 55 coops by 2012</p> <p>Increase volumes sourced direct to 100,000 MT by 2012</p> <p>Increase volume of quality grade cocoa sourced to 70% by 2012</p> <p>Increase farmer training in GAP to all member coops; initiate program to raise yield per hectare</p> <p>Support farmer organizations in achieving their traceability and certification aims</p> <p>Expand use of controlled fermentation process to select member coops</p>	<p>48 coops, representing about 41,000 farmers in 2009/10</p> <p>52,223 MT sourced from QPP coops in 2009/10</p> <p>Percent quality grade cocoa delivered was 33% in 2009/10</p> <p>Started 68 new Farmer Field Schools regularly attended by 1,570 farmers in 2009/10; Farmer Field School participants demonstrated 20% yield improvement</p> <p>Worked with 7 coops towards qualification for multiple certification; conducted management training with representatives from 10 cooperatives in 2009/10</p> <p>Controlled fermentation trials extended to 1,500 farmers from 15 coops in 2009/10</p>
<p>Biolands organic cocoa production programs for farmers</p> <p>Biolands in Tanzania Biolands in Sierra Leone Bio Partenaire in Côte d'Ivoire</p>	<p>About 227,000 cocoa trees and 10,000 shade trees planted by 2,624 Biolands farmers in Tanzania</p> <p>Bio United business established in Sierra Leone and first cocoa harvested (290 MT)</p>	<p>Maintenance of farmer yields totalling 3,000 MT by Biolands in Tanzania</p> <p>Increase in cocoa production by Bio United in Sierra Leone to 700 MT in 2009/10</p> <p>Establishment of Bio Partenaire business in Côte d'Ivoire</p>	<p>3,500 MT Organic and Fair for Life certified cocoa delivered by participating farmers</p> <p>1,300 MT cocoa delivered by participating farmers</p> <p>Bio Partenaire entity established in 2010 and 10,400 farmers registered</p>
<p>Organic Cocoa Project – Brazil</p>	<p>Reduction in total number of participating cocoa farmers from 116 in 2007/08 to 108</p> <p>As of January 2009, 4,160 ha certified organic farmland, managed by 62 farmers</p> <p>Productivity yields demonstrated on 3 experimental farms</p>	<p>Maintain level of approximately 100 participating farmers</p> <p>More than 6,000 ha certified organic, with expected 2009/10 production of 515 MT</p> <p>Increase in production yields per hectare from current average of 120 kg/ha to more than double this level by leveraging experience from experimental farms and encouraging farmers to increase cocoa tree density</p>	<p>88 participating farmers in 2009/10, as 20 withdrew due to challenge of maintaining organic practices on their farms</p> <p>About 7,900 ha certified organic and production of 568 MT in 2009/10</p> <p>3 participating farms increased productivity from 275 kg/ha to 495 kg/ha over 3 years</p>

Key challenges

- Poor overall condition of farms in West Africa
- Lack of training and execution of Good Agricultural Practices (GAP)
- Low yields (from 350 to 500 kg/ha on average) in Côte d'Ivoire
- Limited systems and processes in many farmer organizations
- Political and economic uncertainties in Côte d'Ivoire and Sierra Leone
- Recruiting and training local staff for Biolands entities
- Low yields and land ownership rights in Brazil

Education	Status 2008/09	Our goals	Results 2009/10
Secondary school in Akoupé in Côte d'Ivoire	Completed construction of school facilities including 8 classrooms, science laboratories, administration offices, and sanitation facilities to serve 320 pupils and 22 teachers plus administrators and staff	In partnership with UCADA and other stakeholders execute plan for facilities to be used as a community learning center to serve hundreds of children, youth and adults by 2010/11	Solid progress by NGO partners executing literacy and agricultural programs for out-of-school youth. Child labor sensitization activities conducted with union members; however, rollout to communities was delayed. New implementing partners identified and rollout foreseen for 2011
Child labor sensitization activities (Quality Partner Program) in Côte d'Ivoire	Trained 1,410 farmers to be trainers on child labor issues, and reached 4,000 farmers in child labor sensitization sessions for Quality Partner Program members in 2008/09	Reach 5,000 farmers in child labor sensitization sessions in 2009/10	In 2009/10, sensitization programs on the Worst Forms of Child Labor were conducted with 604 farmers from 33 coops
Promoting education and supporting rural schools (Quality Partner Program) in Côte d'Ivoire	Distributed 710 school kits to farmer members in 2008/09	Double levels of educational support services by 2010/2011 Evaluate select Quality Partner Program partner requests for community education support	1,000 school kits distributed in 2010 In 2010 built 2 new rural primary schools with capacity for 150 pupils each and teacher housing in San Pedro region, in partnership with 2 Quality Partner Program member cooperatives
Winning Together! for Ghana: supporting rural schools	Partnered with local communities and arranged to contribute more than CHF 50,000 in corporate funds plus CHF 50,000 pledged through fundraising, to improve 5 schools in cocoa growing regions	Implementation of planned school renovations and improvements by end of 2010 Launch family scholarship program as part of 2010 Winning Together! For Ghana – Walk around the world employee initiative	Identifying competent local partners to assist with execution Funded 3-year scholarship program for 30 mothers and 60 children in 4 cocoa communities in Ghana, and distributed first-year allocations to beneficiaries
Supporting education in cocoa communities in Brazil	Established Permacultura educational program for children at 3 schools affiliated with Barry Callebaut Organic Cocoa Project	Expand Permacultura program to 1 to 3 more schools	Educational program was revised and renamed Project Fazenda Cultural (Cultural Farm Project – Learn to Grow), and is being executed in partnership with local development experts

Key challenges:

- Political and economic uncertainties in Côte d'Ivoire
- Ensuring effective operations and governance through established Akoupé school management committee
- Identifying competent local partners for training and community engagement on child labor issues in Côte d'Ivoire
- Identifying competent local partners to assist with execution of school programs in Ghana
- Success of Permacultura program in Brazil dependant on quality of partnership between government, community and Barry Callebaut

Health	Status 2008/09	Our goals	Results 2009/10
Improving access to basic health services – QPP – Côte d'Ivoire	Distributed 400 insecticide-treated mosquito nets and 400 medical kits to farmer members in 2008/09	Double levels of medical support services by 2010/2011	600 insecticide-treated mosquito nets distributed through 2010
Medical center in Goh village in San Pedro region – Côte d'Ivoire	Constructed and inaugurated medical center including maternity home in 2008; instalment of staff capable of providing basic medical care and maternity services. However, utilization of center below expectations Operational improvements identified for energy and water systems Initial development of monitoring, evaluation and reporting tools and processes	Increase utilization of center to levels appropriate for region Improve functionality of solar panel system and water system, install lightning protection Participate in observer capacity on medical center community steering committee	Worked with local authorities to ensure compliance with health center specifications that could impact utilization, resulting in increased number of visits and services performed, though still below desired levels Repaired or installed appropriate water, solar and lightning protection systems Successful participation

Key challenges:

- Cost of medical services
- Level of cultural acceptance for preventative health care measures

Barry Callebaut supports training in good agricultural practices (GAP), post-harvest management, disease and pest management, biodiversity, and sensitization on child labor issues, and contributes to the basic health and education needs of farmers and their families in many cocoa growing communities.

Quality Partner Program/Partenaire de Qualité in Côte d’Ivoire

Barry Callebaut established its Quality Partner Program (QPP) for cocoa farmer cooperatives in 2005. The emphasis of the program was and is on “quality” –

- improving the **quality** of cocoa farms through farmer training,
- improving the **quality** of cocoa beans through sustainable production, harvesting and post-harvest management techniques,
- improving the overall **quality** of life of cocoa farmers and their families by offering opportunities to earn more from higher yields, and through improved access to health care and education.

We chose to work with cocoa farmer cooperatives because they offered an efficient and cost-effective sourcing channel for Barry Callebaut and the most potentially beneficial structure for smallholder farmers in Côte d’Ivoire. Since launching the Quality Partner Program, we have adapted some of our initial performance targets to better match the capacities of our partners and the realities in the field. While some cooperatives and unions have demonstrated continuous improvement, others often struggle to reach targets during each crop season. Financing assistance is also needed by many cooperatives in order to support their farmer members and for operational purposes. This underscores the need for training to increase the professionalism and further develop the capacities of these organizations to serve their farmer members.

Quality Partner Program (QPP) objectives

- **Increase the quantity of quality grade cocoa supplied by QPP partner cooperatives to Barry Callebaut**
- **Provide incentives to cooperatives and farmers to produce quality cocoa**
- **Support partner cooperatives in their efforts to improve the livelihoods of their farmer members**

Challenges and achievements

QPP was set up as a long-term program with a focus on continuous improvement. The aim was to move partners up the pyramid from the base or starting level to the top level in three years. Meeting this goal proved challenging due to significant gaps in administrative and management skills in many of the farmer organizations. Further challenges included the limited knowledge by many participating farmers of proper agricultural practices and post-harvest management techniques, the lack of perceived incentives to produce quality cocoa, the poor condition of many farms, inadequate infrastructure, lack of financing options, and high levels of illiteracy.

We work with cooperatives to provide training opportunities to their farmer members. We also guide cooperatives on how to integrate quality standards into their business processes. In 2009/10, we supported 68 new Farmer Field Schools. These were regularly attended by 1,570 farmers from seven cooperatives, and resulted in yield improvements of 20% due to the implementation of improved farmer practices and training.

Performance

We achieved significant increases in volumes and in the quality of cocoa delivered in the ramp-up of the program. Bean volumes grew from 39,690 tonnes in 2005/06 to a high of 61,379 tonnes in 2008/09. Volumes declined to 52,223 tonnes in 2009/10 reflecting the overall decline in production in Côte d'Ivoire during the main and mid crops, with some growing areas especially hard hit.

The percentage delivered of Grade I and Grade II quality beans increased from 23% in 2005/06 to 33% in 2009/10. Our aim is to work towards continuous improvement in this area.

Quality Partner Program – Partner Profiles

Privileged partner	
Requirements	Benefits
<ul style="list-style-type: none"> ▪ More than 1,500 MT beans ▪ 50% of delivered beans are quality grade ▪ Own warehouse, truck, computer, business system software 	<ul style="list-style-type: none"> ▪ All Level 1 and Level 2 benefits <i>plus</i> ▪ Construction of school or medical center
Preferred partner	
Requirements	Benefits
<ul style="list-style-type: none"> ▪ From 750 to 1,500 MT beans ▪ 30% of delivered beans are quality grade ▪ Own warehouse, truck 	<ul style="list-style-type: none"> ▪ All Level 1 benefits <i>plus</i> ▪ Vaccination campaign ▪ Drilling of water well
Recognized partner	
Requirements	Benefits
<ul style="list-style-type: none"> ▪ From 250 to 750 MT beans ▪ 20% of delivered beans are quality grade ▪ Own warehouse 	<ul style="list-style-type: none"> ▪ School kits ▪ Christmas celebrations and gifts ▪ Medical kits ▪ Treated mosquito nets ▪ Football tournament

Planning for continual improvement

Barry Callebaut paid a total of about EUR 350,000 in premiums to 23 Quality Partner cooperatives in 2007/08 and to 24 partner cooperatives in 2008/09. In 2009/10, we paid EUR 352,000 in premiums to 29 partner coops.

We continued our commitment to support cooperatives in their efforts to improve the livelihoods of their farmer members by contributing to training, education and healthcare initiatives. Further, we are working to improve our monitoring and reporting procedures and processes to improve efficiency and effectiveness.

Launch of Quality Partner Program in Cameroon

Based on our successful experience in Côte d'Ivoire, we launched the Quality Partner Program in Cameroon, the fourth largest cocoa producer in Africa, in August 2010. Cocoa farmers in Cameroon face similar challenges as those in Côte d'Ivoire. We are building on what we have learned to create another win-win partnership with farmer cooperatives.

Quality Partner Program – Performance review for Côte d'Ivoire

	2005/06	2006/07	2007/08	2008/09	2009/10
Agricultural training/sourcing *					
Cooperatives	38	29	33	46	48
Farmers	30,000	32,000	40,000	42,000	41,871
Farmers trained in GAP	–	600	600	1,920	1,570
Bean volumes sourced (MT)	39,690	42,510	49,814	61,379	52,223
% Grade I and Grade II cocoa	23%	25%	33%	32%	33%
Coops who moved up a QPP level	–	5	10	10	5
Health & education programs					
Mosquito nets distributed	–	–	250	400	500
Medical kits distributed	–	–	400	400	0
School kits distributed	–	–	550	710	1,000
Farmers trained to be trainers on child labor issues	–	–	–	1,410	700

* Updated figures verified by external audit report commissioned in 2010.



Cocoa farmer Salila Mbutolwe on her farm, talking with Dikson Mkisi, the Director of Biolands

Biolands in Tanzania

Biolands is one of the largest organic smallholder cocoa programs in the world. It ranks as Africa's largest exporter of certified organic cocoa. Barry Callebaut has purchased 100% of Biolands' top-grade organic cocoa since 2000, and acquired a 49% stake in the company in 2008.

Since 1999, Biolands has worked directly with local cocoa farmers in the district of Kyela, Mbeya region, in southwest Tanzania, to increase production, improve the quality of cocoa, and ensure fair prices are paid to farmers. Biolands provides training and technical advice to ensure compliance with organic certification standards. About 20,000 farmers work with Biolands. In fiscal year 2009/10, they together produced about 3,500 tonnes of certified organic cocoa. Each bag of Biolands cocoa is traceable to the farmer who produced it.

Bio United in Sierra Leone

Bio United was established in 2008/09 in Sierra Leone. About 40,000 farmers in the Kailahun, Pendembu and Kono districts in the eastern province have registered to participate in its cocoa production program. Volumes of quality cocoa supplied to Bio United have grown steadily from 290 tonnes in 2008 to 800 tonnes in 2009 to 1,300 tonnes in 2010.

Bio Partenaire in Côte d'Ivoire

Bio Partenaire was established in 2009 with the aim to set up a network of cocoa farmers in Côte d'Ivoire. As of year-end 2010, 10,400 farmers had registered to participate in the program. Bio Partenaire achieved UTZ CERTIFIED certification in 2010.

Biolands farmers planted 225,000 cocoa seedlings plus 10,000 shade and fruit trees as part of a sustainability project funded by Barry Callebaut in 2009.



Organic cocoa

Organic cocoa farming embraces practices to produce cocoa in a sustainable way and without the use of chemical inputs. Farmers who produce certified organic cocoa beans can earn higher prices than from conventional beans. However, certified organic cocoa still represents less than 1% of the worldwide crop. Barry Callebaut is one of the largest processors of organic cocoa products in the world, and supports various organic cocoa farming programs. We introduced our first organic chocolate in 1995.

Organic cocoa farming in Brazil

Barry Callebaut launched its Organic Cocoa Program in the state of Bahia in Brazil in 2001. Our aim was to help farmers rejuvenate cocoa plantations that had been devastated by infestations of Witches' Broom, a virulent fungus that remains a persistent threat. The first farm areas were certified organic in 2004 by Instituto Biodinâmico (IBD), Brazil's largest certifier. In 2005, the first certified organic cocoa products manufactured in our Ilhéus factory in Bahia were available to customers.

One of the key challenges in the program is the need to increase the yield per hectare. The implementation of demonstration areas that serve as "show fields" and advanced agricultural training by Barry Callebaut's own field technicians should enable the farmers to substantially increase farm productivity. The goal is to achieve a volume of 1,500 tonnes of traceable, certified organic quality cocoa produced on more than 6,000 hectares by about 100 farmers by the end of 2012.



Medical center in Goh village in Côte d'Ivoire

In October 2008, we inaugurated a medical center in Goh village, located about 85 km north of San Pedro in Côte d'Ivoire. The center was built in cooperation with UCAS (Union des Coopératives Agricoles de San Pedro), a union of cocoa farmer cooperatives and a member of our Quality Partner Program.

Some 18,000 people live in communities around Goh. Previously, they did not have easy access to health care and maternity services. The center comprises two buildings plus two houses for a full-time nurse and midwife. Medicines are supplied by the Public Health Pharmacy. UCAS oversees the operation of the center, and a management committee has been established. People who come to the center for medical services pay a standard rate.

Addressing challenges

In 2009/10, we took steps to help increase utilization of the center. The number of patients per day was below expectations as of end August 2009 and our aim is to work together with UCAS to achieve utilization levels comparable to facilities in other communities of similar size.

Modifications were made to the solar energy and water systems on the premises to improve functionality and efficiency. The exteriors of the medical center now reflect local custom and health center regulations. As a result of these and other interventions, the number of consultations in the four-month period September to December 2009 was four times higher than the number of consultations from the previous three-month period.

Barry Callebaut continued to sponsor vaccination campaigns in Goh and several other communities in 2010. This resulted in about 5,100 children and their parents receiving vaccinations against meningitis, tetanus and typhoid fever during 2009/10.



Cocoa Livelihoods Program

Barry Callebaut joined with the World Cocoa Foundation, other industry members and the Bill & Melinda Gates Foundation to work towards improving the livelihoods of approximately 200,000 cocoa farming households in Côte d'Ivoire, Ghana, Nigeria, Cameroon and Liberia.

The five-year Cocoa Livelihoods Program, launched in February 2009, focuses on enhancing farmer knowledge and competitiveness, improving farmer productivity and quality, promoting crop diversification and improving supply chain efficiencies.

The program includes training farmers in better production techniques, quality improvement and business skills. It aims to professionalize farmer organizations to better meet member needs and to improve farmer access to agricultural inputs and improved-quality seedlings. Activities are also underway to improve farmer access to market information and to promote opportunities for diversification into alternative food and cash crops to maximize income and food security.

The program is being implemented by five experienced technical partners: International Institute of Tropical Agriculture/Sustainable Tree Crops Program (IITA/STCP), ACDI/VOCA, GTZ, SOCODEVI and TechnoServe.

The Cocoa Livelihoods Program complements Barry Callebaut's other sustainability initiatives in Africa. We are proud to partner in this unique endeavor with industry members and the Bill & Melinda Gates Foundation, an organization known for its disciplined approach to poverty alleviation and its passion to help all people lead healthy, productive lives.



World Cocoa Foundation

As a member of the World Cocoa Foundation (WCF), Barry Callebaut helps fund efforts and provides technical expertise to ensure cocoa sustainability worldwide through partnership-driven programs focused on training for farmers and communities and applied scientific research. WCF member companies from the cocoa and chocolate industry worldwide represent over 80% of the global market.

Founded in 2000, the WCF promotes economic and social development and environmental stewardship in cocoa-growing communities. It prioritizes its development projects to benefit farmers in the cocoa-growing regions of Africa, Southeast Asia and the Americas around three sustainability principles: improved and more equitable economic returns for farmers; healthy and thriving cocoa-farming households and communities; and sound environmental stewardship in cocoa-farming communities through responsible use of resources and biodiversity.

Sustainable Tree Crops Program

Barry Callebaut also helps fund the Sustainable Tree Crops Program (STCP). Started in 2000, STCP aims to improve the economic and social well-being of tree crop farmers and the environmental sustainability of their agricultural systems in West and Central Africa. This is achieved through Farmer Field Schools and by the introduction of innovations to enhance productivity, increase marketing efficiency, diversify farmer income, and strengthen the institutional and policy environment. The Farmer Field School approach on integrated crop, pest, disease and quality management has been validated for West Africa with 24,000 cocoa farmers in five countries. STCP is managed by the International Institute of Tropical Agriculture (IITA).

Ensuring children are not harmed in cocoa farming

Child labor on cocoa farms is a complex issue that concerns all participants in the cocoa and chocolate industry. As stated in the Barry Callebaut Code of Conduct, we support and respect the principles set forth in the Universal Declaration of Human Rights. We strongly condemn slavery and abusive labor practices including any form of child slavery or practices that exploit children or expose them to harmful or hazardous conditions.

International Cocoa Initiative (ICI)

As a signer of the **Harkin/Engel Protocol**, also known as the Cocoa Industry Protocol, we underscored our commitment as an industry member to work to support the elimination of the worst forms of child and forced adult labor in cocoa growing, in partnership with governments, business and civil society.

Focus on Côte d'Ivoire and Ghana

Barry Callebaut is a board member of the **International Cocoa Initiative (ICI)**, a foundation established under the Harkin/Engel Protocol. Our funding supports the delivery of child labor sensitization programs and other education, and community-based activities that are executed through local NGOs in Côte d'Ivoire and Ghana. These two countries are the largest producers of cocoa in West Africa which supplies 70% of the world's cocoa crop. They were the main focus of the Protocol action steps.

ICI is guided by international standards, in particular ILO Conventions 182 (Worst Forms of Child Labor Convention, 1999) and 29 (Forced Labor Convention, 1930). The International Labor Organization (ILO) is an advisor to the ICI Board.

Progress in partnership

ICI works with local communities as well as local authorities to foster understanding of how children can be injured by, for example, doing inappropriate work, carrying heavy loads or being exposed to chemical fertilizers and pesticides. Through its network of local on-the-ground partners, ICI is present in 259 communities in Côte d'Ivoire and Ghana, up from 24 in 2004, and is reaching a total population of more than 830,000. These communities represent just a small fraction of the cocoa sector in West Africa and much work remains to be done.



Child labor sensitization programs in Côte d'Ivoire

Each cooperative that becomes a member of the Barry Callebaut **Quality Partner Program (QPP)** in Côte d'Ivoire is required to commit to work to ensure that child labor abuses on cocoa farms as defined by the International Labor Organization (ILO) will not be permitted or condoned.

In addition to promoting the importance of schooling, we work with ICI's local partners to deliver child labor sensitization programs to farmers who participate in the Quality Partner Program.

In 2009/10, programs on child labor issues, including the activities cited by the ILO as the Worst Forms of Child Labor in the cocoa sector, were conducted with 604 farmers from 33 QPP member cooperatives.

ICI is also one of our partners on an education project in Akoupé in Côte d'Ivoire to develop a community learning center. Working with the union UCADA and other partners in the region of Adzope, ICI is developing an instructional module on child labor sensitization that will be integrated into the expanded curriculum of the center.

We work with ICI's local partners to deliver child labor sensitization programs to farmers through our Quality Partner Program.



Encouraging education opportunities

Akoupé school and community center in Côte d'Ivoire

Barry Callebaut, our subsidiary SACO (Société Africaine de Cacao SA), the union UCADA (Union des Coopératives Agricoles du Département d'Adzopé) and local officials, educators, community leaders and development experts including the Jacobs Foundation are partners in an ambitious project to expand a newly built secondary school into a community learning center. The school is located in Akoupé in the Adzopé cocoa growing region in Côte d'Ivoire.

The inauguration of eight classrooms, several multi-function rooms, administration offices and latrines took place in the fall of 2009. Funding for the construction was provided by Barry Callebaut. Approximately 230 pupils in primary grade 6 and secondary grades 1, 2 and 3 were enrolled for the 2009/10 school year.

The second phase of the project is to develop the facility into a community learning center that can benefit hundreds of people of all ages and cater to their formal and vocational education needs. The expanded curriculum will include adult literacy classes, farmer field school training, and programs for out-of-school youth.

A lesson in partnership

UCADA, a union of 18 cocoa farmer cooperatives representing some 8,000 farmers, participates in our Quality Partner Program. The World Cocoa Foundation and the International Cocoa Initiative bring to the project broad experience in educational development in Africa and child labor sensitization activities. The World Cocoa Foundation manages the ECHOES program, a global development alliance. ECHOES provides teacher training, functional literacy training and educational resources to cocoa farming communities. Two ECHOES partners – IFESH and Winrock International – are developing and implementing the community curriculum. Funding for the curriculum development and implementation phase is being provided by the Jacobs Foundation.

ECHOES stands for Empowering Cocoa Households with Opportunities and Education Solutions
IFESH stands for International Foundation for Education and Self-Help



Winning Together!

The aim of Barry Callebaut's annual Winning Together! initiative is to engage employees worldwide in our corporate social responsibility activities while fostering a "One Group" team spirit through sports and other events. The Winning Together! initiatives in 2009 and 2010 promoted education in cocoa farming communities in Ghana.

Supporting rural schools

In 2009, we worked with five rural schools in the Eastern, Ashanti, Western and Brong Ahafo regions to improve the learning environment for children. Our goal was to encourage a high level of community participation and shared commitment. During the course of 2010, we fulfilled the mutually agreed needs including classroom and building renovations, electricity extensions, a bore hole and water well, classroom furniture, teaching materials, library books and sports equipment.

Scholarships for mothers and children

In a strong show of solidarity with children in Ghana who must walk long distances to go to school, Barry Callebaut colleagues together walked 150,000 km – triple the original goal of 50,000 km – as part of the Winning Together Walk Around the World initiative. The aim was to promote education and to support three-year scholarships for 30 mothers and 60 children in cocoa growing communities. One portion of the scholarship covers school expenses and the remainder is invested in the mother's small business, which supplements the family income from farming.

Cocoa Work/Study Tour

Barry Callebaut volunteers from 18 countries had the opportunity to visit cocoa farming communities and to follow the trail of cocoa from the farm to the port during a week-long Cocoa Work/Study Tour in Ghana. Participants are encouraged to share their experiences and insights with colleagues and customers in their home countries.



Project Fazenda Cultural for children in Brazil

In 2009/10, we revised our educational program for children attending rural schools on cocoa farms in Brazil. The program was renamed Project Fazenda Cultural (Cultural Farm Project – Learn to Grow) and is being implemented in partnership with local development experts, farm owners, and municipal authorities who provide the teachers.

The program aims to teach children about nature and the environment and how they are connected to human needs and responsibilities. Children learn how to plant school gardens, how to grow organic food and how to use resources wisely. They learn about food safety, how to prepare healthy meals and the importance of good nutrition.

The program is conducted at two schools that Barry Callebaut helped establish on two farms in the state of Bahia. The farms are large and there were previously no schools close by for the children of farm workers. In 2009, 66 children aged of 6 to 12 took part in the programs at São José School in Ibirataia and Santa Ana School in Itacaré.

Community outreach

Since 2007, Barry Callebaut has provided a free educational program called Ciranda do Conhecimento (Circle of Knowledge) to children, aged 6 to 10, who live in the neighborhood of Iguape in Ilhéus, Bahia. Barry Callebaut Brazil's cocoa processing plant is located here.

The initiative was expanded in 2010 to include children of company employees and also extended to teens. In addition to scholastic tutoring and sports activities, the program offers youth the opportunity to discuss topics such as sexuality, drugs, violence and responsible citizenship. In 2009/10, 167 children between the ages of 6 and 16 participated in the Barry Callebaut BCzinho program.

Families, another important target group of the program, also received attention through health and wellness activities and lectures aimed towards parents. Topics included parent-child relationships, the educational system and the importance of setting limits for a child.

Conserving energy to reduce our impact on the environment

We share one planet, and need to make wise use of natural resources. Processing cocoa and making chocolate are energy-intensive activities, and transportation requirements – from the sourcing of raw materials to the delivery of finished products – are significant. As a responsible company, we want to contribute our part to reduce our impact on the environment. In October 2010, we set targets to reduce our overall energy consumption in our factories and facilities, reduce our carbon emissions, and increase our use of “green” energy. We are also working to optimize the use of raw materials to reduce waste.

Our commitment

Our Global Environmental Policy, launched in June 2008, focuses on managing the use of energy and reducing carbon emissions. We continuously work to improve the energy performance in every plant. We create awareness and promote the active involvement and accountability of employees in the environmental footprint, we invest in more energy-efficient equipment and, where possible, we modify our processes to become cleaner in energy. We comply with all relevant laws, rules and regulations in the countries where we operate.

Reducing energy consumption

We aim to reduce our overall energy consumption by 20% per tonnes of production by 2014 through active management of continuous improvement processes in all sites; the identification, testing and roll-out of best practices within the Group; and through the development of more mature energy management practices. With common processes and technology in place across the world, we can exchange and potentially implement innovative new ideas at all our sites.

Increasing the use of “green” energy

By 2014, we will ensure that 20% of the energy we consume is from renewable energy sources. This includes optimization of the use of cocoa shells as bio mass, investigation of production of green energy on our sites, and monitoring the share of renewable energy in the energy we buy. We optimize the efficiency of existing shell burners to produce steam, and, in San Pedro, Côte de’Ivoire, we are piloting the production of bio gas through the fermentation of cocoa shells. In addition, we are investigating the use of solar panels and wind turbines at selected sites.

Reducing CO₂ emissions

We aim to reduce the CO₂ emissions from our factories by 20% per tonnes of production by 2014. Both, the reduction of energy and the increase of renewable energy, lead to an improvement in our carbon emission level. In addition, we strive to reduce carbon emissions from transport by optimizing the flow of raw materials and finished goods, the loads per truck and similar measures. Barry Callebaut participates in the Carbon Disclosure project to measure emissions using the Greenhouse Gas Protocol methodology.

Energy management targets:

- 20% reduction in energy consumed per tonne of product by 2014
- 20% reduction in carbon emissions per tonne of product by 2014
- 20% of energy consumed will be “green” by 2014

Key CSR activities

Energy management	Status 2008/09	Our goals	Results 2009/10
Environmental Policy	<p>Launched Environmental Policy in all factories</p> <p>Initial development of monitoring, evaluation and reporting tools and processes</p> <p>Electricity and gas consumption per MT at main sites worldwide are decreasing, though costs are increasing due to higher energy prices, different factory mix and exchange rates</p> <p>Continued participation in Carbon Disclosure Project to measure emissions using the Greenhouse Gas Protocol methodology revealed an overall increase of 3% in emissions from 72 MT of CO₂/1000 MT of production output in 2006/07 to 75 MT of CO₂/1000 MT in 2007/08. This was due to relatively high fixed energy consumption at some sites that stayed constant despite reductions in production volumes</p> <p>We have increased production in origin countries of cocoa liquor (55% of total production) resulting in an 18–20% reduction in transport weight (beans compared to liquor)</p> <p>Cocoa shell burning at factories in Ghana, Côte d'Ivoire, Cameroon and Brazil has reduced the gas or fuel consumption at those sites</p>	<p>Reduce overall energy consumption by 20% per MT of production output in 5 years through installation of more energy-efficient equipment in semi-finishing plants, plant efficiency and the logistics chain</p> <p>Extension of monitoring and evaluation of emissions, water consumption and energy consumption to sales offices and transport systems</p>	<p>We reduced by 4% our overall energy use during the first year. We also reduced carbon emissions by 4% per tonne. We expect to achieve target goals by 2014 through the following measures:</p> <p>We actively manage continuous improvement plans per site. Best practices are validated and roll-out plans are stimulated by regional and corporate management</p> <p>Energy reduction targets have been defined per site and have been included in the bonus objectives of all plant managers and regional operation directors</p> <p>New technologies such as new bean breakers or high-speed refining as well as optimized processes have been introduced in order to reduce the consumption of electricity and gas</p> <p>We are installing an energy management system that will allow us to follow up the consumption closer to the cost drivers and to benchmark the different plants on a more detailed level</p> <p>We further enhanced our continuous improvement practices for energy and fine-tuned our energy reports to enhance the focus on energy and to get closer to real-time monitoring</p>

Key challenges

- Reducing carbon footprint in light of climate change
- Shrinking reserves and increasing fossil energy prices
- Adverse and extreme local weather conditions such as drought, flooding and wind in cocoa producing countries can temporarily disrupt operations in affected areas
- Speed of market development is determined by the price of energy, technological developments and legal/political target settings. Not all improvements are currently mature or economically viable

Energy-saving benefits of burning cocoa shells

Barry Callebaut factory locations	Shells burned per year in tonnes	% factory steam requirements fulfilled from cocoa shell burning
Côte d'Ivoire	7,000	60–70%
Ghana	8,000	100%
Cameroon	5,000	70–80%
Brazil	5,000	90%

Supporting the development of our employees

Barry Callebaut is a high-performing organization. Our business environment is demanding and constantly changing. The most important resource we have to make high performance happen is our employees. About 7,500 Barry Callebaut employees work in 26 countries on four continents, making a delicious product – chocolate. We want all our employees to feel proud to work for our company and to live our corporate values: customer focus, passion, entrepreneurship, team spirit and integrity.

We strive to give all employees a chance to realize their full potential by offering them opportunities to gain the necessary skills and experiences to meet business challenges. In order to achieve our business goals, we need to define clear personal targets and to provide employees structured feedback on their performance. While we want to continue to attract talented people from outside to gain new ideas, we are committed to developing more of our future leaders from within to help our company grow and prosper. We offer a comprehensive suite of Corporate Management Development Programs, as well as structured cocoa and chocolate training to ensure that employees gain the necessary technical expertise for creating our high-quality products.

The discussions between managers and their team members is the key to aligning the efforts and targets of individuals with the strategic priorities of the business. It enables our staff to continuously improve their performance in order to deliver outstanding results. It also ensures that regular employee development actions take place to help realize individual career goals and potential.

People development targets

- Completion rate of Performance Management & Development Process (PMDP) for management positions of 100% by March 31, 2011
- Filling 70% of key positions from within instead of hiring from outside

Health and safety

Barry Callebaut is committed to providing employees with safe and healthy working conditions. In June 2008, we implemented a Health and Safety Policy and a process to monitor performance and the progress achieved at our factory sites. The main objectives of the policy are to create awareness and promote the active involvement and accountability of employees on health and safety issues, and to comply with all relevant laws, rules and regulations in the countries where we operate.

Our areas of focus include machine safety, ergonomics, fire prevention and emergency response, personal protective equipment, internal transport and contractor management. Monitoring is done on a monthly basis and the system is audited regularly during site visits.

In fiscal year 2009/10, we overachieved our goal to reduce the frequency rate of lost time accidents by 5% and underachieved our goal to reduce absenteeism because of accidents by 5%. Going forward, our goal is to continuously reduce recordable injury and lost time accidents in every plant.

Key CSR activities

Employee development	Status 2008/09	Our goals	Results 2009/10
Employee health and safety	Launched revised health and safety policy in all factories in 2008	Execute training, reporting and monitoring to continually reduce health and safety incidents	Target achieved
	Implemented precautionary health measures related to influenza A (H1N1) outbreak	Monitor situation globally and implement additional measures as warranted	Target achieved
Employee support services in cocoa producing countries	Provide various support services according to local conditions, such as on-site doctor or nurse, free medical exams and vaccinations, HIV/AIDS education, warm meals, housing, transportation, and educational support	Maintain level of employee support services	Target achieved
Winning Together! – Worldwide employee initiative	Recruited 28 local volunteers and organized more than 100 local events in 18 countries to build awareness of Ghana cocoa value chain and needs of rural schools	2009 initiative – conduct Cocoa Work/Study Tours in Ghana for employee volunteers to learn about cocoa value chain and needs of rural schools	Target achieved: 2 Work/Study Tours completed as culmination of 2009 employee initiative
		2010 initiative – recruit volunteers to organize local awareness-raising events on behalf of a CSR project in cocoa communities and conduct Cocoa Work/Study Tours in Ghana	Target achieved: 2 Work/Study Tours with 21 colleagues from 16 countries completed as culmination of 2010 employee initiative, Walk Around the World

Key challenges

- Employee recruitment and retention

Employee support services

We provide a variety of support services to employees in countries where we have cocoa processing operations.

	Côte d'Ivoire Abidjan	Côte d'Ivoire San Pedro	Côte d'Ivoire Sinfra	Ghana Tema	Cameroon Douala	Brazil Ilhéus	Mexico Monterrey	Malaysia Port Klang
Start year of operations	1964 (Cacao Barry)	1995	2000	2001	1952 (Cacao Barry)	1999	2009	2008
Facilities	SACO Vridi bean cleaning facility SACO Zone 4 bean cleaning facility	Bean cleaning facility Factory	Bean cleaning facility	Factory	Factory	Factory	Factory	Factory
Full-time employees as of August 31, 2010¹	264	157	5	102	105	238	126	302
Doctor/nurse on site	Yes	Yes	–	Yes	Yes	Yes	Yes	–
Medical exams	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes ⁴
Vaccinations	Yes	Yes	Yes	Yes	Yes	Yes	–	Yes
HIV/AIDS education and support	Yes	Yes	Yes	Yes	Yes	Yes ³	–	–
Health insurance or other medical care support	Yes	Yes	Yes	Yes ²	Yes	Yes	Yes	Yes
Warm meals on factory premises	Yes	Yes	–	Yes	Yes	Yes	–	Yes
Housing/home ownership opportunity	"Cité Saco I" – 102 homes (1998) "Cité Saco II" – 90 homes (2007)	"Cité Saco San Pedro" – 51 homes (2007)	–	Barry Village – 54 homes (2005)	–	–	–	Yes
Transportation to/from work site	Yes	Yes	–	Yes	–	Yes	–	Yes
Education support/school fees	Yes	Yes	–	Yes	–	Yes	–	Yes
Sports activities	Yes	Yes	–	Yes	Yes	Yes	Yes	Yes

¹ Additional part-time and seasonal workers hired as warranted by production demands

² Ghana – payment of medical bills for employees and dependants

³ Brazil – annual training session only

⁴ Malaysia – pre-employment medical exam

In 2010, Barry Callebaut opened a new chocolate factory in Extrema, Brazil. 67 people were employed as of August 31, 2010. Support services provided to employees include doctor/nurse on site, medical exams, HIV/AIDS education and support, health insurance, meals on factory premises, transportation, education support and sports activities.

Barry Callebaut is committed to working to ensure the sustainability of the cocoa supply chain. In many regions, this is an urgent issue due to aging trees, neglected farms and poor farming practices, among other factors. Through various programs and activities, we work to enable farmers to improve their skills and knowledge to grow healthy and productive cocoa crops.

We will continue to work to improve the child labor sensitization, education and health programs we initiated with local communities and implementation partners. We believe such programs contribute to strengthening cocoa farming communities.

Many consumers today are concerned about where, how and by whom the food they buy is produced. This has resulted in a heightened interest in certification schemes and labels, such as Fairtrade, UTZ Certified Cocoa Program, Rainforest Alliance, Organic and others. We are committed to working with our customers to provide the cocoa or chocolate products from the countries or origin or with the certification labels they desire.

In 2009/10, we aim to continue our dialogue with stakeholders on key industry issues and to work with experienced and trusted partners to achieve greater positive impact through our corporate responsibility and sustainability programs and activities.

As the heart and engine of the chocolate industry, we are committed to taking the lead in empowering cocoa farmers, in becoming as energy-efficient as possible, and in developing our people.

The still challenging economic environment will require close attention to program monitoring and evaluation, and the execution of timely course corrections as needed. We invite our customers, suppliers and employees to join us on the continuation of our journey.



**Cocoa grows in the equatorial belt
20° north and south of the equator.
Barry Callebaut is committed to working
to ensure the sustainability of the cocoa
supply chain.**

For more information

Barry Callebaut – www.barry-callebaut.com/csr
Bill & Melinda Gates Foundation – www.gatesfoundation.org
Fairtrade Labeling Organizations (FLO) – International Cocoa Initiative (ICI)
– www.cocoainitiative.org
International Federation of Organic Agriculture Movements (IFOAM) –
www.ifoam.org
International Foundation for Education and Self-Help (IFESH) –
www.ifesh.org
International Institute for Tropical Agriculture (IITA) – www.iita.org
Jacobs Foundation – www.jacobsfoundation.org
Rainforest Alliance – www.rainforest-alliance.org
Sustainable Tree Crops Program – www.treecrops.org
UTZ Certified – www.utzcertified.org
Winrock International – www.winrock.org
World Cocoa Foundation – www.worldcocoafoundation.org

Cover picture

Anton Mwandete, Field Supervisor
for Biolands in Tanzania, in his
cocoa nursery

BARRY CALLEBAUT

People Processes Products

Cabosse

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