

HEADLINE:

“Chiquita cleans up its act”

FORTUNE MAGAZINE - JENNIFER ALSEVER

nov
17
06

We manage all of our operations in accordance with our Core Values – Integrity, Respect, Opportunity and Responsibility – and the Chiquita Code of Conduct, which guide our daily decisions and define our standards for corporate responsibility. In addition to strict legal compliance, we define corporate responsibility to include social responsibilities, such as respect for the environment and the communities where we do business, the health and safety of our workers, labor rights and food safety. We see a positive link between our Core Values and our company’s vision, mission and sustainable growth strategy.

MAINTAINING 100% CERTIFICATION ON OWNED FARMS IN LATIN AMERICA

We have selected industry standards that are most relevant to each segment of our business. In most cases, we have been the industry pioneer seeking credible third-party certification of our performance.

For example, in the mid-1990s, we committed to achieve certification on all company banana farms to the rigorous standards of the Rainforest Alliance, a leading international conservation organization. The Rainforest Alliance (www.ra.org) certifies farms that follow its 10 stringent environmental and social standards for agriculture, designed to protect the environment, wildlife, workers and local communities.

During 2006, all of our Latin American banana divisions earned recertification by the Rainforest Alliance for the seventh straight year based on farm-by-farm audits, despite more rigorous standards. Moreover, 84 percent of acreage of independent grower farms in Latin America from which we source bananas also had achieved Rainforest Alliance certification at year-end.

In addition, 100 percent of our owned banana farms in Latin America were certified to the Social Accountability 8000 labor and human rights standard (www.sa-intl.org) and to the EurepGAP food-safety standard (www.eurepgap.org).

CONSERVING BIODIVERSITY WITH COMMUNITY SUPPORT

A highlight of our corporate responsibility efforts in 2006 occurred when President Oscar Arias of Costa Rica presented the 2006 Contribution to the Community Award to Chiquita Brands International on behalf of the American-Costa Rican Chamber of Commerce, in recognition of the company's Nature & Community Project, an initiative designed to preserve biodiversity, promote nature conservation awareness among the local population and create new sources of income for people in the community.

Chiquita's Nature and Community Project – developed with the support and cooperation of independent partners, including Swiss retailer Migros (www.migros.ch), the Rainforest Alliance, and German Technical Cooperation – GTZ (www.gtz.de) – contributes to the protection of the exceptional biodiversity of the region by encouraging local communities and farmers to actively participate in the protection of rainforests and the many species which depend on them.

The project, which started in September 2003, is based at Chiquita's Noyal farm in the Sarapiquí region in northeastern Costa Rica. More than 100 hectares (250 acres) of protected rainforest on this farm were designated as a private wildlife refuge by the Costa Rican government in January 2006. To facilitate the migration and survival of endangered species, this forest will be connected with other forest areas of the region, including the Braulio Carrillo national park, 8 kilometers (5 miles) away. To date, the creation of this biological corridor has involved the planting of 10,000 trees of more than 40 native species. Local farmers are contributing to this effort by providing land for reforestation.

Environmental education for schoolchildren, neighbors and Chiquita's own employees plays an important role in this work, since the support of the local population is essential for long-term environmental conservation. Nearly 3,000 visitors have already participated in workshops provided at the Notal project center.

The creation of new economic opportunities, such as ecotourism and arts and crafts based on environmental protection, is another important aspect of the project. So far, five small businesses have been established with assistance of the project, and their sales have contributed to the income of many families in neighboring communities.

AGREEMENT WITH U.S. DEPARTMENT OF JUSTICE

In April 2003, Chiquita voluntarily informed the U.S. Department of Justice (DOJ) that in order to protect the lives and safety of its employees, its banana-producing subsidiary in Colombia had been forced to make protection payments to local right- and left-wing paramilitary groups. Chiquita approached the DOJ when senior management became aware that payments to these groups were prohibited under a U.S. antiterrorism law that had changed in September 2001.

The payments made by the company were always motivated by our good faith concern for the safety of our employees. Since disclosing this information four years ago, Chiquita has cooperated with the DOJ investigation, sold its Colombian operations and enhanced its compliance programs and procedures. The aim of the company's enhanced programs is to foster transparency and to reinforce a strong culture of ethics and compliance with our obligations under U.S. law and in the jurisdictions around the world in which we do business.

In March 2007, Chiquita reached an agreement with the DOJ relating to the investigation. Under terms of the agreement, Chiquita will pay a fine of \$25 million over five years and pleaded guilty to

one count of violating a U.S. law in connection with payments made from 2001 to 2004 by its former subsidiary to entities affiliated with "Autodefensas Unidas de Colombia," which had been designated as a foreign terrorist organization. In anticipation of this settlement, the company recorded a reserve for \$25 million in its financial statements for the quarter and year ended Dec. 31, 2006.

CORE VALUES CONTINUE TO GUIDE BUSINESS DECISIONS

We are proud of our corporate responsibility progress. In many parts of our company, such as in the banana divisions and in the supply chain, our corporate responsibility programs have generated benefits in productivity and employee morale. As a result, corporate responsibility is largely integrated into the culture and daily life of these operations. At the same time, we recognize that there is always more that can be done. We have new businesses and new employees who do not have a long history with our corporate responsibility programs. So, it's important to help all our employees to understand our Core Values, our ethical and legal obligations and the benefits of our programs. We must continue to integrate compliance and values into our decision-making, and we need to implement these efforts more consistently across the company.

While there will be many challenges and opportunities ahead, our Core Values and Code of Conduct will continue to guide management's decisions.

For more information, please visit www.chiquita.com under the "Corporate Responsibility" tab.