

Growing a Better Future for Cocoa

A SUSTAINABILITY OVERVIEW



SUSTAINABILITY:

The concept of sustainability is used by governments, companies and others around the world, and is gaining increasing recognition among consumers.

In 1987 the United Nations called on all governments and other organizations to make sustainable development a guiding principle. It was defined by the UN World Commission on Environment and Development as: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainability takes into consideration not only the economic consequences of an activity, but also its social and environmental contributions and impacts.

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A photograph of a cocoa tree in a plantation. The tree has a thick, gnarled trunk and is covered in lush green leaves. Several dark brown cocoa pods are visible hanging from the branches. The ground is covered in fallen leaves. In the background, other trees and a bright, possibly overexposed area are visible. A yellow-bordered text box is overlaid on the center of the image.

Our Cocoa
Commitment –
from Bean to Bar



A cocoa pod, the fruit of the cocoa tree.

📷 Fernando Arroba



Open cocoa pod – inside are the cocoa beans which are still covered by pulp (each pod contains between 30 and 40 beans of about 1cm in length).

📷 Courtesy of the World Cocoa Foundation



Trays with dried cocoa beans (after fermenting for five to seven days, they are dried for about 10 days before export).

📷 Courtesy of the World Cocoa Foundation



The first cocoa beans for Kraft from Rainforest Alliance certified farms arrive in the port of Antwerp, Belgium.

📷 Michael Heffernan

Everyday millions of people around the world enjoy chocolate. Whether as part of a snack, drink, meal or dessert, chocolate is among the best-known and best-loved foods.

At Kraft, we depend on quality cocoa to bring our consumers the leading chocolate brands they know and love, including *Milka*, *Toblerone*, *Côte d'Or*, *Freia*, *Marabou* and *Lacta*. We believe that one of the best ways we can ensure a consistent future supply of quality cocoa to meet our needs is by helping cocoa farmers learn and use sustainable farming practices. In this way, we can assist them in creating a more secure future for themselves and their families.

Cocoa producers face many important challenges. In the following pages, we'll share with you facts about cocoa, information about cocoa farmers and their work, and what Kraft and the chocolate industry are doing to contribute to a better future for cocoa communities.

Cocoa Facts

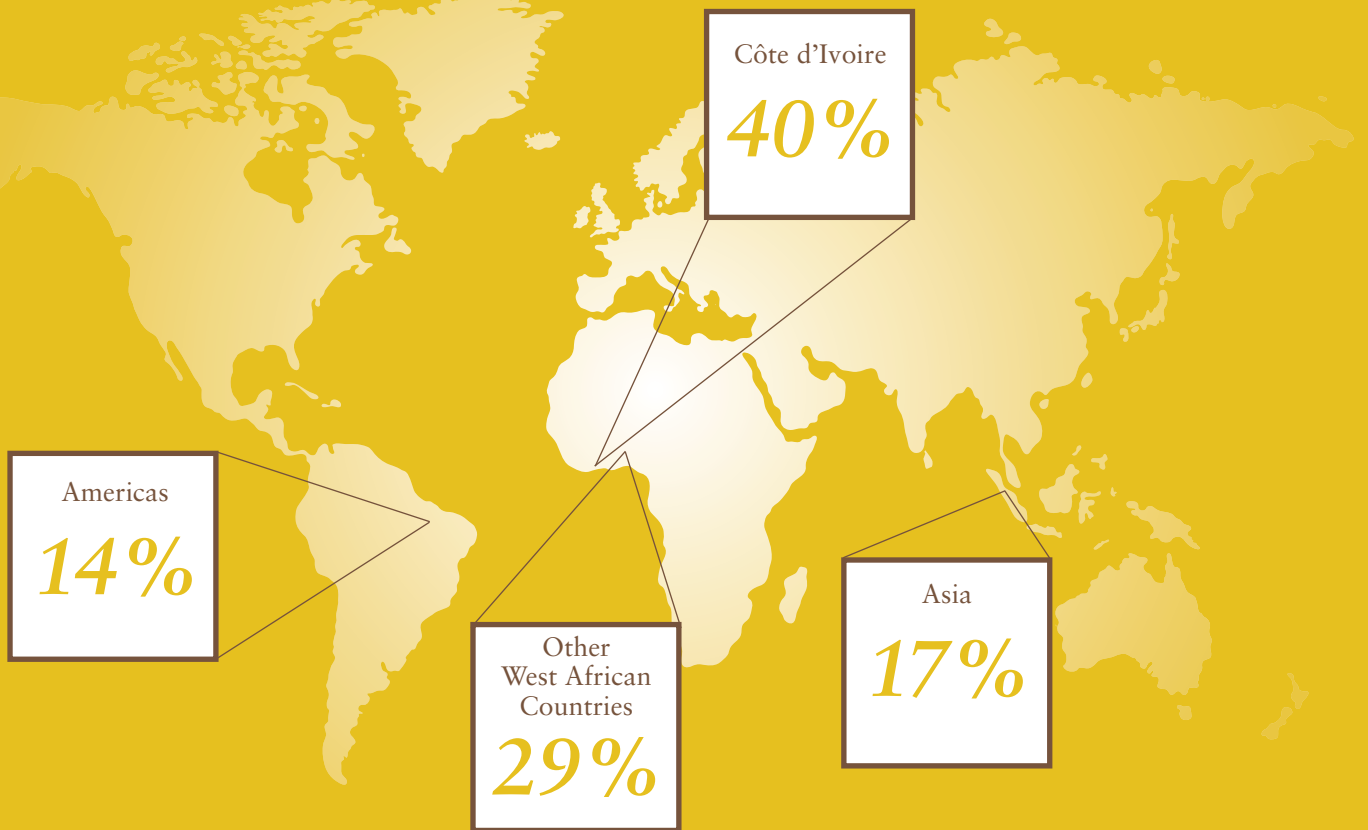
Approximately 3 million tons of cocoa are produced every year around the world.

Kraft purchases cocoa in two ways:

1. beans from Europe-based trading companies
2. cocoa products (liquor, butter, powder, chocolate drops) from cocoa processing companies

WORLD COCOA SOURCES

Cocoa is grown in West Africa, the Americas and Asia. West Africa leads world cocoa production, and is an important source not only for Kraft, but also for most companies that use cocoa in their products.



FACTS ABOUT COCOA FARMS

West Africa accounts for nearly *70%* of the world production of cocoa.

There are an estimated *1.2 million to 1.5 million* cocoa farms in West Africa alone.

Approximately *10 million people* in West Africa live on cocoa farms.

An average of *8 to 10 family members* live on each cocoa farm.

Most farms are small in size, averaging *10 to 15 acres* or 4 to 6 hectares.

A close-up photograph of a large sack filled with cocoa beans. The sack is made of a coarse, woven material, likely burlap or jute, which is visible at the top and bottom edges. The cocoa beans are dark brown and have a smooth, slightly glossy texture. They are piled together, filling most of the frame. In the center of the image, there is a yellow-bordered box containing the text "Challenges in West Africa".

Challenges
in West Africa


Like many parts of the developing world, Sub-Saharan Africa, which includes West Africa, faces an array of challenges, ranging from poverty and childhood mortality to HIV/AIDS, a lack of educational opportunities and inadequate infrastructure for handling and transporting cocoa. In addition, cocoa farmers must overcome difficult technical and financial barriers as well. These include:

- ❑ **Crop losses from pest and disease.** Cocoa trees are susceptible to diseases such as Witches Broom and Pod Rot.
- ❑ **Less efficient agricultural practices.** Many farmers struggle to manage pests without overusing pesticides that have both environmental and health implications.
- ❑ **Minimal marketing power.** In many West African countries, a complex supply chain and limited information technology impair the ability of cocoa farmers to earn the best price for their crop.
- ❑ **For the past several years, cocoa farmers and their families in Côte d'Ivoire have faced the additional challenge of social and political upheaval.** Armed conflict has driven people from their homes and farms and separated families. The conflict has made it more difficult to provide children with secure living conditions and access to education, particularly in remote rural areas.




Cocoa pods in Ghana showing signs of a fungal disease.

📷 Sandrine Lehembre

Inadequate infrastructure makes it difficult for farmers to get their cocoa to market.  *Sandrine Lehembre*



Cocoa trees are susceptible to a variety of diseases and pests.  *Sandrine Lehembre*

Child labor on cocoa farms

In 2000, dramatic reports in the media of child slavery on West African cocoa farms thrust the region – and the cocoa industry – into the public spotlight.

Charges of widespread use of forced child labor prompted a large-scale independent investigation of labor practices on West African cocoa farms. The investigation looked at labor practices defined by the International Labour Organization as the “worst forms of child labour,” which include forced labor and hazardous working conditions, such as pesticide application and machete use.

While the study was inconclusive about the extent of child slavery, it did find that as many as 300,000 children were exposed to hazardous working conditions. Like many other parts of the developing world, lack of access to education also was identified as a serious problem.

The issue of child labor is a troubling symptom of the larger challenges that face the region – problems of poverty, education and economic development.

No matter how complex the causes, even a single child working in hazardous or inappropriate conditions is one too many. As a responsible company, we want to help.



Most cocoa farmers who allow their children to work on their farms do so in a responsible way.

 Courtesy of the World Cocoa Foundation



Helping People,
Creating
Sustainable Change

ACTION
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Working with our partners

The challenges facing cocoa farmers in West Africa cannot be solved by a single government, company or organization alone. That is why Kraft and other leaders in the chocolate industry are working closely with governments to create effective public-private partnerships. Successful alliances with credible and expert nonprofit organizations also are making inroads to improve conditions on cocoa farms and in cocoa-growing communities.

Immediate assistance and long-term solutions

Kraft supports organizations that provide immediate humanitarian assistance as work on long-term solutions continues. Our near-term efforts target the critical challenges facing farmers and children in West Africa, particularly in Côte d'Ivoire.

- Our support of **Save the Children UK** in Côte d'Ivoire helps protect children from recruitment into the armed conflict, reunites children separated from their families, and promotes informal education in communities where school systems have been disrupted.
- Kraft funding for the respected French nonprofit organization **Action Contre la Faim** helped provide a mobile unit in Côte d'Ivoire that provides emergency medicine, nutritional kits and rations to children in need.
- Through our funding of the World Cocoa Foundation, we support the **West Africa Cocoa and Commercial Agriculture Project (WACAP)**, which assists at-risk children by systematically removing them from hazardous work environments and placing them in school and vocational programs.
- In West Africa, also through funding of the World Cocoa Foundation, Kraft helps fund a project with Winrock International, known as the **Child Labor Alternatives through Sustainable Systems in Education (CLASSE)**, which provides vocational education alternatives for children working under hazardous conditions on cocoa farms.



Malnourished children in Côte d'Ivoire get pre-mixed food, as part of an Action Contre La Faim program supported by Kraft.

ACF – Michel Maletta



Kraft's support is helping to *educate farmers* on sustainable farming practices through a program of Farmer Field Schools in South East Asia, Latin America and West Africa. These schools have demonstrated their value by *raising crop quality* and *farmer income*. Bill Guyton, President of the World Cocoa Foundation, estimates that the nearly *13,000 cocoa farmers* who have participated in the program so far in West Africa have seen their incomes *increase by 20 to 50%*.



Ghanaian farmers checking the quality of cocoa beans.

 Sandrine Lehembre



Ghanaian farmers cut open ripe cocoa pods to extract the cocoa beans.

 Sandrine Lehembre

Long-term solutions

Kraft aims to promote long-term sustainability for cocoa farmers and their families by improving the underlying social, economic and environmental conditions on cocoa farms. By financially supporting a number of nonprofit organizations and working with governments and other chocolate industry leaders, we are helping to:

- Eliminate abusive child and forced labor in the growing of cocoa in West Africa through the **International Cocoa Initiative**, which supports field projects and acts as a clearinghouse for best practices.
- Provide practical education for cocoa farmers, helping to boost farm family incomes and promote responsible labor practices. Called “Farmer Field Schools,” this program is supported by leading chocolate companies, the **International Labour Organization (ILO)**, the **International Institute for Tropical Agriculture (IITA)**, and other organizations.
- Establish a common certification framework to monitor and improve labor practices on West African cocoa farms through our participation in the voluntary industry Protocol.
- Develop farm cooperatives that give farmers greater economic control and leverage, helping to generate additional income for participating farm families – families which account for tens of thousands of children.
- Fund the **World Cocoa Foundation**, whose programs work to improve the sustainability of cocoa by improving efficiency and increasing farmer yields in a sustainable, environmentally responsible manner.




Ghanaian farmers attending a Farmers Field School.

 Courtesy of the World Cocoa Foundation



Cocoa tree seedling nursery in Ghana.

 Courtesy of the World Cocoa Foundation



Toward a
Sustainable Future

While no single company or organization can succeed alone in addressing these challenges, Kraft has joined with dedicated and passionate partners in the nonprofit sector, farmers, labor representatives, government officials and others in the cocoa industry. We all share a common desire to improve the lives of people who live and work on cocoa farms.

Two examples of innovative approaches that bode well for the future involve our efforts to expand the production of sustainably grown cocoa in Côte d'Ivoire and Ecuador.

Côte d'Ivoire

A fact-finding mission in May 2005 assessed the situation in selected cocoa producing areas of Côte d'Ivoire and established contacts with stakeholders, such as farmer organizations, non-governmental organizations and national institutions. We are working with a number of partners – including cocoa exporter Amajaro, the German international sustainable development agency, **Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)**, and other local organizations – to build the capacity of small farms to produce sustainably grown cocoa.

The project will start at the **Cooperative des Agriculteurs Fiedifoue de Daloa (CAFD)**, a farmer cooperative in the Daloa region and with selected cooperatives in the Abengourou area. As farmers learn the techniques and benefits of sustainable farming, they and their communities will derive social, environmental and economic benefits. Partnership activities will include establishing farmer field schools and supporting marketing activities, as well as assessing the needs of children within the project area.

Our ultimate goal is to improve the lives of farmers and their families, and to grow cocoa that will command a premium price in the marketplace.

World Cocoa Foundation

Kraft helps support the World Cocoa Foundation (WCF), which is dedicated to providing global training to improve production efficiency and increase farmer yields in a sustainable environmentally responsible manner.



Cooperative des Agriculteurs Fiedifoue de Daloa (CAFD) chairman Jacques Kouakou (right) with Yokorea section representative, Konan Kouadio, Côte d'Ivoire.



Bags with Rainforest Alliance-certified cocoa beans from Ecuador are unloaded at Antwerp, Belgium. They are part of the first sustainable cocoa beans to arrive in Europe for Kraft.

☞ Michael Heffernan



Gustavo Galeas, cocoa farmer in Ecuador, with his grandson, the next generation of cocoa farmers.

☞ Fernando Arroba

We expect project activities to begin prior to the next main harvest in Côte d'Ivoire at the end of 2005. We anticipate the first sustainably produced cocoa from this project in early 2007. Based on our experience and learnings from these first efforts, the project partners will develop plans for program expansion to other farmers and communities.

Ecuador

Building on our existing partnership with the **Rainforest Alliance**, a leading international conservation organization, Kraft is piloting expansion of sustainably grown cocoa in the Americas. We are supporting **Ecuador's National Federation of Cocoa Producers (FEDECADE)** in its efforts to help small growers gain efficiencies by reducing costs and increasing production volumes. Approximately 1,000 FEDECADE farmers already are Rainforest Alliance-certified cocoa suppliers in Ecuador. This project will also look to find expanded opportunities in other Latin American countries.

The expansion efforts began in the fourth quarter of 2005, which means that additional farmers could be certified as producers of sustainably farmed cocoa prior to the 2006 main crop.

Kraft already has begun purchasing small amounts of Rainforest Alliance certified sustainable cocoa from Ecuador in 2005, and we hope to significantly expand the availability of RA certified cocoa beans over the next several years.

Through these and other programs, we hope to improve the lives of cocoa farmers, their families and communities, helping them to grow a better future.

Helpful Links

Kraft Foods Responsibility www.kraft.com/responsibility

Encouraging Sustainable, Responsible Cocoa Farming www.responsiblecocoa.org

World Cocoa Foundation www.worldcocoafoundation.org

Rainforest Alliance www.rainforest-alliance.org

Save the Children UK www.savethechildren.org.uk

International Cocoa Initiative (ICI) www.cocoainitiative.org

IITA Study www.iita.org/news/child-labor.pdf



Questions/Comments

Send us an e-mail <http://kraft.com/responsibility>

Kraft Foods Public Affairs
Three Lakes Drive
Northfield, IL 60093

SAVINGS DERIVED FROM USING POST-CONSUMER RECYCLED FIBER IN LIEU OF VIRGIN FIBER:

28.75 trees not cut down	1,295.47 lbs. solid waste not generated
83.00 lbs. waterborne waste not created	2,531.82 lbs. atmospheric emissions eliminated
12,210.00 gallons water / wastewater flow saved	16,546,599.45 BTUs energy not consumed

SAVINGS DERIVED FROM USING A PAPER CREATED FROM WIND POWER:

357.84 lbs. air emissions not generated

THIS AMOUNT OF WIND ENERGY IS EQUIVALENT TO:

24.23 trees being planted	943.06 cubic feet natural gas
399.24 miles traveled in an average automobile	



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DOING OUR PART

We are working independently and with others to
*improve living and working conditions for families
and children* on cocoa farms in West Africa.



www.kraft.com/responsibility