

RESPONSIBILITY

OUR COMMITMENT
TO ORIGIN COUNTRIES

BARRY  CALLEBAUT



Contents

- 5 Committed to doing business responsibly**
- 6 Code of Conduct – Our principles for responsible behavior**
- 8 Our responsibility as a food manufacturer and an employer**
- 12 Empowering cocoa farmers – Barry Callebaut initiatives**
 - 13 Quality Partner program in Ivory Coast
 - 14 Organic cocoa project in Brazil
 - 16 Partnering with farmers in Tanzania to produce quality organic cocoa
- 18 Assisting employees in origin countries**
 - 19 Ghana: Housing, health and educational projects
 - 19 Ivory Coast: Housing and health assistance
 - 20 Cameroon: Health and sports projects
 - 21 Brazil: Improving health, education and site infrastructure

- 22 Supporting the communities where we operate**
 - 23 Ghana: Sponsoring local health and education initiatives
 - 23 Ivory Coast: Improving health and education of cocoa farming communities
 - 24 Cameroon: Distributing drinking water to local communities
 - 24 Tanzania: Community service
 - 24 Brazil: Supporting education and environmental projects
- 26 Our long-term commitment to industry activities and initiatives**
 - 27 Fairtrade cocoa and chocolate
 - 27 Certified organic cocoa and chocolate
 - 28 Working to ensure a sustainable cocoa industry
 - 29 International Cocoa Initiative tackles labor issues
 - 30 “Certification” moves ahead
- 32 The road forward**

Cover: As the world's largest producer of cocoa and chocolate products, Barry Callebaut has had a long association with cocoa growing countries, such as Ivory Coast, Ghana, Cameroon or Brazil. In these countries we work to develop mutually beneficial relationships with our suppliers, we invest in the training and professional development of our employees, and we contribute to local communities in various ways.

Left: The cocoa flower

“Corporate Social Responsibility is the continuing improvement by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

Definition of CSR by the World Business Council for Sustainable Development

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

These words carry great weight at our company. They are our company values. They reflect how we strive to interact with colleagues, with external business partners, with all our stakeholders. They reflect how we believe business should be done – responsibly. We believe that achieving profitable growth in our business and contributing to sustainable economic and social development go hand in hand.

In 2004 we conducted an internal communications campaign to promote our vision and values among employees throughout the company. In 2006 we built on this foundation and revised our employee Code of Conduct to include our approach to corporate social responsibility. We view “social responsibility” in a broad sense. We believe we have a responsibility to all our stakeholders – shareholders, customers, consumers, suppliers, employees and the communities where we operate – and an obligation to consider their respective concerns. We pay particular attention to conditions in countries of origin and in countries that lack a welfare structure. We regard activities that help to empower cocoa farmers, for example, to be an important factor in ensuring a sustainable cocoa industry.

While Barry Callebaut has long been engaged in activities to support cocoa farmers and cocoa farming communities in countries of origin, in 2006 we formalized how we manage these activities. We established a Corporate Social Responsibility (CSR) Committee, which is chaired by Benoît Villers, President Global Sourcing & Cocoa. Committee members include Barry Callebaut managers who work in the major origin countries as well as functional experts from Operations & Supply Chain, Quality Assurance, R&D, Sales & Marketing, Human Resources and Corporate Communications.

The way we understand Corporate Social Responsibility is to act responsibly towards all stakeholders and across the entire chocolate value chain – from the sourcing of our raw materials, to manufacturing and all the way to making safe and healthy products for customers and consumers.

This report highlights some of the programs and activities that Barry Callebaut supports in origin countries as part of our commitment to empowering cocoa farmers, assisting our employees and contributing to the communities where we have operations. It also summarizes what we are doing in partnership with other companies and organizations in our industry to ensure a sustainable cocoa industry and to fight against abusive labor practices, in particular those that threaten, harm or exploit children.

We are committed to maintaining or exceeding our ethical standards in every area of operations. Our Code of Conduct underscores this commitment. By working together, by doing business in a responsible way and by making long-term investments in origin countries, we can help ensure a sustainable cocoa industry and improve the livelihoods of cocoa farmers and cocoa farming communities.



Patrick De Maeseneire
Chief Executive Officer



We are Barry Callebaut

Every Barry Callebaut employee is an ambassador of our company. The reputation of our company depends on each employee – on how we live our corporate values, serve our customers and consumers, and honor our commitments. Our corporate values: Customer focus. Passion. Entrepreneurship. Team spirit. Integrity. All Barry Callebaut employees are expected to behave in ways that reflect our corporate values and to show social responsibility and good citizenship in business dealings. The principles and guidelines for behavior are set forth in our Code of Conduct. Keeping to the Code is the responsibility of each employee.

The principles and guidelines in our **Code of Conduct** include:

As a food manufacturer, we have a fundamental responsibility to ensure the safety and quality of our products.

- We comply with relevant food safety standards.
- We strive to ensure that the expectations of our customers are always met.
- We follow the hygiene and safety regulations at our plants and workplaces, and immediately correct or report any threat to product safety or quality.

We are committed to ensuring that our business operations are environmentally-sound.

- We respect environmental laws and regulations.
- We promptly address any non-compliant practice.

We practice ethical business behavior.

- We safeguard confidential company information.
- We avoid conflicts of interests with employees, customers, suppliers and competitors.
- We avoid arrangements that restrict fair competition.

Customer focus

By anticipating market trends and investing time and effort to fully understand customer needs, we go to great lengths to provide products and solutions of superior value through a business partnership with every customer that is characterized by professionalism and mutual trust.



Entrepreneurship

With the goal to create superior customer value, we constructively challenge the status quo and explore opportunities to innovate: new eating trends, new markets, new ideas for products and services, and new ways of doing business. We are willing to take controlled risks and are determined to persevere.



Passion

Our pride in what our company does inspires and motivates us to give our best at work. We are eager to learn about our business and to share our know-how and enthusiasm with others.



We support human rights and diversity.

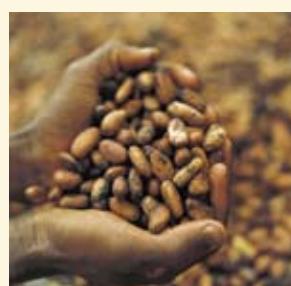
- We observe the principles set forth in the Universal Declaration of Human Rights.
- We strongly condemn child slavery and forced adult labor and all practices that exploit children or expose them to harmful or hazardous conditions.
- We strictly adhere to local laws regarding minimum age and other terms of employment.
- We treat people fairly and with respect.
- We provide equal employment opportunities, and do not discriminate on the basis of gender, religion, race, national or ethnic origin, cultural background, social group, disability or illness, sexual orientation, marital status, age or political opinion.

We contribute to sustainable economic and social development.

- We work to ensure that Barry Callebaut's business practices contribute to the company's growth objectives as well as long-term economic growth and social prosperity.
- We adapt our CSR activities to meet local needs and work to ensure that they generate positive benefits for the company and the community.
- We focus our CSR activities on the most important issues relating to our business and on those stakeholders with the greatest needs.

We conduct ourselves in a professional and appropriate manner.

- We respect company property and facilities and treat them with care.
- We strictly adhere to workplace policies regarding smoking, alcohol consumption and drug use.
- We dress appropriately in accordance with our job functions.



Team spirit

Whether in the field, on the shop floor or in administration – we are one team, sharing a common purpose and common goals. All members of this team actively engage in open communication and idea sharing and are committed to working together to achieve our common goals across the whole organization.

Integrity

We show respect for our fellow team members and all our stakeholders and are honest, trustworthy, and open-minded in all our business activities and relationships. We live up to high ethical standards that promote fairness, equality, and diversity.



Our responsibility as a food manufacturer and an employer

As the world's largest manufacturer of cocoa and chocolate products, employing approximately 8,000 people in 24 countries, we recognize that our business operations have an impact on the lives of many people.



We play a direct role in helping to empower farmers in certain origin countries where we have processing operations, and we contribute to global efforts through our active participation in industry associations.

In Ivory Coast, we provide training in agriculture, pest control and managing personal and business finances, as well as health and education services to farmers participating in our Quality Partners program. In Bahia, Brazil, a region devastated by the Witch's Broom fungus in the 1990s, our Organic Cocoa Project offers cocoa farmers an opportunity to convert their farms to certified organic cocoa farms. Better quality beans mean more earning potential for farmers.

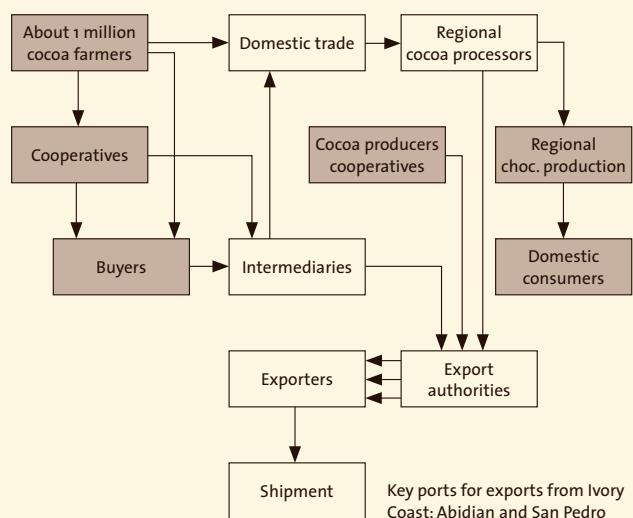
We have invested in housing for employees who work at our production facilities in Ghana and Ivory Coast and who otherwise could not afford to buy their own homes. We support educational programs and provide a range of health-care services for Barry Callebaut employees and their families in Ghana, Ivory Coast, Cameroon and Brazil.

THE WORLD OF COCOA FARMING

The cocoa tree – *Theobroma cacao* – originally comes from the tropical rain forests of Honduras, Venezuela and Mexico. Today cocoa is grown in a narrow belt around the equator in the Americas, Africa and Asia.

Most of the world's cocoa is grown on small farms. The plots of land on which cocoa is grown in West Africa, for example, cover between five and eight acres. In Ivory Coast, for example, an estimated 700,000 to one million small cocoa farms produce an average of 1.5 tonnes of cocoa beans per farm a year. Cocoa farming is labor intensive, and on smallholder farms family members often help with the work. The small harvests are collected and transported in bulk, stocked and finally processed. A large number of people and organizations are involved in the whole chain from growing to processing.

COCOA'S LONG JOURNEY IN IVORY COAST



The cocoa tree with cocoa pod, cutting pods open.



THE COCOA TREE

The cocoa tree only grows in the tropical heat of the equatorial forest. The shadow of neighboring tall plants protects the young trees against the burning sun and strong winds. After five years, the cocoa plant starts producing cocoa.

The cocoa tree flowers all year round, in two cycles of six months. Thousands of white (female) and pink (male) flowers cover the stem and branches of the tree. Only about 40 of the thousands of blossoms on the tree will develop into cocoa pods.

After six months, the cocoa pods – which have changed in color from green to yellow, orange or red – are ready to be harvested. There are two harvests per year. In African countries, including the world's two largest cocoa producers, Ivory Coast and Ghana, the main harvest is from October to March and the mid-crop is from May to August.

HARVESTING COCOA

The farmers cut the outer peel of the cocoa pods open with long knives to collect the fruit pulp inside. This pulp contains about 40 seeds – the precious cocoa beans.

The beans are left to ferment for five to seven days, depending on the type of bean. This natural process removes any of the remaining pulp around the beans. During fermentation, the beans change from gray to purple to brown, and develop their aroma.

After fermentation, cocoa beans are spread out and left to dry in the sun for about six days. These lose most of their moisture content and more than half their weight. This is essential to stop the fermentation process. It is also important that beans be dry before they are stored.

When the beans are dry enough, the cocoa farmers bring their harvest to a collection center. A number of beans are cut open to check their quality. The beans are then given a quality code, weighed and packed in jute sacks.

**Cocoa is grown and harvested by millions
of hardworking families worldwide and involves
labor-intensive, manual work.**



**Fermentation of cocoa beans, drying, checking the quality
of the cocoa beans and shipping.**

Thousands of jute sacks, each weighing usually 60 kilos, are transported from the collection centers to large warehouses. After a second quality control check at the warehouse, the sacks of beans are ready to be shipped to their next destination. The beans, packed in sacks or in containers, are sent to the Barry Callebaut cocoa factories in the respective origin country or shipped to one of our cocoa processing and chocolate production sites in Europe, North America and Asia.

How cocoa beans are sold by farmers, and to whom, differs from country to country and depends on each coun-

try's cocoa trading system. In Ivory Coast, for example, farmers may sell their beans to the cooperatives of which they are members or to private buying companies, known as "traitants." In Ghana, the Cocoa Marketing Company (CMC), a wholly-owned subsidiary of the Ghana Cocoa Board, has the sole responsibility for the sale and export of Ghana cocoa beans; it also determines the producer price of cocoa and ensures prompt payment to the cocoa farmers. In Brazil, on the other hand, cocoa farmers may sell directly to local processors or exporters, or to agents who resell the beans to the processing industry.

**COCOA IS GROWN IN A NARROW
BELT 10 DEGREES NORTH
AND SOUTH OF THE EQUATOR.**



Americas

Mexico
Costa Rica
Panama
Jamaica
Cuba
Haiti
Dominican Republic
Grenada
Trinidad and Tobago
Venezuela
Columbia
Ecuador
Peru
Brazil

Africa

Sierra Leone
Ivory Coast
Ghana
Togo
Nigeria
Cameroon
Equatorial Guinea
Gabon
São Tomé
Congo

Asia Pacific

Sri Lanka
Malaysia
Indonesia
Philippines
Papua New Guinea



Empowering cocoa farmers

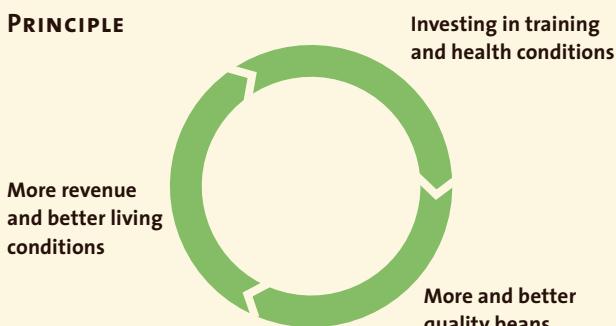
Barry Callebaut has long been engaged in activities to support cocoa farmers and cocoa farming communities. We regard these activities as an important factor in ensuring a sustainable cocoa industry.

IVORY COAST

ALL ABOUT QUALITY

Barry Callebaut and its subsidiaries Société Africaine de Cacao (SACO), SN Chocodi and Barry Callebaut Négoce in Ivory Coast launched a multi-year program with cocoa farmer cooperatives in September 2005. Called *Barry Callebaut – Partenaire de Qualité* (Quality Partner), the program aims to create a sustainable, positive spiral in a difficult economic and political environment. With access to better education and training, as well as better health-care, farmers will be able to deliver more and better-quality cocoa beans. This, in turn, will create opportunities for farmers to earn more. The significant increase in the incomes of farmer families will enable them to improve their living conditions and achieve greater economic security.

PRINCIPLE



The beans supplied to Barry Callebaut in Ivory Coast come from small farms where farmers do not always have the means or the skills to apply best practices in growing and harvesting their crops. Working in partnership with cocoa cooperatives and the rural development agency ANADER (*Agence Nationale d'Appui au Développement Rural*) of Ivory Coast, we are investing in training and health initiatives for farmers. The purpose of the training is to enable farmers to improve the quality of their agricultural and business practices so that they can continually increase their crop yields as well as the quantity and the quality of their beans over time.

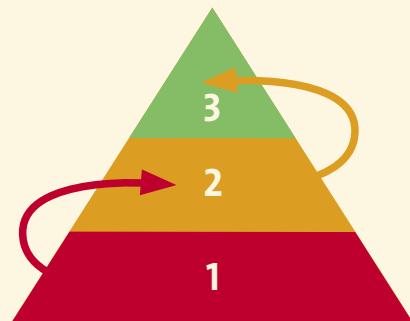
To improve the quality of the cocoa beans can take several years. To ensure that the partnership will have a major and enduring influence on the lives of cocoa farmers and their families, Barry Callebaut has set short-, medium- and long-term goals. These goals correspond to the three levels of partnership in the Quality Partner program.

METHOD

Privileged Partner

Preferred Partner

Recognized Partner



A cooperative at the first level – “recognized partner”
– is required to contribute at least 800 tonnes of beans, of which more than 50 % are quality grade, per season. In addition, the cooperative must have at least one warehouse.

A cooperative at the second level – “preferred partner”
– is required to contribute more than 2,000 tonnes of beans, of which more than 60 % are quality grade, per season. In addition to at least one warehouse, the coop must also own at least one motor truck.

A cooperative at the third level – “privileged partner”
– is required to contribute more than 3,000 tonnes of beans, of which more than 75 % are quality grade. In addition to a warehouse and truck, the coop must have a computerized business system.

Barry Callebaut's goal is to provide training and support so that each selected cooperative progresses from the entry level of “recognized partner” to the top level of “privileged partner” ideally within a period of three years. There are clear economic incentives for the cocoa farmers: a premium price is paid for well-dried beans and an additional premium is paid for well-cleaned beans which have foreign matter of less than 1 % of the beans delivered. In addition, an extra premium is paid at the end of each bean campaign if the average quality of the beans supplied fulfills certain quality criteria. These three factors combined can enable farmers to earn almost 10 % above average prices paid.

The program was launched in September 2005 for the bean crop season 2005/06. It started with a first training program that covered agricultural techniques, administration and accounting, the cocoa markets and child labor issues. After an independent audit in the field by ANADER of 58 cooperatives, 30 cooperatives were selected for the new

campaign in 2006/07 and 10 new cooperatives were added to become members of the Quality Partner program.

In 2004, Barry Callebaut built a training center at its bean collection center in Abidjan. Quality Partner training sessions are held here and also in local villages.

In 2007 Barry Callebaut will continue to conduct training and audit the performance of coops in the Quality Partner program. In addition, an independent audit will be conducted to analyze compliance with human rights, child labor and environmental regulations.

"With the Quality Partner Program, there have been improvements from a financial point of view and the Program has also led to a new behavior by the farmers – new behavior in the sense of increased loyalty towards the cooperative and much better quality of the product delivered. The farmers have seen the quality of their effort: higher quality of work is much better rewarded. The farmers care more now about achieving better quality of their product in order to not put at risk the partnership that links them to Barry Callebaut."

Mrs. N'GUESSAN Solange, Director, Union of Agricultural Cooperatives of San Pedro (UCAS), representing 25 member cooperatives



In September 2005, Barry Callebaut launched a multi-year program for cocoa farmers in Ivory Coast that will further improve the quality of cocoa beans the farmers supply and provide farmers with greater economic security. Our partner in the program is the rural development agency ANADER, which brings to the partnership extensive training expertise and a thorough understanding of the needs and conditions of cocoa farmers.

BRAZIL

ORGANIC COCOA FARMING CREATES NEW OPPORTUNITIES

Barry Callebaut launched a project in 2001 to develop a source of certified organic quality cocoa in the state of Bahia, Brazil. The south of Bahia was historically known as one of the world's largest cocoa producing regions, but a widespread attack of the Witch's Broom fungus devastated the area in the 1990s. Cocoa bean production plummeted from a high of about 400,000 tonnes to about 100,000 tonnes in 2000. Production has begun to increase slowly, and was about 170,000 tonnes in 2004/05. Barry Callebaut's Organic Cocoa Project offers cocoa farmers in Bahia an opportunity to improve their livelihoods as they restore their farms.

To meet international standards for organic farming and manufacturing, a product must be cultivated, produced and processed in a highly responsible social and natural environment, without the use of any artificial fertilizers, genetically manipulated substances or chemical preservatives. The *Instituto Biodinâmico* (IBD) is the organization that awards and oversees organic certification in Brazil. Organic certification is awarded to eligible cocoa farms following an audit by IBD and then once a year an audit must be passed for re-certification.



Barry Callebaut Brazil's organic cocoa farming project started in 2001. To date, about 2,300 hectares of cocoa farms have been certified. The Barry Callebaut Organic Cocoa Project has led to the introduction of the first organic chocolate drink in Brazil, called *Native*, produced by a local Barry Callebaut customer. Organic cocoa butter and powders from Brazil are also used by Barry Callebaut operations in North America.

The Barry Callebaut Brazil cocoa conversion project involves educating farmers about the benefits and techniques of organic cocoa farming; assisting them to convert from conventional to organic farming; hiring and training field technicians for each buying station; and ensuring compliance with the requirements of organic certification.

We collaborate with an advisory firm, *Sertão Verde*, which specializes in organic conversion programs. Two employees from *Sertão Verde*, Richard Charity, director of the company, and Rachel Soraggi, a biologist, provide technical and scientific expertise to field technicians and farmers. They visit participating farms, help with project organization and serve as liaisons with IBD.

Seven target areas have been identified for the program: Ilhéus, Itabuna, Ipiaú, Gandú, Ubaitaba, Coaraci and Ca macã/Belmonte. From each area, about 25 local farmers have agreed to participate. Over a period of two to three years, participating farmers learn about organic principles and techniques and gradually implement them at their farms. For support, they meet monthly with a field technician from their buying station. The farmers also meet together regularly to exchange experiences, discuss problems and find solutions.

A first group of 43 cocoa farmers received organic certification from IBD in summer 2004 for approximately 1,500

hectares. These farms were re-certified in 2005, and an additional 800 hectares were certified that same year. To date, about 2,300 hectares of cocoa farms have been certified and are supplying organic beans – about 400 tonnes per year – to Barry Callebaut buying stations.

One of the conditions of the Brazil Organic Program is that Barry Callebaut maintains priority to buy the certified organic cocoa, which is sold at a higher price than conventional beans. In total, there are about 1,500 people benefiting from the Brazil Organic Program, including a labor force of about 500 workers and their family members. To date, participating farmers are very satisfied with the results of the program, in particular the absence of significant pest attacks and general healthy appearance of their cocoa trees.

The goal of the project is to attain 3,000 or more hectares of organic cocoa fields, belonging to about 85 to 100 farmers. A series of new objectives to be implemented during the new fiscal year 2006/07 was approved by the Barry Callebaut CSR Committee in July 2006. These include focusing on achieving a higher yield per hectare by investing in natural fertilizers and additional labor.

"I used to run my cocoa fields in the conventional way, stimulating production by using chemical fertilizers and agriculturally toxic pesticides. After having joined the Barry Callebaut Organic Cocoa Project, I changed my point of view about handling the cocoa fields and started to be concerned about the bio-diversity, the water resources and the rain forest Mata Atlantica. I am very grateful and pleased to participate in this project and to understand the philosophy that the most important part of our land is the soil – the key to the sustainability of our environment. Barry Callebaut is doing a wonderful job introducing the practices of organic agriculture to our region."

Francisco Mendes Ferreira Filho, owner of Farm Miramar in the municipality of Almadina, located in the vicinity of the BC Brazil buying station in the town of Coarací

TANZANIA

As part of our commitment to corporate social responsibility, we expect our suppliers to maintain high standards and to conduct business in an ethical and responsible way. Biolands, our exclusive supplier of premium organic cocoa in Tanzania, is a socially responsible company with whom we are proud to do business.

BIOLANDS – PARTNERING WITH FARMERS TO PRODUCE QUALITY ORGANIC COCOA

Organic cocoa is more and more in demand by discerning customers. The unique flavor characteristics of premium organic cocoa from Tanzania are especially prized. Our supplier for organic cocoa from Tanzania is Biolands, a company that has been working since 1997 with local farmers in the district of Kyela, Mbeya region, to improve the quality of cocoa – and the farmers' quality of life.

Biolands has provided training, technical advice, supplies of seedlings (more than 600,000 to date) and pruning equipment to 21,000 smallholder cocoa farmers. The first crop of certified organic cocoa was shipped in 2000, and since then approximately 8,500 tonnes have been produced. The Biolands enterprise is one of the single largest organic smallholder cocoa programs in the world.

Thanks to cooperative efforts and business relationships built on mutual trust, Kyela farmers are producing higher yields of high quality cocoa, and they are receiving a fair price relative to the world market.

"For many farmers, this is the first time they are being treated seriously as partners – partners who are expected to produce a good product in return for a better price. They feel that their cocoa and their work are valued," said Eric Smeets – the founder and managing director of Biolands.

Before Biolands started working with farmers, there was no properly fermented, washed and dried cocoa from the area. Now, up to two-thirds of the cocoa crop is processed according to the highest quality standards. "Tanzania's potential as a producer of fine-flavor cocoa is being restored," Eric Smeets said.

Barry Callebaut purchases 100% of Biolands' top grade organic cocoa. "Without Barry Callebaut's steadfast commitment to buy cocoa from us at a fair price, we would not have been able to achieve our mission in Kyela," said Jeremy Lefroy, Biolands finance director. "Barry Callebaut's support as a reliable business partner makes it possible for us to do our work to empower local farmers."

Biolands has championed fair buying practices and uses the kilogram as the standard unit of measure. All weights used are inspected and certified by the government.



ORGANIC CERTIFICATION AND INTERNAL CONTROLS

The improvements in quality were achieved as a result of rigorous controls instituted by Biolands. The company developed an Internal Control System to introduce, monitor and maintain the organic farming of cocoa under KRAV certification. It is also undergoing ISO 9001 certification and expects to be the first agricultural organization in Tanzania to receive this level of certification.

The 20,400 farmers supply cocoa through 130 village buying posts under the supervision of 175 employees in the villages. Biolands has supplied all the village coordinators with bicycles and mobile phones. The village coordinators use text messaging to report on local production yields.

FAIR PRICES, PROPER PAYMENT FOR WEIGHT

When Biolands started to buy organic cocoa in Kyela in May 2000, the existing cocoa buyers faced almost no competition and payments to farmers were very low. Biolands introduced direct payment to farmers at a higher level – provided that the cocoa was organically produced and of good quality. This is about 10 to 20% above what farmers who sell wet, unfermented cocoa receive, according to Jeremy Lefroy.

There are regulations governing the purchase of cocoa in Kyela, including proper payment for weight, but they are not consistently enforced. Biolands uses the kilogram as

the standard unit of measure. Other buyers, however, use the ‘kopo’ (tin), a local unit of measure. Biolands has championed fair buying practices and is trying to persuade the district council to enforce the regulations for all companies. It regularly checks and recalibrates its scales to ensure accuracy. All weights and measures Biolands uses are inspected and certified by the government.

In Tanzania, one of the poorest countries of the world, agriculture is the main source of income for most of the population. Farms are small – between one and three hectares. Cocoa is an important source of income for farmers in cocoa-growing regions such as Mbeya. Biolands is one of the biggest employers in the Kyela district in Mbeya. It offers full-time, part-time or seasonal employment to at least 270 people, including office staff, loaders, handpickers, village coordinators, field supervisors and district supervisors.

INVESTING IN THE FUTURE

Last year the farmers produced 2,300 tonnes of organic cocoa. Biolands is committed to seeing this volume grow. While it might be possible to cultivate additional available land in Tanzania for cocoa growing, Eric Smeets believes the real way to grow is to make farms more productive by continuing to deliver seedlings and providing tools to clear and maintain fields. “Our investment in the Kyela region is an investment in the future – for the farmers and their incomes, as well as for Biolands.”



Biolands' top grade organic cocoa from Tanzania was one of the ingredients selected by Cacao Barry Ambassador Francisco Torreblanca for the royal wedding cake created for Crown Prince Felipe of Spain and Letitia Ortiz in May 2004.

Assisting employees

Barry Callebaut provides various services, including housing, health care, education, and sports and recreation opportunities, for employees at our facilities in origin countries.



GHANA

HOUSING

Barry Callebaut has had active operations in Ghana since November 2001. In 2005 we added a new production line, doubling the capacity of our plant in Tema.

The average annual income in Ghana is about USD 2,500. Most people rent their homes at usually high costs due to complex land ownership laws and high mortgage rates.

Having realized housing projects for employees in Abidjan and San Pedro, Ivory Coast, in 1998 and 2005, respectively, Barry Callebaut made a commitment to provide employees in Ghana with secure and convenient living accommodations close to their place of work. A housing project was launched in December 2004. Barry Callebaut organized the purchase of a tract of land, arranged for mortgage financing and hired an architect to create house models.



"If everybody did what Barry Callebaut has done it would make my job much easier," Hackman Owusu-Agyemang, Ghana's Minister for Works & Housing, remarked during his speech at the ribbon-cutting ceremony for Barry Village on November 25, 2005.

On November 25, 2005, we inaugurated Barry Village, the housing development for our employees in Tema. About 70% of our work force took the opportunity to purchase one of 54 homes at subsidized prices.

The inauguration ceremony was attended by the Honorable Minister for Works & Housing, Hackman Owusu-Agyemang. Barry Callebaut CEO Patrick De Maeseneire confirmed the importance of Ghana as a key supplier of cocoa to Barry Callebaut: "The Barry Village as well as

the recently announced doubling of our grinding capacity in Ghana are evidence of our long-term commitment to this country of origin, which is the Number 2 cocoa producer in the world. Through our actions and investments in origin countries such as Ghana, Ivory Coast, Cameroon and Brazil, we strive to improve the livelihoods of farmers and their families as well as of our employees."

Of the total Barry Village project costs of USD 1,080,000, Barry Callebaut made a contribution of USD 300,000, which reduced the costs for each homebuyer by more than USD 5,000. The average price per house was about USD 15,000. The houses have from one to three bedrooms, are conveniently equipped and can be expanded to add more rooms.

HEALTH

BC Ghana pays all medical expenses for employees and their spouses and children. The company also provides for an annual medical checkup for all employees. A nurse on site at the plant in Tema is responsible for ensuring that all employees are medically fit and also carries out routine medical screening.

EDUCATION

If an employee takes an approved correspondence course, with the aim of enhancing his or her efficiency or performance at work, BC Ghana pays for 50% of the examination fees and textbooks upon registration and the remaining 50% when the employee passes the required examination.

IVORY COAST

HOUSING

The Barry Callebaut subsidiary *Société Africaine de Cacao* (SACO) was the first local cocoa processor in Ivory Coast to build houses for its employees. SACO completed its first housing project in Abidjan in 1998, providing new homes for 102 employees. In October 2005, SACO launched a second housing initiative to provide safe and secure accommodation for 132 more employees of our plants in Abidjan and San Pedro. In the second initiative, SACO is building 93 new homes for employees in Abidjan and 39 new houses in San Pedro. These homes will be inaugurated in the first months of 2007.

Each of the detached, self-contained houses built in Abidjan can accommodate a family of six, and additional rooms can be added. Many of the employees who moved in had previously been living in precarious lodgings in districts with limited access to water and electricity, and subject to flooding.

SACO provided assistance to employees in their discussions with the architect and construction company, and negotiated with a local bank on behalf of employees to secure loan financing at below market interest rates. These initiatives have enabled employees to take the first major step towards home ownership and to give their families an important sense of stability.

HEALTH

SACO continues to make a committed effort to provide education and assistance to employees with AIDS. An AIDS Committee at the company organizes and conducts educational sessions. Employees have received assistance in getting free tri-therapy treatments.

Since 2003 SACO has participated in a program financed by the U.S. government as part of President George W. Bush's pledge in 2002 to provide funds to help fight the spread of AIDS in Africa. The funding covers medical treatment for employees with AIDS. Condoms are distributed on a monthly basis.

Other health services for employees include free vaccinations once a year for employees. The vaccinations cover the diseases yellow fever, meningitis, cholera, typhoid fever, and tetanus. A doctor is present at the production sites each day. The doctor offers free examinations for employees and their family members. In case of malaria and stomach diseases, drugs are given free of charge to the employee and family members.

CAMEROON

HEALTH

Barry Callebaut's subsidiaries in Cameroon – SIC Cacaos (*Société Industrielle Camerounaise des Cacaos SA*) and CHOCOCAM (*Chocolaterie Confiserie Camerounaise SA*) – began operations in 1952 and 1967, respectively. Today about 390 people are employed at our SIC Cacaos and CHOCOCAM production sites in Douala, Cameroon.

There is no social insurance system in Cameroon. Beyond the legal requirement for each company to have a doctor on site and available for employees, Barry Callebaut took a further step and purchased health insurance for its employees. BC Cameroon covers the cost of all or part of the medical expenses for employees and their families. The company also pays for annual medical checkups for all employees. In addition, there is an infirmary on site where employees can have appointments with a doctor. The factories are open 24 hours a day, and five nurses at both sites ensure that all the shifts have access to medical assistance if necessary.

In 2001, BC Cameroon signed a three-year partnership agreement with the Cameroonian National Committee Against HIV/AIDS. Barry Callebaut received USD 20,000 and made a matching contribution to fund the program. The objectives of the agreement were to create a coordination committee, organize prevention activities, provide training to the members of the coordination committee in order to give them skills for sensitizing other employees and their spouses, and to provide condoms to employees. BC Cameroon wanted to contribute more than this agreement stipulated, and decided last year to pay all medical expenses related to HIV treatment for employees.

SPORTS AND WELFARE

BC Cameroon believes that sport and fitness have a great impact on the welfare of its employees. When employees feel fit, this has an impact also on their performance and thus on the performance of the whole company. For this reason, BC Cameroon has established a sports association for employees at each of its production sites. Employees may participate free of charge in a range of activities. At SIC Cacaos, the SIC Sports and Leisure Association offers football (soccer), basketball, gymnastics and other team sports. At CHOCOCAM, the CHOCOSPORTS Association currently

offers jogging and football, and plans to add other activities such as swimming and gymnastics. BC Cameroon spends approximately USD 46,000 each year on sports activities for employees. Future plans include the consolidation of the two sports associations into one to serve employees at both sites and reinforce a “One Company” feeling.

BRAZIL

HEALTH

BC Brazil provides medical and dental care for employees and their spouse and children, and offers insurance coverage. Working mothers who have children under the age of six months receive a child allowance.

EDUCATION

BC Brazil sponsors primary and high school education programs for factory workers. The goal of the *Supletivo* program, which was developed in partnership with Sesi/Senai, is to provide the means for 100% of Barry Callebaut's workforce to complete high school. At the start of this program, 60% of the factory workers had not completed high school. In 2006, all workers had completed primary school and the last two high school classes for workers got underway. When these employees finish the program, 100% of the workforce will have a high school diploma.

ILHÉUS SOCIAL COMPLEX

After the acquisition of the Ilhéus plant in 2003, a climate survey was conducted among the employees covering topics such as group morale, leadership, communication, team spirit, working conditions, benefits and site infrastructure. It became very clear that the community facilities had a negative impact on employee satisfaction.

The existing complex was located in an improvised area. The canteen had no air conditioning and, therefore, was a very hot place, especially during summer time. The kitchen was not properly equipped to conserve meals and had a bad sewage system. The changing room was also in poor condition, with a roof made of wood and a bad drainage.

Together with a local architect a new social complex was designed, including a canteen, changing rooms and a leisure area. The key idea was to build a place that would give employees a sense of comfort and invite them to relax during lunch time.

The inaugural ribbon was cut during a ceremony that took place in September 2006. To demonstrate that the new social complex is dedicated to the employees of Barry Callebaut Brazil, all managers in Brazil got together in Ilhéus and served lunch to employees and guests.



When the new canteen at Barry Callebaut Brazil in Ilhéus was inaugurated, everybody agreed that it was worth waiting. Besides being practical and cozy, the new restaurant now offers high quality and tasteful food.



Supporting communities

Poor health conditions, the shortage of clean water, malnutrition and diseases such as malaria, tuberculosis and sexually transmitted diseases such as HIV/AIDS have devastating repercussions on families in rural farming communities in Africa. Children are especially at risk.

GHANA

SPONSORING LOCAL HEALTH AND EDUCATION INITIATIVES

BC Ghana set up a trust fund in June 2002. The annual donation to the fund is equivalent to USD 1 per million tonnes of beans processed. So far, USD 35,000 have been donated to fund local community projects in Tema in the areas of health, education or the environment. These projects have included:

- Accra Diamond Lions Club**

HIV/AIDS Awareness programs for youth in the local secondary schools. The purpose was to educate the students about HIV/AIDS and the impact it could have on their lives. As a sponsor, Barry Callebaut Ghana was invited to participate in the program.

- College of Health Science**

Due to the lack of adequate medical resources in Ghana, health care is a source of worry for many people. We are sponsoring five post-graduate medical students to train and educate themselves in specialized areas, such as cardiovascular diseases.

- Kpone Traditional Council**

BC Ghana provided funds for the construction of a secondary school. The BC Ghana factory is located on land that is part of Kpone. Some of our employees are also resident in Kpone.

- Tema Presbyterian Secondary School**

BC Ghana supported the school's Computer Literacy project for students, by donating a PC with accessories.

- Tema Rotary Club**

We contributed funds for a library at the Rotary Center to train the disabled at Tema Community 5.

- Tema Lion's Club**

BC Ghana contributed funds to establish an eye-care center at Tema General Hospital.

- Mother Teresa Senya Brekum**

BC Ghana contributed funds to support activities at this center dedicated to child education and welfare.

IVORY COAST

IMPROVING HEALTH AND EDUCATION OF COCOA FARMING COMMUNITIES

In 2007, the Quality Partner program plans to organize community health initiatives for farmers that will include the distribution of mosquito nets and first aid services. In addition, Barry Callebaut will make a financial contribution to the funding for a medical advice center in the region of San Pedro, in the heart of the cocoa growing area.

Under the motto "Help the children, help the schools and the community," Barry Callebaut plans to organize discussion meetings with cocoa farmers in the Quality Partner program about working conditions on farms, the issue of child labor and the importance of schooling for their children. In addition, as an extension of the Quality Partner program in 2007, Barry Callebaut plans again to sponsor contests in local schools to recognize academic achievement, organize soccer competitions, and sponsor several village festivals.

Cocoa, crop of Africa and America

Crop of my ancestors

You built my country

Cocoa grown by my parents

Under the sun, the rain and in pain

You bring joy to children in Europe

With your chocolate

Cocoa, brown gold for some

Pleasure for others

And misery for our parents,

Tell Uncle Bart Willems that we

thank him for this Christmas

Tell him that our parents produce

Quality cocoa for Barry Callebaut

But tell him that we also want

Our lives to change – to be quality

Poem by Kobenan Adjoumani, son of a cocoa farmer from ECAB (*Entreprise Coopérative Agricole de Baba*), a member of the *Union des Coopératives Agricoles de San Pedro* (UCAS) and a Quality Partner (written in December 2005 when Kobenan Adjoumani was 10 years old)

CAMEROON

DISTRIBUTING DRINKING WATER TO LOCAL COMMUNITIES

Much of the population in Cameroon does not have access to clean drinking water. This is one of the great challenges the Cameroonian government is facing in its fight against poverty. BC Cameroon decided to contribute to the fight by supplying free drinking water to the people living in the areas around its two production sites, CHOCOCAM and SIC Cacaos, in Douala. Both areas are densely populated. SIC Cacaos, for example, is located near the local university attended by some 15,000 students. Each month, an average of 210 cubic meters of water is distributed to the public at CHOCOCAM and 500 cubic meters at SIC Cacaos, for a total of 8,510 cubic meters of water each year.

TANZANIA

COMMUNITY SERVICE

Biolands, our supplier of premium organic cocoa in Tanzania, works together with the local community on a number of health, education and social welfare projects in the Kyeila region, providing financial support and other services.

It has a long relationship with the local district hospital in Matema and helps pay for the maintenance of the hospital's only ambulance and administrative services such as e-mail.

Biolands has also assisted local primary schools and provided books and helped to finance educational materials about HIV/AIDS. The company also sponsors an employee football team. In January 2006, Biolands helped transport maize from Tanzania to Malawi to famine areas.

BRAZIL

SUPPORTING THE CHILDREN OF IGUAPE DISTRICT

BC Brazil has undertaken a project to provide education support for the children of the Iguape district in Ilhéus where our factory is located. The overall objective of the project is to reduce the exposure of children and adolescents of the district to social risk situations including violence, child labor and harassment. The specific aims are to contribute to the process of education and social inclusion of the children and adolescents, and provide leisure and cultural activities to help develop social consciousness and broaden their future expectations.

Children need to be protected because of their vulnerability. That's why Barry Callebaut has adopted the leitmotif "Help the children, help the schools and the cooperative communities."



130 million children in so-called developing countries do not go to school. Through school contests and a prize for the five best pupils per class Barry Callebaut Ivory Coast aims to promote the need of educating children.

In 2007, BC Brazil plans to work with 140 children from Iguape, focusing mainly on the following areas:

- Portuguese and math reinforcement classes, including activities that complement work done in school
- Sports, leisure and culture activities, including workshops for soccer, volleyball, handball, recreational circuits; support for reading; reading workshops; and a puppet theater.
- Computer classes.

PARTNERING WITH PAPA MEL TO CARE FOR THE ENVIRONMENT

Papa Mel is a non-government organization (NGO) located in Ipiaú that was formed by volunteers who work in various programs focused on the environmental and social improvement of the cocoa region in Bahia. As a complement to our Organic Cocoa Project, Barry Callebaut Brazil established a partnership with this NGO, aiming to develop the following activities:

- Environmental education through participative lectures
- Selective trash collection services, including social consciousness, training in waste selection and monitoring of activities
- Creation of a reading workshop for children
- Planning for the recovery of permanent preservation areas

- Sanitary education and hygiene notions
- Training for the utilization of organic waste in the agricultural area
- Sale of the recycled material to invest in the purchase of books for children
- Inspection of child labor violations and children's attendance at school

PERMACULTURE AT SCHOOL AND ECO-LITERACY

Aiming to participate actively in the creation of an agricultural model focused on food safety in the home and to combat the problem of undernourishment, Barry Callebaut Brazil will select six schools located in the region where the organic cocoa project has been developed, and will implement vegetable gardens in the "permaculture" standards. In the first phase of the program, teachers will be selected and the education program for the students will begin.

FAZ UNIVERSITÁRIO

This project is being developed in partnership with the Government of Bahia. The objective is to sponsor college scholarships for youngsters who went to public schools in Bahia and who do not have the financial means to pay for their university studies. In 2006, Barry Callebaut Brazil sponsored scholarships for 30 students, and in 2007 we plan to increase this number to 45.



Barry Callebaut employee Abdias Prates started a sports program called New Life Project for poor boys in his neighborhood. As long as they stayed in school, they could take part in training, competitions and events. The informal program eventually grew into an organization with NGO status and was recognized by the Brazilian government as a public service project. Barry Callebaut Brazil was one of the first contributors to the project.

Our long-term commitment

Barry Callebaut has joined forces with other companies and organizations in our industry to work together to define and implement solutions to complex problems in cocoa growing regions of the world.



This collaboration includes taking a leading role in industry associations – such as the World Cocoa Foundation – and participating in other local and international associations committed to key issues such as sustainable cocoa farming, ensuring children are not harmed and improving the livelihoods of farmers and farming communities in origin countries.

FAIRTRADE COCOA AND CHOCOLATE

Barry Callebaut is among the largest cocoa processing companies in the world. It is logically impossible for our company to buy all cocoa directly from the hundreds of thousands of cocoa producers. Still, we take full responsibility for our activities throughout the trading and production chain.

By joining the World Cocoa Foundation WCF and supporting the Sustainable Tree Crop Program of the World Cocoa Foundation, Barry Callebaut has underscored its commitment, together with other cocoa processing companies and chocolate producers, to make cocoa farming a sustainable, successful way of life for farming families. The ultimate goal is that farmers should be able to earn more for their cocoa crop through better, environmentally friendly farming techniques, reduced crop loss, better quality beans and collective bargaining for cocoa producers.

Barry Callebaut's collaboration with the Fairtrade Labelling Organization (FLO) is another way we show support for cocoa producers. The FLO arranges direct contracts with thousands of small manufacturers, traders, importers and exporters of foodstuffs, and ensures that they are paid a higher price for their products. As a worldwide non-profit umbrella organization, FLO defines uniform standards and ensures fair trade between farmers/producers and their direct customers. The certification body for the FLO – FLO-Cert – certifies and controls producers and traders of Fairtrade products. This includes exporters in developing countries and importers in Europe, Asia, the United States and Canada.

Barry Callebaut is certified by the FLO-Cert to produce a range of Fairtrade cocoa and chocolate products. These products are manufactured with raw materials – such as cane sugar, cocoa mass and cocoa butter – purchased from Fairtrade manufacturers recognized by FLO-Cert. All these

products are manufactured and registered in separate production runs. This registration is necessary in order for FLO-Cert to carry out checks on the volumes of raw materials purchased and the volumes of processed products sold.

CERTIFIED ORGANIC COCOA AND CHOCOLATE

To qualify as "Organic," products must be sourced from organic horticulture or agriculture. While details vary from country to country, some basic principles apply. For instance, chemical pesticides, artificial fertilizers and soil improvers are banned. Only natural, environmentally friendly cultivation techniques may be used. The soil must be fertilized and cultivated according to organic standards for at least three years before the first products harvested may bear the "Organic" label.

The processing of organic ingredients to create organic foodstuffs is also regulated by governments around the world. Chocolate, for instance, must consist of at least 95 % organically produced ingredients to be labelled "Organic." Non-organic ingredients may be added when no organic alternative exists, such as flavorings, but these may not exceed the permitted 5 % of the ingredients in the finished product.

Organic status is based on strict legislation. Compliance checks are carried out by government-accredited organizations, such as ECOCERT in Belgium, France and Germany, and Brazil.

Barry Callebaut offers a range of certified Organic cocoa and chocolates. These meet strict quality requirements and the EU and/or U.S. requirements for organic products.



WORKING TO ENSURE A SUSTAINABLE COCOA INDUSTRY

Barry Callebaut, in cooperation with other companies and associations in our industry, is committed to working towards sustainable, responsible cocoa farming.

The head of Quality Assurance for Barry Callebaut, Willy Geeraerts, represents our company on the board of the World Cocoa Foundation. As a signing member of the so called Industry Protocol, Barry Callebaut has a long-term commitment to the economic and social development of the cocoa farming communities; to a supply chain free of the worst forms of child labor and forced adult labor; and to a mutually beneficial partnership between farmers and industry. Barry Callebaut is also a member of various other industry associations and advisory committees that are working towards the same goals.

Established in 2000, the World Cocoa Foundation (WCF) plays a leading role in strengthening the partnership between industry and cocoa farmers. With nearly 60 member companies, the WCF supports a range of economic, social and environmental programs in cocoa communities in Africa, Asia, Central America and South America.

Programs supported by the world's cocoa and chocolate industry are raising farm family incomes, boosting access to quality, relevant education and improving labor practices

in cocoa communities. "While there is much work to be done, programs to help these farmers, their families and their communities are making a difference," said Bill Guyton, President of the World Cocoa Foundation.

These are just two examples of WCF-supported programs:

- The "Farmer Field Schools" program provides farmers with hands-on training to help them improve the productivity of their cocoa farms, while educating them on safe, responsible labor practices. To date, more than 200,000 farmers have participated in Farmer Field School programs in Asia, West Africa and Latin America. Partners include USDA, USAID, ACDI/VOCA and others. In West Africa, farmers participating in this program and who also engage in group selling efforts have seen income gains from cocoa ranging from 20 to 55 percent. Studies of Farmer Field School participants in the region also have shown a significant reduction in children's exposure to hazardous farming tasks.
- In Latin America, an industry-supported program, the Andean Countries Cocoa Export Support Opportunity (ACCESSO) is helping farmers improve the quality and economic return of their cocoa crop through sustainable, environmentally sound techniques. The program has benefited 1,250 cocoa farmers in Peru who have been trained in crop management and better post harvest practices.



Industry-supported projects are designed to foster a stronger partnership between the cocoa and chocolate companies and the millions of producers worldwide who depend upon cocoa farming for their livelihood.



INTERNATIONAL COCOA INITIATIVE TACKLES LABOR ISSUES

The International Cocoa Initiative (ICI), established in 2002, is the leading industry-supported vehicle for efforts to promote responsible labor practices on cocoa farms. The ICI's efforts are led by a board composed equally of industry and non-industry representatives.

In 2006, the ICI has been working at the village level in two countries in the West African cocoa sector. Efforts have focused on engaging local leaders in the development and implementation of effective community action plans to address instances of the worst forms of child labor and forced adult labor. This community effort is linked to effective national action.

In Ghana, for example, the ICI has a pilot program in 24 communities. In these villages, the key change is a better-informed community actively addressing hazardous and other forms of child labor. In concrete terms, labor prac-

tices are changed, schools are being renewed and teachers recruited – providing children with better access to a quality education. A similar effort is underway in pilot communities in the Ivory Coast.

In this pilot alone and through community action, more than 1,500 additional children have been enrolled in schools, 116 dropouts returned and 51 new teachers appointed. Local funds are being matched by ICI microgrants to support improved schools and classroom facilities in multiple communities where ICI partners are active.

“People change only when they decide to and can see real benefits set against the risks that change often entails. Sustainable change must therefore be in the hands of local people.”

Peter McAllister, executive director of the ICI, quoted in an article in Ethical Corporation, July 2006

“There are two routes for industries operating in the developing world concerned with social impact. The first is to create bubbles of good practice... With this option, you make the world better, but this rarely prompts larger societal change. Another approach is to broaden the scope of their impact and to innovate in the social arena. This approach – the ICI approach – requires the creation of an enabling environment to be complemented with real action programs.”

Peter McAllister, executive director of the ICI, quoted in an article in Ethical Corporation, July 2006



Has child labor decreased as a result of the ICI’s work? “A start has been made but the closer one gets to a problem like this, the more one uncovers its magnitude... In the first few years, we created an enabling environment to support change with the local and national networks. The small community-based pilots are demonstrating that change can happen and now we will scale up. Only once there is an enabling environment and effective social infrastructure is it possible to see meaningful change across the scale that the cocoa sector demands.”

Peter McAllister, executive director of the ICI, quoted in an article in Ethical Corporation, July 2006

“CERTIFICATION” MOVES AHEAD

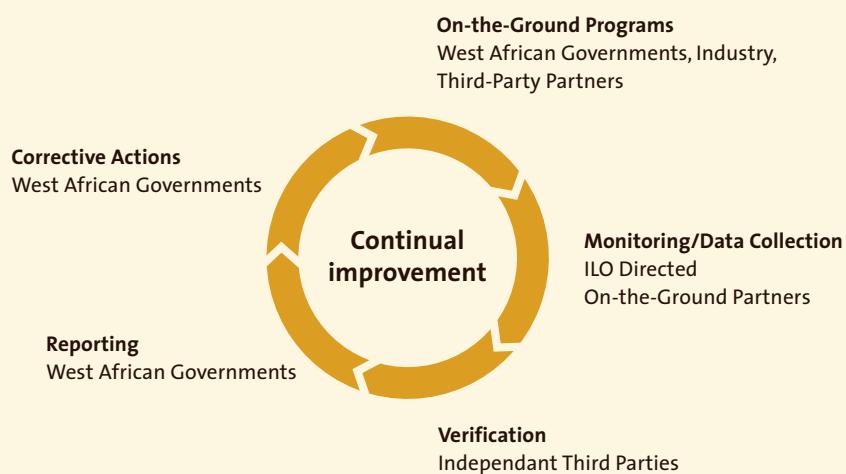
The cocoa and chocolate industry is also working with international experts and the governments of Ghana and the Ivory Coast to implement a “certification” system that will evaluate labor practices at the cocoa farm level in West Africa and drive remediation efforts where they are needed.

Certification was established as part of the “Protocol” agreement established with the leadership of U.S. Senator Tom Harkin (D-IA) and Representative Eliot Engel (D-NY). It is a transparent and credible process that reports, on a country-by-country basis, on the incidence of the worst forms of child labor and forced adult labor in the cocoa sector, and on progress in reducing their incidence.

Industry representatives are working closely with leaders in Ghana and the Ivory Coast, international social development institutions and local experts to design and roll out the cocoa certification system, with a goal of covering 50 percent of the cocoa sector in Ghana and the Ivory Coast by July 2008.

As implemented, Certification will provide:

- Statistically representative family, farm and community-based data collection on the incidence of the worst forms of child labor and forced adult labor in a country’s cocoa growing sector
- Publicly available annual reporting on the findings of this data collection
- Publicly available reporting on the impact of remediation efforts
- Independent verification of the data collection, reporting and remediation efforts



While certification will not include individual reporting on each of the estimated two million smallholder farms growing cocoa or on individual bags of cocoa beans, it will use credible, statistically based data collection and reporting to focus a range of remediation efforts where they will help children at risk.

In Ghana, the government has launched a National Cocoa Child Labor Elimination Program, which calls for, among other activities, the implementation of a credible certifica-

tion process in the country's cocoa sector. The rollout of an effective, scaleable approach to survey labor practices is scheduled during the cocoa crop harvest this fall – and will collect information from hundreds of farms.

In the Ivory Coast, the Ministries of Manpower and Agriculture and the Prime Minister's office, working with industry, are building on earlier Child Labor Task Force efforts to design and implement a certification program in the country's cocoa sector.

The Industry Protocol

The Harkin-Engel Protocol is a voluntary agreement signed in September 2001 by the Chocolate Manufacturers Association (CMA) and the World Cocoa Foundation (WCF) and witnessed by the congressional offices of U.S. Sen. Tom Harkin (D-Iowa) and U.S. Rep. Eliot Engel (D-New York). The protocol, together with the joint statement of October 1, 2005, calls for action by the chocolate and cocoa industry to address the issue of exploitative child labor, especially the worst forms, in the West African cocoa sector. The Harkin-Engel Protocol also includes a commitment by industry to develop and implement voluntary, industry-wide standards of public certification that cocoa beans and their derivative products have been grown and processed without the worst forms of child labor.

U.S. Department of Labor press release, October 3, 2006



The road forward

At Barry Callebaut, we believe that achieving profitable growth in our business and contributing to sustainable economic and social development go hand in hand. We believe we have a responsibility to all our stakeholders – shareholders, customers, consumers, suppliers, employees and the communities where we operate – and an obligation to consider their respective concerns.

We pay particular attention to conditions in countries of origin and in countries that lack a welfare structure. We regard activities that help to empower cocoa farmers to be an important factor in ensuring a sustainable cocoa industry.

In 2007 we aim to continue to focus our efforts and resources on areas with the greatest needs. In keeping with the spirit of our corporate values, we would like to engage all employees in these endeavors.

As part of our Group-wide Winning Together health and fitness initiative for employees – Ride for Life 2007 – we are promoting exercise, team spirit and responsible business practices. The challenge for our Winning Together team of bikers will be to climb Mont Ventoux, the legendary mountain in the South of France. Employees around the world will do their part and ride a total of 80,000 kilometers, or twice around the world, in local biking events. Together, we will be riding with a purpose: to support projects that empower cocoa farmers and cocoa farming communities in Ivory Coast. Together, we can make a difference.



IMPRINT

© October 2006, Barry Callebaut AG

WRITING AND EDITING

Barry Callebaut AG, Corporate Communications

LAYOUT/PREPRESS/PRINTING

Linkgroup, Zurich, www.linkgroup.ch

PHOTOGRAPHY

Dieter Schriefer, Brazil

Marcel Van Coile, Belgium

Ingrid Weckerle, Brazil

Bart Willems, Ivory Coast

Jean-Paul Windels, Belgium

Virginie Vlaminck, Ghana

PAPER

PlanoPremium, FSC certified paper



Barry Callebaut AG
P.O. Box, 8021 Zurich, Switzerland
Phone: +41 43 204 04 04
e-mail: CSR@barry-callebaut.com
www.barry-callebaut.com

