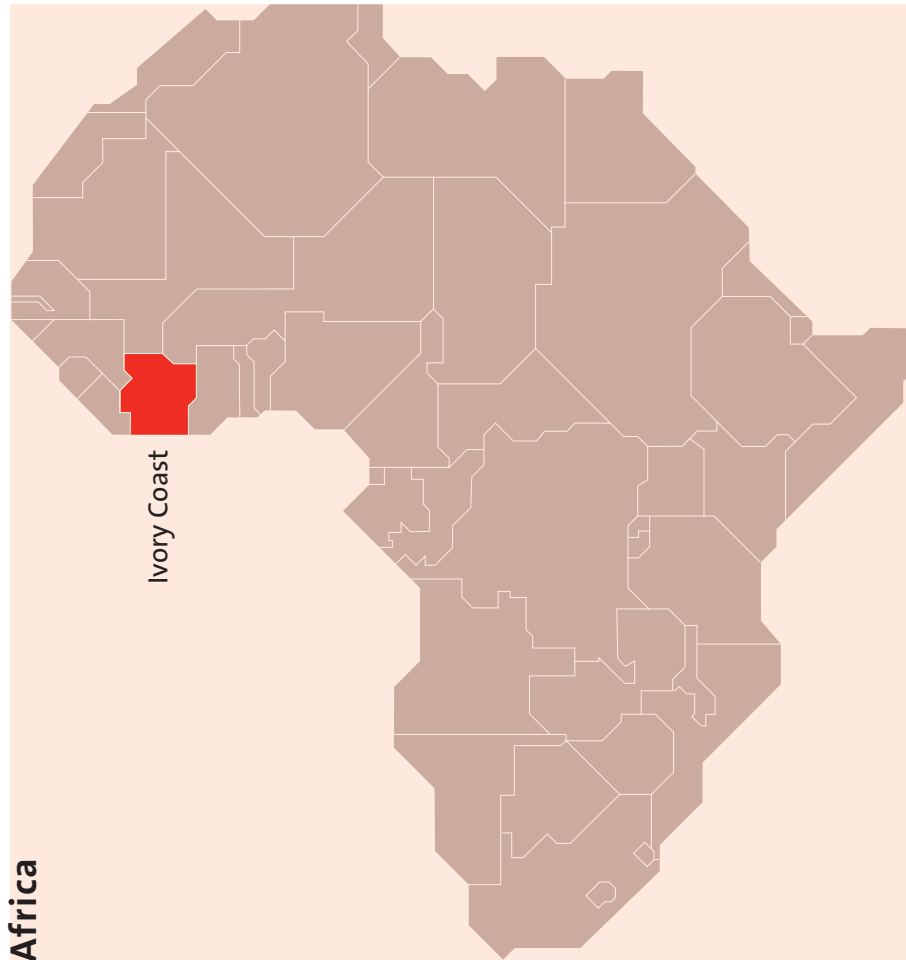


Cabosse

Empowering cocoa farmers

Barry Callebaut's commitment to a sustainable
cocoa industry in Ivory Coast



In this first issue of Cabosse, we focus on our activities in Ivory Coast and Barry Callebaut's Quality Partner (Partenaire de Qualité) program.

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Barry Callebaut has long been engaged in activities to support cocoa farmers and cocoa farming communities. We regard activities that help to empower cocoa farmers to be vital for ensuring a sustainable cocoa industry and facilitating the economic growth of origin countries.

We believe that achieving profitable growth in our business and contributing to sustainable economic and social development go hand in hand. We strive to live our corporate values – *customer focus, passion, entrepreneurship, team spirit and integrity* – in all our business interactions.

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 expectations. We pay particular attention to conditions in cocoa-growing countries and those lacking a welfare structure. In line with this focus, we have also implemented various programs to provide housing, healthcare services and educational support to our employees in countries in Africa and South America.

“Barry Callebaut is the Number One chocolate company in the world, and we want to be the Number One socially-responsible company in the world. Africa is very important to us and to our business, and it is important for us to give back.”

Patrick De Maeseneire, CEO Barry Callebaut



As a food manufacturer, we have a fundamental responsibility to ensure the safety and quality of our products. As an international company with operations in more than 20 countries, we recognize that our businesses have an influence on the livelihoods of many people around the world. Accordingly, we take the social impact of our business operations into consideration and strive to contribute responsibly to the communities where we operate.

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. We strictly adhere to local laws regarding minimum age and other terms of employment. The minimum age for employment at Barry Callebaut shall be in accordance with the ILO Convention or the age specified by local legislation if higher.

We work to ensure that our business practices are environmentally sound and in compliance with local environmental laws and regulations at all times.

We expect all employees to behave in ways that demonstrate our company values and to show social responsibility and good citizenship in business dealings. Our Code of Conduct sets forth the principles and guidelines for behavior for all employees of Barry Callebaut.

“Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.”

World Business Council of Sustainable Development, 2000



Forty percent of the global cocoa harvest comes from Ivory Coast, the largest cocoa producer in the world. The number two supplier is Ghana, followed by Nigeria and Cameroon. In all, West Africa supplies about 70% of the world's cocoa.

Cocoa is a key economic driver for Ivory Coast, representing 40% of the Gross Domestic Product (GDP) and 60% of export revenues. More than one-fourth of the country's 18 million people work in the cocoa sector. Ivory Coast is a cornerstone of the regional economy, constituting about 40% of the GDP of the West African Economic and Monetary Union (WAEMU), according to the World Bank.

In rural economies it is not uncommon for children to help out on the family farm, and indeed this is often a necessity in West African countries. Reports of children being forced to work away from their families as laborers on cocoa farms in slavery conditions sparked an international outcry. As a consequence, in 2001 manufacturers in the cocoa and chocolate industry, including Barry Callebaut, joined forces and signed the Industry Protocol in which we condemned abusive labor practices, in particular the worst forms of child labor as defined by the International Labor Organization (ILO), and committed to work together to address the issue.



The establishment of the International Cocoa Initiative (ICI) was one of the milestones in the Protocol. Led by a board of industry and civil society representatives, the ICI has launched programs in cocoa growing communities in Ivory Coast and Ghana. The final milestone of the Protocol calls for the certification of 50% of the cocoa sector in Ivory Coast and Ghana by July 2008. According to the certification standard mutually-agreed to by all stakeholders, cooperatives or regions will be certified, but not individual farms. Barry Callebaut recognizes that combating the problem of abusive labor practices will require a concerted, coordinated and long-term effort by many parties.

In Ivory Coast, efforts by the government and industry associations to address the child labor issue and its root cause – poverty – have been hampered by political upheavals and unrest in recent years. After the outbreak of civil war in 2002 the country was effectively divided in two, creating additional hardships for cocoa farmers trying to grow and harvest their cocoa crops and bring them to market. The years of political tension and war have had major social and economic impacts. Poverty levels have increased, infant mortality is high, and access to and delivery of basic social services have deteriorated. A peace treaty was negotiated in March 2007, the start of a long and hopefully successful road to recovery for the country.



Cocoa is grown in a narrow belt 10° north and south of the equator in the Americas, Africa and Asia. Most of the world's cocoa is grown on small family-owned farms. In West Africa, for example, the plots of land on which cocoa is grown cover between three to seven hectares. In Ivory Coast, some 700,000 to one million cocoa farmers produce an average of 1.5 tonnes of cocoa beans per farm per year.

Cocoa is a labor-intensive crop. It is highly susceptible to damage from fungi, insects and diseases and environmental conditions such as rainfall fluctuations and wind. The main crop is harvested from October to March and a smaller mid-crop from May to August.

The farmers cut open the outer peel of the ripe cocoa pods with long knives and scrape out the fruit pulp. The pulp contains about 40 seeds or 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. During fermentation, the beans change from beige to purple to brown and develop their aroma.



After fermentation, the beans are spread out and left to dry in the sun for about six days. They lose most of their moisture content and more than half their weight. This step is essential to stop the fermentation process. The beans must be dried before they are stored.

When the beans are dry enough, the farmers pack them in jute sacks and bring them to a collection center. A number of beans are taken from the bag and cut open to check their quality. The beans are then given a quality code and weighed.

The journey from farm to processor or port



How cocoa beans are sold by farmers and to whom differs from country to country and depends on each country's cocoa trading system. In Ivory Coast, farmers may sell their beans to the cooperatives of which they are members or to private buying companies, known as "traitants."

Large cooperatives may choose to sell directly to the governmental export authorities, who work with the international and national exporters shipping the beans from the Abidjan and San Pedro ports, or to intermediaries. Or, the cooperatives may choose to sell their beans to local processing facilities in the country.

About 70% of the cocoa beans produced in Ivory Coast are exported; the remainder is processed in the country.

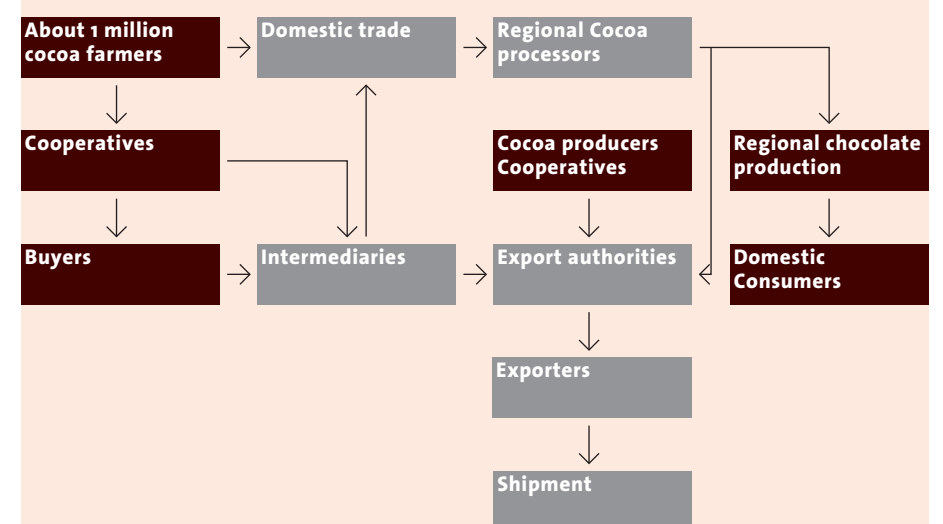
The journey from farm to processor or port



If the farmers are not part of a cooperative, they will sell their beans to the private buying companies or "traitants." In most cases the traitants sell to intermediaries, who work with the local export authorities. The intermediaries can also choose to sell the beans to domestic firms for processing.

The local processors inspect the beans and grade their quality. Processing includes cleaning the beans and breaking their shells to remove the kernels or "cocoa nibs" within. Cocoa nibs are roasted to develop their aroma. The nibs are then ground to a very fine mass, the cocoa liquor, one of the main ingredients of chocolate. Cocoa liquor can also be further processed to produce cocoa butter and cocoa powder.

The many players in the Ivory Coast cocoa trade





During colonial and post-colonial times, cooperatives in Africa were often led and controlled by states. Today, cooperatives are being recognized as private sector entities that can help improve economic and social conditions. Cocoa farmer cooperatives with whom Barry Callebaut partners in Ivory Coast, for example, are controlled by their members who agree to abide by certain principles and responsibilities.

“My farm covers around 10 hectares and produces a total of two to three tonnes of cocoa each year. I joined the Coopagri cooperative mainly to become stronger because when I sell my cocoa myself, the traders force down the prices. The cooperative can sell the cocoa for a higher price. We farmers also benefit from the cooperative from a social point of view though: it offers us training, helps us with materials and loans, and invests in schools so that our children don’t have so far to go to school any more.”

Blaise M’Dri Konon (42), Gligbéadji, Goh

“Twenty cooperatives belong to our union, UCAS. In all, around 24,000 farmer families are members of these cooperatives. Last year, we bought from these farmers a total of around 13,000 tonnes of cocoa. We sold almost 8,000 tonnes of this on to Barry Callebaut. We didn’t only do this because Barry Callebaut paid us well, but because we have a common vision: We want to work together with exporters who, just like us, want to contribute to the development of local cocoa farmers, because our main aim is to increase the income and quality of life of the farmers.”

Solange N’Guessan, (36), San Pedro, Director of the Union des Cooperatives Agricoles de San Pedro (UCAS)



The French company Cacao Barry, which was merged with the Belgium firm Callebaut in 1996 to create Barry Callebaut, opened its first processing plants in Ivory Coast in 1964. We have had a continuous presence in the country ever since. Today Barry Callebaut employs about 500 people in Ivory Coast at our three subsidiaries Société Africaine de Cacao SA (SACO), Barry Callebaut Négoce and SN Chocodi.

Barry Callebaut has three factories and two bean cleaning facilities in Ivory Coast. The factories are ISO-certified. At the SACO Vridi facility in Abidjan and at our new bean cleaning facility in San Pedro, we receive raw cocoa beans, clean and dry them and pack them into bags. Bean grinding takes place in the SACO Zone 4 and Chocodi factories in Abidjan. Barry Callebaut Négoce handles the export of cocoa beans. In the SACO Zone 4 factory, we produce cocoa butter, cake and powder; in the Chocodi plant, cocoa liquor and chocolate. At our factory in San Pedro, we produce cocoa liquor only.

In July 2007, we announced plans to increase our cocoa processing operations by more than 50% in Ivory Coast over the next two years. The planned expansion, which will create around 60 new jobs, is in response to an increase in demand for cocoa liquor as more and more previously fully-integrated food companies outsource their primary cocoa liquor and chocolate needs.

As part of the capacity expansion, we plan to double the amount of cocoa beans we buy “on the ground” from cooperatives and farmers in Ivory Coast rather than over the commodity exchange. More direct bean sourcing will provide us with greater access to quality cocoa beans.

Barry Callebaut holds a 3% stake in the *Centre National De Recherche Agronomique* (Cocoa Research Institute) based in Abidjan. The center conducts research on effective ways to replace old cocoa trees and techniques to fight cocoa tree diseases, fungi and pests. Relevant research findings can be integrated into the training programs for farmers that Barry Callebaut offers through its Quality Partner program.



Affordable housing for employees

The shortage of adequate housing with access to water and electricity is an acute problem in Ivory Coast. The Barry Callebaut subsidiary SACO was the first local cocoa processor in the country to build houses for its employees. Cité SACO I in Abidjan, a residential development of 102 houses, was completed in 1998. In February 2007, Cité SACO II in Abidjan (93 houses) and SACO San Pedro (51 houses) were inaugurated, and 144 more Barry Callebaut employees received the keys to their new homes. It was the culmination of a project initiated by our subsidiaries in 2001, a time of political crisis and instability. About half of Barry Callebaut's employees in Ivory Coast now own a home in one of these three residential areas.

Barry Callebaut developed Cité Saco II and Cité Saco San Pedro together with local partners, and contributed 19% of the costs per house. The personal savings of the buyers covered 13% and a mortgage negotiated by Barry Callebaut on behalf of the buyers the remaining 68% of costs. These initiatives have enabled many employees to take the first major step towards home ownership and to give their families an important sense of stability.



Education support and sports

For the Cité SACO I village, we provided tables and benches, blackboards and teachers' desks for the school, which has nine primary classes. Furniture and materials will also be provided for new schools in the Cité SACO II and Cité San Pedro villages.

Each Barry Callebaut employee in Ivory Coast receives an allowance for the schooling of their children. This allowance is the equivalent of two months' of the employee's salary, of which one month is non-refundable and one month can be refunded over a period of 10 months. To date, many children of employees have continued their schooling and some have completed higher education after the baccalaureate degree.

Barry Callebaut also supports recreational activities for employees, including informal football and, most recently, biking competitions.

Healthcare

All Barry Callebaut employees and their families in Ivory Coast are provided with free access to healthcare and 80% coverage of major medical costs. A doctor is present at the production sites each day. The doctor offers free examinations for employees and their immediate family members. In cases of malaria or stomach diseases, drugs are given free of charge to the employee and family members. Other health services for employees include free vaccinations once a year. The vaccinations cover the diseases yellow fever, meningitis, cholera, typhoid fever and tetanus.

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

Barry Callebaut – Quality Partner Program



Creating a quality spiral

Barry Callebaut and its Ivory Coast subsidiaries launched a multi-year initiative 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.

The goal is to provide farmers with access to better training in agricultural techniques and how to manage their business and personal finances, as well as access to healthcare for themselves and their families, and sensitization about child labor issues and the importance of schooling for their children. The training enables farmers to improve the quality of their farms and business practices and to deliver more and better-quality cocoa beans. Higher crop yields of better-quality beans 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.

Why training is needed

Farmers in Ivory Coast grow cocoa on small family-run farms and 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 have invested 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.

Three levels of quality partners

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 worked to set realistic short-, medium- and long-term goals. These goals correspond to the three levels of partnership in the Quality Partner program.

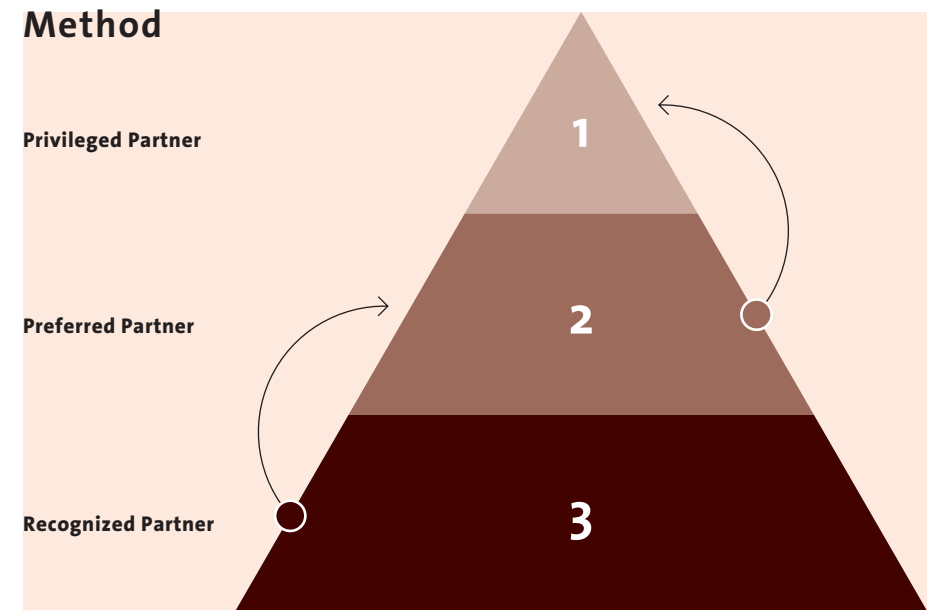
A cooperative at the first level – “**recognized partner**” – is required to contribute at least 250 tonnes of beans, of which more than 20% are quality grade, per season. In addition, the cooperative must have at least one warehouse.

A cooperative at the second level – “**preferred partner**” – is required to contribute more than 750 tonnes of beans, of which more than 30% 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 1,500 tonnes of beans, of which more than 50% 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.

Method





Learning curve

The Quality Partner program was launched in September 2005 for the bean crop season 2005/06. It started with a training program that covered agricultural techniques, administration and accounting, the cocoa markets and sensitization to child labor issues. After an independent audit in the field by ANADER of 58 cooperatives, 30 cooperatives were selected to participate in the new campaign in 2006/07 and 15 new cooperatives were invited to be partner-candidates. Partner-candidates participate in the program and follow its guidelines, but are not categorized as level 1, 2 or 3 partners. They are observed during the year and may become a partner in the next year if the program guidelines are well-respected.

Working together, Barry Callebaut and ANADER conducted training and audited the performance of participating coops in 2007.

As of July 2007, 45 cooperatives, each representing from 150 to 800 cocoa farmers, were participating in the Quality Partner program. Thirty coops were partners and 15 were partner-candidates. Of the 30 categorized partners, eight cooperatives were partners at the first or entry level (“recognized partner”) and four were partners at the second level (“preferred partner”). No cooperatives were yet partners at the third or highest level (“privileged partner”). Eighteen of the 30 participating cooperatives had not yet reached the required qualifications of the first level.

About 50,000 cocoa farmers participate in the program through the cooperatives.



Why quality matters

There are clear economic incentives for the cocoa farmers who participate via their cooperatives in the Quality Partner program. For well-dried beans, a premium price is paid by Barry Callebaut to the cooperatives which then pass on the premium to the farmers. 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 the each bean campaign if the average quality of the beans supplied fulfills certain quality criteria. These three factors combined can enable farmers to earn more than 10% above current prices.

The Quality Partner program benefits Barry Callebaut in distinct ways. It provides access through our cooperative partners to multiple sources of quality beans. It also improves traceability. All participating cooperatives must agree to an independent audit by ANADER. This helps Barry Callebaut ensure that our Quality Partners comply with our standards for ethical business practices.



Training: an investment in the future

Quality Partner training sessions are held in local villages, at Barry Callebaut's training center at its bean collection center in Abidjan and at the ANADER training centers around the country.

Since the program was launched in September 2005, we have conducted 33 training sessions, attended by more than 850 cocoa farmers.

The training programs are tailored for managers and employees of cooperatives, for union managers and employees, and for delegates and cooperative members.

What farmers learn in the ANADER training programs

For delegates and cooperative members:

- Rights and obligations
- Cooperative spirit
- Organization and operation of a cooperative, product quality before harvest

For managers and employees of cooperatives:

- Commercial quality of the product and stock accounting
- Organization and operation of a cooperative; decision-making techniques
- Planning and budgeting; rational management of resources
- Management procedures
- Audit and inspection of cooperatives
- Marketing and price negotiation techniques

For union managers and employees:

- Organization and operation of a union; decision-making techniques
- SYSCOHADA* 1 accounting
- SYSCOHADA 2 accounting
- Commercial quality of the product
- Planning and budgeting
- Marketing and price negotiation techniques
- SYSCOHADA 3 accounting

Training schedule

The first audit established the training requirements for each partner. On the basis of these results, a three-stage training program spanning a period of three years has been developed. The first stage of training was held from November 2006 to March 2007. The second stage will start in February 2008 and continue through to May 2008, so that the training does not coincide with the main harvest when farmers are unavailable. A program to raise awareness about child labor is also planned for inclusion in the ANADER training sessions.

How is progress measured?

Progress is reflected in the tonnage subsequently produced and the quality of the beans delivered. Moreover, an audit is planned to check that the knowledge acquired during training is actually being applied on the ground.

* SYSCOHADA is the accounting system adopted in 2000 by the 16 African states, including Ivory Coast, belonging to the Organization for the Harmonization of Business Law in Africa (OHADA).



Applying new skills

“ Thanks to training from ANADER, I have learned a lot and now work differently from a few years ago. In the past, we cut open the cocoa pods with machetes. This damaged a lot of beans and led to losses in quality and quantity. Now, we open the pods with wooden clubs so that the beans are not damaged. I’ve also made changes to the drying process. If the beans are dried on plastic sheeting, the flavor suffers so now I dry them on woven mats. These and other measures have improved the quality of my cocoa and my income has increased. ”

Kouamé Kokroko (38), cocoa farmer, Gligbéadji, Goh

“ I only recently learned to produce really good cocoa, though I’ve been a cocoa farmer since 1992. I took over the farm from my father. We used to harvest the cocoa pods, split them open and then dry the beans a bit. The quality of my cocoa varied a lot. For three years, I have been selling my cocoa to the Coopaaako cooperative, which takes part in the Quality Partner Program. In courses run by the ANADER organization, we are shown how to spray pesticides, how best to harvest the pods, and how to ferment and dry the beans to achieve the best quality. Nowadays, I don’t just produce more, but also better cocoa. I enjoy the work much more, and I am now earning more than before. ”

Maxim Assi (37), cocoa farmer, Yaffoattie, Akoupe



“ We at ANADER advise farmers on all aspects of cultivation, and show them how they can improve the productivity of their farms. This may involve, for example, fighting against pests such as insects, animals or diseases which can destroy the cocoa trees. However, in doing this we must also ensure that the farmers are carefully instructed on how to use pesticides so that they don’t poison themselves. In addition, we advise the farmers with regard to business issues: we explain to them how a cooperative works, whether they should market individually or whether it is worthwhile forming a group with other farmers, or if they should become a member of a cooperative. ”

Edouard Guetin Yangba (50), Specialist in professional organization at ANADER



Seeing results

In the bean crop season 2006/07, five partners moved upwards on the “Quality Partner”-pyramid, boosting volumes and quality supplied to Barry Callebaut.

In comparison to the bean crop season 2005/06, the 2006/07 season was much more competitive as the mid crop was below average, especially in terms of quality.

The 30 partners together supplied 39,690 tonnes of beans during the campaign 2005/06. In 2006/07, their total volume went up to 41,120 tonnes.

However, the grade beans delivered by our partners went from 37% during the campaign 2005/06 to 25% in the campaign 2006/07. This was mainly due to a very strong harmattan, a dry dusty wind from the Sahara Desert in north Africa that blows toward the western coast, in January 2007 that hurt the mid crop production.

“We joined the Quality Partner Program in 2005. Since then, our production volumes have increased from year to year because more and more farmers want to benefit from the partnership. Since Coopaaako was founded in 2002, our membership has more than doubled and is currently around 400. The farmers join us because they can see the advantages of the Quality Partner Program: they are shown how they can improve quality, thereby increasing their profits. In addition, they benefit from a social point of view: they receive equipment, boots, educational materials, and hopefully a health center soon. The program is worthwhile for everyone.”

Francis Atse Ossey (46), President of Coopaaako
(Cooperative Agricole Abokanin d’Akoupe)

“Since the start of the partnership with Barry Callebaut two years ago, we have benefited from good cocoa prices. We can provide our members with materials and organize training, and thanks to this support they are able to improve their cultivation methods. The result is that we increase quality and quantity from year to year, so that eventually things are better for everyone. In 2005, we bought around 4,000 tonnes of beans from our members. In 2006 it was 5,000 tonnes, and this year it will reach almost 6,000 tonnes. We sell most of the beans to Barry Callebaut. In our area, there are currently a lot of farms that are ageing. Our next step will be to advise the farmers concerned on new planting.”

Marcellin Degbeu (38), Hermankono-Garo, Director of Cabohga
(Cooperative Agricole Boribana de Hermankono-Garo)

Looking ahead

Continuous improvement is one of the aims of the Quality Partner program. In the 2007/08 season, Barry Callebaut plans to commission an independent audit to analyze cooperatives’ compliance with human rights, child labor and environmental regulations. We are also investigating opportunities for other direct sourcing programs with the aim of securing beans that can be certified “child labor-free.”



In addition to our own programs to empower cocoa farmers and support our employees in origin countries, Barry Callebaut has joined forces with other companies and industry organizations to work together on 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 ICI – and participating in partnerships committed to sustainable and environment-friendly cocoa farming, ensuring children are not harmed, and improving the livelihoods of cocoa farmers and cocoa farming communities.

World Cocoa Foundation

Some of the WCF programs launched in 2007 include:

Program to help improve cocoa farmer incomes. The WCF joined with the Canadian International Development Agency (CIDA) and the U.S. Agency for International Development (USAID) to launch a program to help improve cocoa farmer incomes in Cameroon, Ghana, Ivory Coast, Liberia and Nigeria. The program, which is part of the Sustainable Tree Crops Program (STCP), will help organize cocoa farmers into cooperatives. The effort will also help farmers develop financing options, marketing techniques and multiple buyer options to enhance their ability to sell cocoa at the best possible price, according to the WCF.

“ECHOES” Alliance. The ECHOES (Empowering Cocoa Households with Opportunities and Education Solutions) Alliance brings together the WCF and its member companies with the USAID Africa Education Initiative to improve access to quality education for thousands of children living in cocoa farming communities in Ghana and Ivory Coast. The program includes teacher training and curriculum development, and agricultural and life skills training. It also uses education to help address health issues, such as HIV/AIDS and malaria.

Expanded farm safety program. The WCF expanded its program to educate cocoa farmers on safe, responsible labor practices. The new efforts, which build on the WCF’s “Healthy Communities” initiative, will help children on West African cocoa farms by reducing their exposure to potentially hazardous working conditions.



Established in 2000, the World Cocoa Foundation (WCF) works to strengthen 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. WCF programs focus on raising farm incomes, encouraging responsible, sustainable cocoa growing and strengthening communities. Willy Geeraerts, Director Corporate Quality Assurance & Environmental Issues, represents Barry Callebaut on the WCF Board of Directors.

www.worldcocoafoundation.org

International Cocoa Initiative (ICI)

The International Cocoa Initiative (ICI) was established in 2002 as one of the milestones of the Industry Protocol, signed by Barry Callebaut and other cocoa and chocolate industry representatives. ICI's work at the community level has demonstrated that community action can change practices such that children are not engaged in hazardous work and that they are sent to school. The program supports community initiatives to improve access to education, trains key local partners (from national to community levels), supports rehabilitation centers for trafficked children, and provides updated and reliable information on child labor and forced labor in the cocoa sector by conducting research, organizing workshops and symposia, and providing an online resource.

ICI is expanding its activities in Ghana currently reaching 109 communities. In Ivory Coast ICI is building on its pilot activities with projects in 21 communities, reaching an estimated 70,000 people.

As a concrete example of ICI activities, in 2007 ICI supported an intensive training program in collaboration with the special police department created to tackle child trafficking. As a result, less than one week after the ICI training event, this police department arrested four persons accused of trafficking and rescued 32 children from Ghana. In early September, 23 Nigerian trafficked children were rescued by the same police department. "Training on the key concepts of child labor, how to approach children who are potential victims and skills for working on this complex issue, are a vital first step for effective action against all forms of child labor," said ICI Director Peter McAllister.

The International Cocoa Initiative (ICI) is a foundation formed under Swiss law as a partnership between major cocoa-using companies, cocoa processors and civil society organizations, to support the elimination of the worst forms of child labor, as defined by the ILO conventions 182 and 29, in the growing of cocoa. Barry Callebaut is a member of the ICI Board.

www.cocoainitiative.org



Supporting sustainable and environmental-friendly cocoa growing practices.

We also support the Sustainable Tree Crops Program (STCP) whose mission is to improve the economic and social well-being of smallholders and their communities, and ensure the environmental sustainability of tree crop systems. The organization is managed by the International Institute of Tropical Agriculture (IITA) and is supported financially by the U.S. Agency for International Development (USAID), the global chocolate industry and trade associations represented by the WCF.

As part of the STCP pilot program in West and Central Africa, 16,320 farmers were trained through Farmer Field Schools and 38,716 farmers indirectly benefited from farmer-to-farmer knowledge sharing. The program enabled STCP-trained farmers to realize yields 15% to 40% greater than non-trained farmers and helped farming families earn from 24% to 55% more for their cocoa crop, while reducing the number of children engaged in hazardous, unacceptable work.

One program introduced in 2007 that builds on the success of the Farmer Field Schools program is the „Healthy Communities“ initiative, a public-private partnership funded by cocoa and chocolate manufacturers (through the WCF) and USAID. Its goal is to benefit 150,000 farm families over the next five years by supporting economic, social and environmentally sustainable development on cocoa farms.

Empowering cocoa farmers, supporting communities



Empowering cocoa farmers, 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.

Barry Callebaut has launched programs to help improve health and education conditions in cocoa farming communities through the Quality Partner program. Community health initiatives for farmers that included the distribution of mosquito nets to fight malaria and first aid services were started in 2007.

To support cocoa farmers and their families in the San Pedro region, in the heart of the cocoa growing area, Barry Callebaut initiated the needs analysis and made a financial contribution to the funding of a medical center in the village of Goh, located about 85 km north of San Pedro. Some 18,000 people live in the area without access to medical services. The contribution was made after the completion of the 2007 “Winning Together” Ride for Life program, a Group-wide initiative and biking challenge in which all 8,000 Barry Callebaut employees around the world were encouraged to take part. The aim of the initiative was two-fold: to promote fitness and a balanced lifestyle and to support cocoa farmers in Ivory Coast. The medical center is scheduled to open in January 2008.

In July 2007, the foundation was laid for a medical center in the village of Goh in Ivory Coast. The center is partly financed through the Barry Callebaut „Ride for Life“ program in which employees around the world participated to raise money to support cocoa farmers.



CEO Patrick De Maeseneire with Thérèse Haury, technical consultant for Barry Callebaut's medical center in Goh.

Friend of Africa

Thérèse Haury, technical consultant on the medical center project in Goh, is recognized for her outstanding humanitarian acts in Ivory Coast. Through the NGO she founded, “The Friends of Thérèse Haury,” she has built schools, health centers, maternity homes and libraries in many villages in Ivory Coast, 34 of which have honored her with the status of community member.

Why did you become involved in the medical center project in Goh?

Having lived in Ivory Coast for 37 years and having carried out numerous projects with my NGO I decided to help, in my small way, with this very worthwhile project which is in keeping with my humanitarian role in the Ivory Coast.

What are the biggest challenges?

Running the building site in accordance with African working methods, as well as the roads used to reach the village, which are in very poor condition.

How will we solve them?

The problem of the roads is a recurrent one in Ivory Coast, particularly in the rainy season. You therefore have to be very patient and prudent; work on the site progresses slowly during this period. As far as the working methods are concerned, you just have to adapt to the customs and realities of the country.

Today, how far away is the nearest hospital or medical center?

The nearest center is situated 15 km from Goh and is only accessible by a road which is impassable for a good part of the year. In the case of major problems, such as appendicitis or a Caesarean section, patients are moved to San Pedro. San Pedro is about 85 km from Goh, 25 km of which is covered by a very poor road.

With whom are you working to build the center?

We got in touch with an architect, who is experienced in and used to the realities of the bush, to design the plans and run the site. Similarly, the village community which will benefit from the center is going to participate in various site activities so that they feel fully involved. We have also contacted the official and medical authorities to ensure we have their support. They have said they are very pleased and fully behind the project. Finally, the managers of the UCAS cooperative are also involved, in terms of coordinating activities on site, making contact with the villagers and implementing the management of the center.

How are we communicating about the center to the community members?

We have organized several customary meetings with the village chief, which is very important in Africa. UCAS has also organized other meetings to provide information about the center to its members.

How will the center be staffed?

The State allocates the necessary staff and there is an agreement with the Public Health Pharmacy to supply medicines. The management committee will be made up of the medical center nurse, representatives from the Goh community and UCAS. A Barry Callebaut representative enjoying a full right of inspection will attend the various meetings, of course.

What facilities will be provided?

The health center will consist of a consultation room, a treatment room, a room for in-patients with three beds and a pharmacy. The maternity home will comprise a consultation room, a room for inpatients with two beds, a labor and delivery room, a treatment room and a pharmacy. As the village of Goh does not have running water, the proposed toilets and bathrooms will be replaced with two separate blocks of latrines, one for the health center and one for the maternity home.

What will the fees be?

A single fixed rate that is applicable to all health centers in Ivory Coast will be charged. A self-financing strategy will be worked out and a management committee will be set up to ensure that the project will be viable and managed soundly.

“Help the children, help the schools, help the community”

Under the motto “Help the children, help the schools, help the community,” Barry Callebaut organized 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 sponsored contests in local schools to recognize academic achievement, organize soccer competitions, and sponsor several village festivals.

Celebrating achievement

Since entering the partnership in September 2005, UCAS has honored its commitment with regard to the quality of beans supplied. After a very strong 2005/06 season (3,000 tonnes of excellent quality beans at the end of December 2005), UCAS received support from Barry Callebaut to organize a Christmas Tree party in Boigny Kro. More than 100 children were given Barry Callebaut school bags filled with school materials and chocolate.

As of December 2006, UCAS had already supplied almost 6,200 tonnes of excellent quality beans for the 2006/07 season. In view of these latest results, Barry Callebaut sponsored a second Christmas Tree event.

This second celebration was dedicated to the children of the best UCAS cocoa producers. It took place from December 18-21, 2006, in the villages of Gligbéadji, Touih and Boigny Kro. About 400 children of cooperative members received various presents in a festive atmosphere.



Football tournaments

Barry Callebaut has sponsored football tournaments for members of cooperatives participating in the Quality Partner program.

On July 21, 2007, a football competition was held between the Konan Kouadiokro section and the Addikouakoukro section, both members of the COOPAB cooperative. The match was played in a good-natured spirit and the Addikouadiokro section was victorious. The participants thanked Barry Callebaut for “its commitment to their cooperatives.” They said they were moved by the confidence Barry Callebaut placed in them and promised continued reliability and loyalty.

Barry Callebaut also sponsored a football tournament “of friendship and hope” and provided the team shirts for the final game.

Developing local talent for a sustainable future

In 2000 Barry Callebaut started inter-Africa work assignments to enable talented employees to work in different countries to further develop their skills. Employees have had the opportunity to move from their home country to Cameroon, Ghana or Ivory Coast and to take on new challenges in production, operations or general management.

As a result of the success of these transfers, in 2007 Barry Callebaut launched a Graduate Program in Africa. The program focuses on attracting young talent within Africa, and offers opportunities to develop the professional skills and experience necessary for a management career in cocoa and chocolate.

In Ivory Coast, as in all origin countries where it operates, Barry Callebaut strives to live its corporate values and to be socially responsible. We provide a range of housing, healthcare and educational support services to our employees. We work to help empower cocoa farmers and improve their livelihoods through our Quality Partner program and related projects. We contribute to strengthening cocoa farming communities through projects such as the building of a medical center in Goh and by championing and supporting education. We are committed to helping to ensure a sustainable cocoa industry in Ivory Coast and to building long-term relationships based on mutual respect and trust with our colleagues and partners.

People Projects Processes

Cabosse

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