






CHIQUITA BRANDS INTERNATIONAL, INC.
2000 CORPORATE RESPONSIBILITY REPORT



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Feedback Card

Key to Symbols

-  For further information
-  Certification by the Rainforest Alliance against its Better Banana Project standards
-  Attestation by SGS regarding degree of compliance with the Social Accountability 8000 labor standard

The illustrations on the front and back covers of this Report reflect Chiquita's Core Values (*see pg. 52*). They were selected from rich, colorful designs created by two award-winning artists from California, Nicholas Wilton and Jennie Oppenheimer.

REPORT CREDITS

Chiquita's Corporate Responsibility staff prepared this Report, with much-appreciated help from many employees and outside stakeholders around the world.

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2000 HIGHLIGHTS

Environmental

- Certified all 127 Chiquita owned farms in Latin America to the Better Banana Project standards.
- Earned the Rainforest Alliance's Sustainable Standard-Setter Award for helping to transform the banana industry by meeting stringent standards.
- Achieved the Wal-Mart Environmental Supplier of the Year Award.
- Earned the Green Award from U.S. Plastic Lumber Ltd. for outstanding achievement in plastic recycling.

Social

- Adopted expanded Code of Conduct.
- Undertook significant employee education and training in Corporate Responsibility.
- Conducted internal assessments against the SA8000 labor standard in all Latin American banana divisions.
- Increased dialogue with regional and international labor leaders and non-governmental organizations.

Financial

- Announced a major debt restructuring effort (January 2001).
- U.S. / EU settled banana dispute (April 2001).
- Achieved dramatic cost savings, although they were more than offset by EU currency weakness.
- Continued strong operating performance in Processed Foods.

This Report is not a declaration of victory, but a signal of our progress. Though written mostly for our employees, we trust our other stakeholders will also find it helpful. We lay out our Corporate Responsibility strategy, measures of our performance to date, and our goals for the future.

**A NEW SPIRIT OF OPENNESS:
LETTER FROM STEVE WARSHAW**

To some, this Report may seem like it was a long time coming.

The Chiquita of today emerged, over the course of 100 years, from companies holding various names, including the United Fruit Company and United Brands. Throughout our early history, we built railroads, houses, hospitals, ports, ships, and all sorts of other infrastructure to bring bananas to market. In the process, we created thousands of jobs and contributed to the social and economic development of many rural areas in Latin America.

But along the way, the United Fruit Company became known as “the octopus,” an organization reputed to have such broad reach and influence that it could hold sway over governments and the lives of its employees. This reputation was born of many things, including allegations of the Company’s participation in labor rights suppression in Colombia in 1928 and involvement in a government overthrow in Guatemala in 1954, as well as its involvement in a bribery scandal in Honduras in 1975. And in the years since, some would argue that the Company has been closed and defensive in addressing concerns about its standards and practices. In the eyes of many, all of this casts a shadow, even today, over the Company.

Times have changed. And so has our Company.

Our stakeholders expect more of us. We expect more of ourselves. Our understanding of our role in society, and what it means to be a responsible corporate citizen, is quite different than it was not long ago.

Three years ago, in the wake of particularly damaging media coverage, we embarked on a disciplined path toward Corporate Responsibility. Rather than simply respond to criticism, my hope was to define leading standards for our business, and to prove to myself and others that we could indeed live up to them, everywhere we operate. This was not to be a public relations exercise, but a management discipline – a way to align ourselves around a set of Core Values, to build a sense of common purpose across our different units, and to get the best out of our people.

This Report is not a declaration of victory, but a signal of our progress. Though written mostly for our employees, we trust our other stakeholders will also find it helpful. We lay out our Corporate Responsibility strategy, measures of our performance to date, and our goals for the future.

We want to prove to our employees that our Core Values, including our commitment to “communicate in an open, honest and straightforward manner,” are real. We have learned that building trust demands a new spirit of openness and honesty within the Company, and that earning the trust of our many stakeholders is vital to our success.

We have embraced these tough standards even while the industry, and our Company in particular, have been hit by tough times, including the banana trade dispute in Europe. In doing so, we've already answered the question, "Will they stick with Corporate Responsibility when times get tough?" Indeed, we've broken new ground when it may have been hardest to do so.

As we developed this Report, we recognized even more the debt of gratitude we owe to the Rainforest Alliance. In our work with that organization's Better Banana Project over the last nine years, we've learned how external verification can drive internal commitment to achieve high standards. That work helped us see the value of tough third-party standards and of opening ourselves to outside scrutiny.

The Rainforest Alliance has helped us to better understand our impacts and to build a model of environmental leadership. Our experience with the Better Banana Project was a major factor in our willingness last year to commit to the SA8000 labor standard, a rigorous third-party standard for labor rights, against which we have measured our performance in this Report.

We have embraced these tough standards even while the industry, and our Company in particular, have been hit by tough times, including the banana trade dispute in Europe. In doing so, we've already answered the question, "Will they stick with Corporate Responsibility when times get tough?" Indeed, we've broken new ground when it may have been hardest to do so.

Of course there is compelling moral value to this work. But it also makes smart business sense. It's all part of positioning ourselves to be the supplier of choice to the world's leading retailers. Today, only a few of our customers place great value on social responsibility performance when they select among suppliers. But they are clearly the leaders. When others follow – which they will – Chiquita will already have expanded its reputation for industry leadership to include social responsibility as well.

We find much to be proud of in this Report, and much that we can improve. In fact, a very large portion of this document focuses on the latter. It is evidence of a turning point – and it serves as both an inspiration and a challenge.

We hope you find this Report useful, and we invite you to share your ideas and your feedback. With your help, both our practices and our reporting will continue to improve.



STEVE WARSHAW

*President and Chief Executive Officer
June 20, 2001*



INTRODUCTION: THIS REPORT AS A TOOL FOR CHANGE

Our primary goals in developing this Report were to increase employee understanding of and commitment to Corporate Responsibility, communicate more openly with our stakeholders, and improve the quality of social debate about our performance. We wanted to lay out an honest and straightforward view of our current performance, including how we are dealing with some of the more difficult challenges we face, and to identify paths for improvement. We hope that this Report encourages open and informed dialogue about how we strive to balance and meet the expectations of our stakeholders, who are described on pages 80 and 81.

We hope that this Report contributes to the new and rapidly evolving field of social reporting. For our part, we have tried to apply a level of rigor and depth that begins to mirror the strict rules that already govern financial reporting.

Setting Exceptionally High Performance Standards

We measure ourselves against leading standards of environmental and social performance. These standards are embodied in our Core Values and Code of Conduct, incorporated into our management and verification systems, and reflected in this Report.

– **Better Banana Project Standards of the Rainforest Alliance** – We are committed to achieving certification of our entire banana sourcing operations against the environmental and social standards of the Better Banana Project. The Rainforest Alliance is a U.S.-based non-profit organization focused on the certification of sustainable land-use practices, particularly in the areas of tropical agriculture and forestry. The Better Banana Project standards are respected by outside experts as objective, concrete and measurable. We invite regular, unannounced third-party certification audits of all our farms against these standards, and we encourage our independent growers to do the same.

We have learned that building trust demands a new spirit of openness and honesty within the Company, and that earning the trust of our many stakeholders is vital to our success.

- **Social Accountability 8000** – We have adopted SA8000 as our core labor standard. We believe that, due to its management system requirements, guidance materials, and accreditation process, SA8000 is currently the most credible and verifiable social accountability standard for labor rights. The non-profit Social Accountability International developed this standard in collaboration with a wide range of labor, consumer, business, government, and non-governmental organizations.
- **Our Core Values and Code of Conduct** – These standards are the cornerstones of our commitment to Corporate Responsibility. Our Core Values guide our strategic business decisions and help us balance the needs of our stakeholders, and our Code of Conduct translates these Values into everyday behaviors.

Significant Progress – Much of It Certified

We are proud of the successes we have achieved along this path. But we know that our own internal measures of success may not be enough to earn credibility and trust, so we have also relied on credible third parties to help us gauge our progress.

- **External Certification against Better Banana Project Standards** – In 2000, after an eight-year, \$20-million effort, all 127 Chiquita owned banana farms in Latin America achieved certification by the Rainforest Alliance against the Better Banana Project standards. The Rainforest Alliance conducts annual independent audits of each of our farms in collaboration with the Conservation Agriculture Network, a network of local non-profit groups dedicated to environmental conservation.
- **Internal Assessment Results Consistent with External Pilot Audits** – During 2000, we conducted rigorous internal assessments against the SA8000 labor standard in each of our banana divisions. We included the results of our assessments in this Report, and SGS International Certification Services, Inc. has attested that our results are aligned with the findings of audits it conducted in five of our banana divisions between late 1998 and early 2000.

Broaden the scope of our Corporate Responsibility reporting to include additional business units and locations.

NEXT STEP

1

First Things First – Our Owned Banana Farms in Latin America

We focused the environmental and social performance sections of this Report on our owned banana farms in Latin America, which produce almost half of our worldwide banana volume and have historically been the focus of stakeholder concern about our social and environmental performance. These farms are located in the following seven banana divisions:

- Colombia (Santa Marta and Turbo)
- Costa Rica
- Guatemala
- Honduras
- Panama (Armuelles and Bocas).

We will gradually expand our future reporting to include the following operations, in which we are actively working on Corporate Responsibility but which are not included in the Social and Environmental Performance sections of this first Report:

- Great White Fleet, our ocean shipping and logistics operation
- Chiquita Processed Foods, our U.S. vegetable canning operation
- Owned banana farms outside of Latin America (in the Ivory Coast and Guadeloupe)
- Sourcing of other fresh fruits and vegetables, and the sales and marketing operations of Chiquita Fresh
- Processed banana operations in Costa Rica and Ecuador
- Corporate headquarters in Cincinnati, Ohio, United States
- Joint ventures, business partners and suppliers.

The rest of this Report – everything outside of the Environmental and Social Performance sections – relates to the entire company, Chiquita Brands International, Inc.

“With this Corporate Responsibility Report, Chiquita has set a new, and high, standard for transparency with respect to the treatment of workers and the environment by U.S. companies operating in the complex and often controversial area of marketing agricultural exports from the South to the North. It represents a significant advance for transparency in corporate responsibility, not only in the banana industry but in the agricultural sector overall.”

– Stephen Coats, Executive Director, U.S./Labor Education in the Americas Project

Pointing Out the Flaws

Throughout this Report, we make note of those places where we fall short of our expectations. There is a danger that some of these examples may be taken out of context or may be used by others to suggest a lack of commitment on our part. That is one risk of open dialogue, but we have come to realize that we are unlikely to resolve issues or problems unless and until we talk about them openly – among ourselves and in collaboration with others. This is also why we have included case studies about several of the most contentious issues surrounding our social performance. These case studies clarify the issues, define our approach, and solicit your feedback.

In reporting our progress toward meeting the SA8000 labor standard, we outline each instance where our auditors uncovered behavior that did not meet this high standard. Some may seem relatively unimportant, and some reflect behavior clearly unacceptable for a Company professing our values. We have included both – so you can judge for yourself which are most important, and so our employees know that we expect all of them to be corrected.

Learning Through Your Feedback

The process of Corporate Responsibility reporting is new to us, and we have much to learn and improve. We will refine our key performance indicators, improve the depth of our performance measurement and reporting, and, where appropriate, seek credible third-party verification of our performance. We will continue to monitor and learn from emerging guidelines and standards, and we will adopt those respected leadership standards that are appropriate for our businesses and add substance to our Core Values and Code of Conduct.

We welcome your comments and ideas about how to improve our performance, our measurement systems, and our reporting. At the end of this Report, we provide a Feedback Card for your comments and a list of individuals you may contact if you would like more information or have suggestions. Thank you for your interest in Chiquita.

Jeff Zalla
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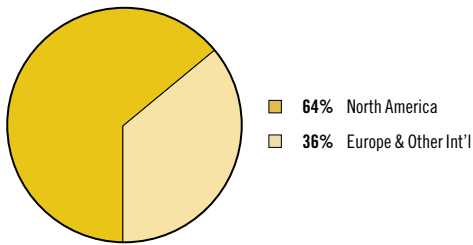


COMPANY PROFILE

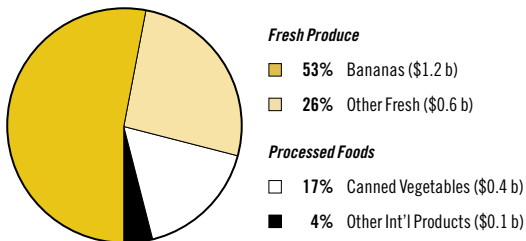
- International producer, distributor and marketer of fresh and processed foods.
- Publicly held corporation with \$2.3 billion in revenue and shares traded on the New York Stock Exchange.
- More than 26,000¹ full-time employees; operations in more than 40 countries.

BUSINESS SEGMENTS

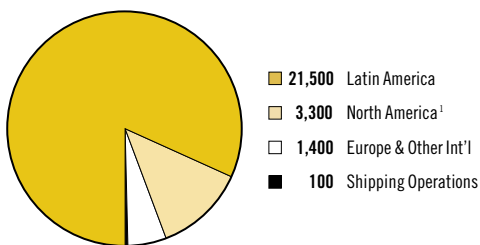
Revenue By Market



Revenue By Business Segment and Product Line



Employees By Location



¹ Excludes about 3,000 employed during seasonal vegetable canning operations.

COMPANY STRENGTHS

Powerful Brand

- U.S. consumers rated Chiquita the “#1 Food Brand of the 1990s” (EquiTrend® Study 2000)
- Consumers in traditional European markets prefer Chiquita 3-to-1 versus our nearest competitor (Nielsen consumer tracking study)

Source-to-Market Quality Leadership in Bananas

- World’s largest producer
- Excellent agricultural practices
- Social and environmental responsibility
- Modern, efficient fleet of 16 owned and additional chartered ships
- State-of-the-art banana ripening techniques
- Reliable distribution network
- Superior customer service

Strong Shares in Banana Markets

- 28% in North America
- 20% in Europe
- 10% in Japan

High % of Banana Sales to Top 20 Retailers²

- 62% in North America
- 32% in Europe

Largest U.S. Processor of Private-Label Canned Vegetables

² As ranked by Supermarket News in North America (2000) and Elsevier Food International in Europe (2001).

OVERVIEW

Our goal is not merely to be better than average in the agricultural sector, but to consistently demonstrate leading standards in Corporate Responsibility. This applies to our performance as well as to our reporting. We present in this section what we believe is a fair and accurate picture of our environmental, social and financial performance. Although there are many areas for improvement, we are proud of what we have accomplished to date and the clarity of our short- and medium-term objectives for improvement.

We have relied on a number of tools to gauge our progress and identify those areas where improvements are necessary. In each case, we've picked the most demanding standards.

– The **Rainforest Alliance's Better Banana Project** sets specific environmental and social targets and uses independent, external auditors to measure the extent to which those targets are met. Its scoring system and annual audit process provide incentives for continuous improvement.

– The **SA8000 Labor Standard** also relies on independent, external auditors to verify a company's performance. It helps a company acknowledge its shortcomings and outline specific plans to address any areas of non-compliance with international labor standards.

– Our **Core Values** serve as another measurement tool. In publishing the results of internal employee surveys and interviews, we honor the voices of our employees, who are most affected by our workplace practices. The degree to which we are living up to our Core Values may be the best measure of the quality of our employee relationships – the basis of our productivity and effectiveness as an organization.

Company data in this section are average or year-end 2000 figures, as appropriate. We will use these 2000 figures as a benchmark in measuring our progress in future years.

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We have relied on a number of tools to gauge our progress and identify those areas where improvements are necessary. In each case, we've picked the most demanding standards.

Context of Our Performance

We believe that our performance should be viewed within the context of the environments in which we work. The steps we have taken to implement Corporate Responsibility, our stakeholders, and the broader context of our operations in Latin America are all described in later sections of this Report. Sections that may be particularly helpful include:


- 80 **Our Stakeholders**
Description of our stakeholders and their importance to our business.
- 82 **Steps Toward Governance and Accountability**
Step-by-step guide to our Corporate Responsibility implementation process.
- 90 **Chiquita's Latin American Banana Operations**
Map and data about Chiquita's operations and the social and economic environments of our host countries in Latin America.
- 91 **Banana Production Process**
Summary of the steps involved in growing, harvesting and shipping bananas.
- 94 **Food Safety and Quality**
Summary of our policies and practices.

VERIFICATION STATEMENTS



Better Banana Project Certified: All 127 Chiquita Farms in Latin America

We are pleased to report that as of December 31, 2000, Chiquita achieved certification under the Better Banana Project (BBP) standards for its 127 owned banana farms in Latin America, corresponding to 28,811 hectares (71,190 acres) under cultivation.

We have reviewed the summary tables of average Better Banana Project audit scores by division, which are noted by the symbol  and included in the Focus on the Environment section of this Report. These tables accurately reflect the results of our farm certification audits conducted during the year 2000.

Our audits included physical inspections of farm facilities as well as interviews with farm managers and workers. Chiquita provided us open access to its farms and we had the ability to conduct unannounced visits to the farms at our discretion. Our audits were conducted by local environmental conservation organizations that participate in the Conservation Agriculture Network (CAN), of which the Rainforest Alliance serves as International Secretariat. The Rainforest Alliance works with our partners in CAN to ensure the uniformity and integrity of our audits.

Leading by example, Chiquita has demonstrated its commitment to environmental and social responsibility through the many tangible changes implemented at the farm level, resulting in improved conditions for the environment and the Company's workers.

Through its participation in the Rainforest Alliance's Better Banana Project, Chiquita has transformed the banana industry. We applaud Chiquita for its achievements.

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SA8000: Internal Assessment Findings Consistent with External Audits

We conducted preliminary external investigative audits of Chiquita banana divisions (in Costa Rica; Bocas, Panama; Guatemala; and Turbo and Santa Marta, Colombia) against the requirements of the SA8000 standard between September 1998 and February 2000.

Chiquita hired us to conduct these audits in order to provide management with additional information concerning performance requirements, audit processes and compliance levels as the Company considered adopting SA8000 as the core labor standard within its recently expanded Code of Conduct.

Our audits constituted a rigorous sampling examination of SA8000 aspects across Chiquita's banana operations. SGS ICS staff planned, conducted, and reported each audit in an independent and objective manner. Audit practices included group and one-to-one interviews with workers as well as interviews with management and reviews of physical and documentary evidence. These SGS ICS audits identified a number of significant areas of non-conformance with the SA8000 standard, which we reported to both local and senior management of the Company.

The results of Chiquita's subsequent internal assessments (as reported in the table on pg. 38 and the related Commentary) are substantially aligned with the findings of our own audits.

This Corporate Responsibility Report provides an indication of Chiquita's ongoing commitment to manage its banana business in a manner that respects and promotes the basic human rights of all workers. Chiquita's adoption of SA8000 as a base social accountability code, coupled with the Company's willingness to publicly report progress toward its goals, is commendable.

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**FOCUS ON THE ENVIRONMENT:
CERTIFIED TO THE RAINFOREST
ALLIANCE'S BETTER BANANA
PROJECT STANDARDS**

All 127 Owned Farms in Latin America

Chiquita achieved a major milestone in 2000 – the certification of all 127 of its owned banana farms in Latin America against the standards of the Rainforest Alliance's Better Banana Project. This process required eight years of effort, major improvements in operating practices, and the investment of more than \$20 million in infrastructure improvements.

In addition, 30% of the bananas we purchase from independent suppliers comes from Better Banana Project certified farms – a percentage we are working to increase over time. Of all the bananas Chiquita currently sells in Europe and the United States, 90% and 60%, respectively, are certified.

Some of the changes that have occurred through our involvement in the Better Banana Project are easy to see – improved infrastructure, training programs, pollution control systems, water monitoring, recycling and composting, managed forest reserves, buffer zones that protect rivers and worker housing, and other physical improvements.

Other changes are harder to see – a farm manager's new-found enthusiasm for reforestation, a worker's renewed morale, or an agronomist's determination to reduce pesticide use through integrated pest management techniques. But all of these changes are important, and all are stimulated and monitored by the Project's technical specialists and Chiquita's own Environmental Coordinators.

Based on Sound Science

The Better Banana Project standards were first proposed in 1992 by the Rainforest Alliance, a leading non-profit environmental organization based in the United States, and by other conservation organizations in Latin America. They sought to reduce the negative environmental impacts of banana cultivation and to improve working conditions in the industry. In 1996, after we had achieved initial certification of several farms in Costa Rica, we confirmed the scientific validity of the program through work with Conservation International and the Tropical Science Center.

Today the Better Banana Project is managed by the Conservation Agriculture Network, a group of local non-profit conservation organizations, and the Rainforest Alliance serves as International Secretariat. The Conservation Agriculture Network's mission is "to transform social and environmental conditions in tropical agriculture through conservation certification."

Continue to influence our independent banana growers in Latin America and our joint venture partner in the Philippines to establish target dates for third-party certification to the Better Banana Project and SA8000 standards.

NEXT STEP

#2

Objective, Concrete and Measurable Performance Standards

We compared the Better Banana Project standards to a variety of other environmental standards and management systems. We believe the nine principles and audit criteria of the Better Banana Project offer the most rigorous, objective, measurable, and comparative standards for performance.

Better Banana Project	vs.	ISO 14001
A performance standard focused on the banana industry and other agricultural crops		General environmental management system
Specific scientific standards for performance, including infrastructure requirements		User-defined performance criteria
Prior to certification, implementation of the criteria required		User develops implementation timeline; full implementation not required for certification
Annual third-party certification based on compliance with common standards		Periodic monitoring by third party to ensure compliance with user-defined goals and objectives

In 2000, our Costa Rica division achieved certification to the ISO 14001 standard. However, based on our experience to date, we believe that the Better Banana Project standard is more valuable in driving real performance improvement, and we do not plan to certify our other Latin American banana divisions to the ISO 14001 standard.

Better Banana Project Social Standards: A Useful Snapshot, but Incomplete

In addition to its seven environmental principles, the Better Banana Project includes two social performance principles – “Fair Treatment and Good Conditions for Workers” and “Community Relations.” In both areas, our divisions scored very highly, but our internal assessments showed a need for improvement. The different points of view, and the reasons behind the discrepancies, are important to understand.

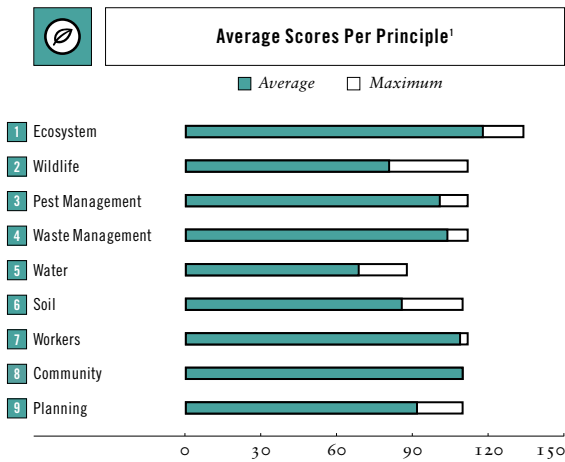
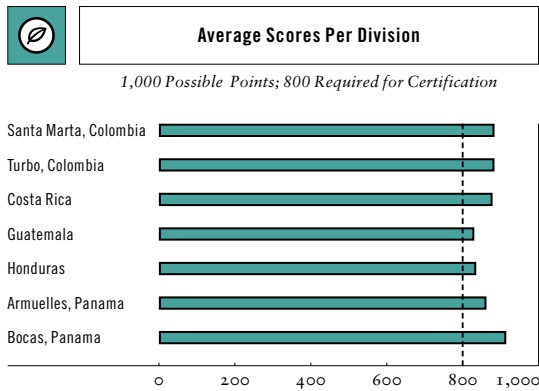
When the Rainforest Alliance developed the Better Banana Project standards, they were linked to three main pillars of sustainability: Community, Cultivation, and Conservation. The element of Community was meant to ensure that companies were creating fair workplaces, respecting appropriate labor laws, and working collaboratively with local communities. These basic Better Banana Project social standards provide a useful overview of social performance, but lack the depth and rigor of a more comprehensive system such as the SA8000 labor standard. This Report presents you with both points of view – the “snapshot” provided by the Better Banana Project audit scores as well as our more detailed assessment of performance in relation to SA8000 and our Core Values.



“Perhaps the most important changes are in the minds of farm managers and workers who see the value of conservation and view nature as an ally in crop production.”

– Chris Wille, Director, Conservation Agriculture Program, Rainforest Alliance

Better Banana Project Audit Scores – 2000



¹ See principles and performance on pages 17-35.

How Rainforest Alliance Rates Our Performance

The audit process for the Better Banana Project requires an annual inspection of each of our 127 owned farms in Latin America by the Conservation Agriculture Network, which may make unannounced visits to any farm at any time. Audits include both physical inspections of farm facilities and interviews with farm workers and managers.

Certification is based on a scoring system of 1,000 possible points. Each farm must earn at least 800 points to achieve certification. Farms are expected to demonstrate:

- No evidence of “fatal flaws,” or flagrant environmental or social problems;
- An active program of improvements in all areas;
- A plan that schedules needed improvements; and
- Record-keeping and monitoring systems that can document management practices, changes, and impacts.

Achieving certification is a real accomplishment, but it is not an end in itself. Certified farms are committed to constant improvement. The standard is continually revised to include new technologies and methods, and all certified farms are re-audited annually.

“Through its participation in the Rainforest Alliance’s Better Banana Project, Chiquita has transformed the banana industry. We applaud Chiquita for its achievements.”

– Tensie Whelan, Executive Director, Rainforest Alliance



Recognizing Room for Improvement

We recognize that we can make further progress in both our environmental performance and our verification systems. Our research organization constantly evaluates new technologies that could improve our performance, such as new strategies and products that could help reduce pesticide use. Our internal audit program con-

tinues to identify times when farm managers fall out of compliance with our standards and corrective action is needed. Mistakes and misunderstandings still occur. All of these items signal opportunities to improve our performance, the depth of our management commitment, and our internal and external audit processes.

ENVIRONMENTAL SUPPLIER OF THE YEAR



Recognized for "extraordinary environmental and social progress in Central America, one of the world's most sensitive and unique ecosystems."

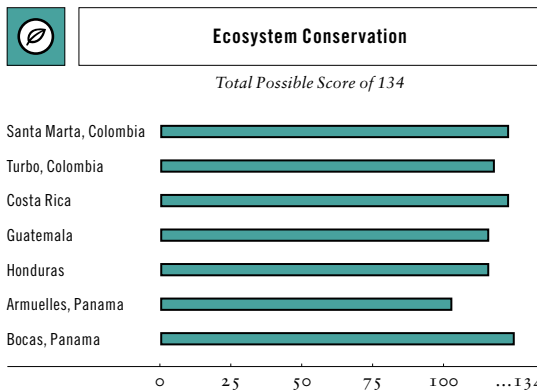
Wal-Mart singled out Chiquita as the company most deserving of its 2000 worldwide "Environmental Supplier of the Year Award." The award recognizes Chiquita's "extraordinary environmental and social progress in Central America... environmental responsibility, human rights advocacy, and worldwide credentials for stewardship." Wal-Mart also recognized Chiquita's commitment to the Rainforest Alliance's Better Banana Project as a compelling effort "to make a better world for citizens, workers, and consumers, including our Wal-Mart customers."

1 Ecosystem Conservation: A Focus on Forests

Promote the conservation and recovery of ecosystems.

BBP Standards

- Protect, preserve, and recover existing natural ecosystems.
- New agricultural activities must not harm remaining natural ecosystems.
- New farm areas must not replace primary or advanced forests.
- Deforestation is prohibited.
- Reforestation and ecosystem recovery programs should be established, using native species, in areas not suitable for agriculture.
- Biological corridors should be used to unite forest fragments; parks and reserves should be established where possible.



Our Performance

Many of Chiquita’s owned banana farms in Latin America are located in and near fragile and diverse ecosystems. These ecosystems are under increasing pressure from many human threats including those related to agriculture. Key threats to the environment posed by commercial banana cultivation include pesticide use, deforestation, and the quality of water runoff. It is important to our long-term business success that we reduce any negative environmental impacts of our operations and work to preserve these ecosystems.

Each of our divisions has undertaken extensive reforestation programs since we started working with the Better Banana Project. In total we have planted 742,000 trees, or the equivalent of 1,038 hectares (2,565 acres) of forest, in buffer zones along rivers, lakes, and public roads; in residential and industrial areas; and in farm areas abandoned due to floods or other reasons. These trees protect against aerial spray drift, prevent soil erosion, create habitats for birds and other wildlife, and add beauty to farm areas.

As part of our reforestation program, the Company plants native species of trees along farm roads.



In Bocas, Panama, we created a forested buffer zone along the Sixaola River, which is home to endangered manatees and flows into an important wetland area. In Costa Rica, we have protected 355 hectares (877 acres) of forest.

In 1992, we committed not to cut down any forest in the future, a commitment that has since led us to turn down potential purchases of new farmland in Sarapiquí, Costa Rica, and potential contracts with growers who would have cut down forests to plant new farms in Bocas, Panama.

2 Wildlife Conservation: Protecting Biodiversity

Protect and recover biodiversity, particularly endangered wildlife species.

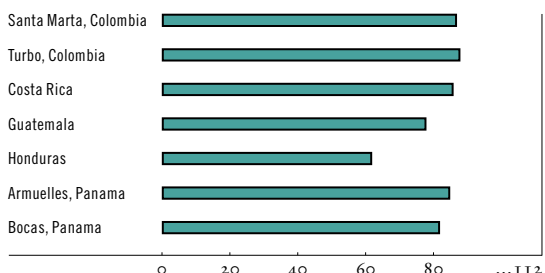
BBP Standards

- Implement strategies to protect threatened and endangered wildlife species and their habitats.
- Prohibit hunting and collection of wild flora and fauna on our farms.



Wildlife Conservation

Total Possible Score of 112



Our Performance

Various species of birds, amphibians, insects, and mammals live within our banana farms and in the canals, lagoons and borders surrounding them. Some of the wetland areas near our farms are also home to endangered plant species and endangered or threatened wildlife such as jaguars, manatees, sea turtles and a variety of migratory birds.

We protect this wildlife and their habitats through responsible, certified farm practices, and where possible through the establishment of protected forest areas near our farms.

We have developed partnerships with local and regional

In Bocas, Panama, we have preserved forest areas bordering our farms and refused contracts with growers who would have cut down forests to plant new farms.





Jose Luis Valverde
 General Manager
 Colombia
 jvalverde@chiquita.com
 21 years with Chiquita

“Corporate Responsibility is shaping the credibility, the confidence and the positive attitude of a group of people that each day feel proud to be part of our team, each one giving his or her best. With an open mind and the participation of the workers with their experiences and ideas, we are putting our Values and Code into action, while working as a team to achieve our common objectives and continue delivering an excellent product.”



environmental groups, and we have provided access and support to various university research projects on biodiversity. We have supported bird research in and around our banana farms, in collaboration with the Organization for Tropical Studies and the National University of Costa Rica. For the last five years, we have worked with Friends of the Birds, a Costa Rican environmental group dedicated to breeding and releasing the endangered Great Green Macaw and the Scarlet Macaw. Our funding and in-kind support have helped the organization successfully release 12 macaws. In addition, we have provided access and information to various university researchers examining topics ranging from birds and amphibians living on our banana farms to a study of endangered manatees off the Caribbean coast of Costa Rica.

We have more work to do in the area of wildlife conservation. For example, Better Banana Project auditors gave our Honduras division a relatively low score because its managers were judged to lack sufficient knowledge of local wildlife laws. Honduran management and staff are working to educate themselves and improve their performance in this area. We intend to increase our scores as we make improvements in both wildlife and ecosystem conservation.

3 Integrated Pest Management: Responsible Use of Pesticides

Plan and control the use of agrichemicals, taking into consideration the health of workers and local communities, soil quality, water resources and natural ecosystems.

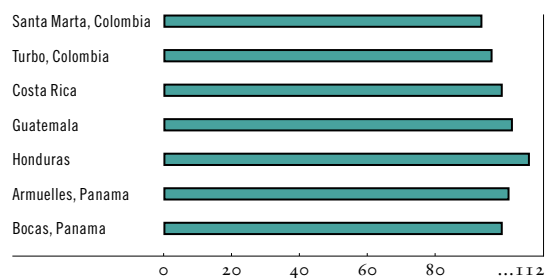
BBP Standards

- Integrated pest management practices.
- Appropriate local and U.S. Environmental Protection Agency approvals for products applied.
- Effective control of transportation, storage and application of pesticides.



Integrated Pest Management

Total Possible Score of 112



Chiquita supports Friends of the Birds, an organization that is working to preserve the Great Green Macaw and other endangered birds.



Our Performance

a. Chiquita's Pesticide Policy – Summary

In any agricultural production, the control of pests is important to both productivity and quality. As described below, we use several types of pesticides in the production of safe, high quality bananas:

- **Fungicides** control Black Sigatoka, an airborne fungus that attacks the leaves of banana plants, and post-harvest fungicides protect the fruit from rots and molds that may develop during transport to market.
- **Herbicides** control weeds that compete for plant nutrients.
- **Insecticides** infused into plastic bags help control insect damage to developing fruit.
- **Nematicides** control nematodes (microscopic worms) that destroy the roots of banana plants.

Chiquita uses only pesticide products that have been approved for use on bananas by the United States Environmental Protection Agency (EPA) and the European Union regulatory authorities. We use integrated management techniques on all of our farms to control pest problems. We conduct frequent site-specific surveys of our farms to determine the levels of pest infestation and damage. In order to minimize the use of pesticides and to reduce costs, we have discontinued routine, blanket applications, and we now apply pesticides only when and where necessary. We employ a group of researchers who evaluate government-approved products, and we select those that are most effective and safest for the environment and for worker health. We also update quarterly a list of approved chemicals, and our farm managers are obliged to use only these products on Chiquita farms.

Our policy for pesticide approvals is to trade down in toxicity whenever a safer, effective alternative becomes available. The policy does not factor cost into the decision; however, our experience has been that safer alternatives have been no more expensive, and in some cases have represented significant cost savings versus more traditional products. Chiquita's pesticide policy is available at www.chiquita.com.

In order to earn renewal of its Better Banana Project certification, each farm must demonstrate to auditors its commitment to reduce the use of pesticides to the fullest extent possible.

b. Prohibited Pesticides

The Better Banana Project standards prohibit the use of the "Dirty Dozen" pesticides, a group of particularly harmful and persistent organic pollutants. We have not used any of the Dirty Dozen pesticides on our Latin American banana farms since 1991. In 1997, our farms in the Ivory Coast discontinued use of the last remaining such pesticide, paraquat, which continues to be used elsewhere in the banana industry.

Chiquita applied commercially a nematicide known as DBCP in a few countries from 1973 to 1976, while this product was registered for use by the EPA. We stopped using DBCP commercially even before evidence appeared that it might cause health hazards, several years before the EPA revoked DBCP's registration for use. At no time did Chiquita use DBCP in Nicaragua, although the Company has been named as a defendant in DBCP litigation filed in that country.

Because we are committed to the use of the safest possible alternatives, our Approved Chemical List has long excluded a variety of pesticides that have regulatory approvals, would be permitted under the Better Banana Project, and are still commonly used in the industry. For example, Chiquita stands out among major banana companies for discontinuing in 1988 our use of chlorothalonil on our owned farms. Chlorothalonil is a fungicide that many other producers continue to use despite the fact that it is a known skin and eye irritant in humans and is acutely toxic to fish and marine life.

c. Pesticide Use and Worker Safety

The protection of worker health and safety in relation to pesticide use is among our top priorities. We have invested heavily in infrastructure, training, and operating practices to ensure that we apply pesticides in ways that protect the health, safety, and well-being of our workers and the environment.

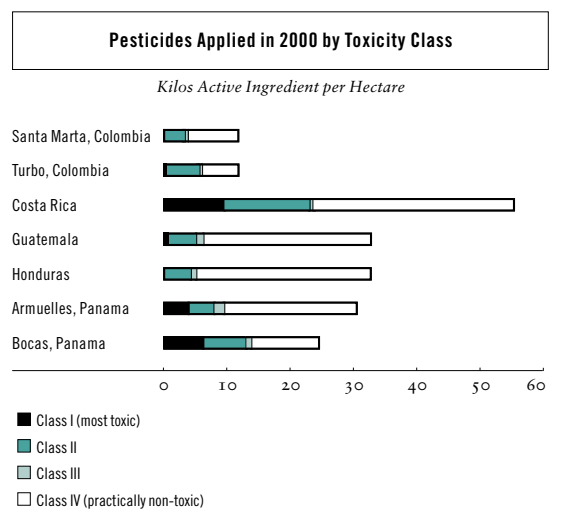
Most pesticides we use are low in toxicity and are not applied by hand. We use a variety of responsible application techniques including the aerial spraying of fungicides to control the leaf fungus Black Sigatoka (*see Case Study on pg. 66*). We have also planted natural buffer zones around housing areas, public roads, waterways, and work areas, in order to protect against drift from aerial spraying.

All workers using pesticides receive special training and safety gear. We provide showers and laundry facilities so that workers are free of any pesticide residues when they leave our farms. Workers who handle nematicides, the only pesticides we use that are rated “most toxic” by the EPA, receive regular medical testing to prevent over-exposure, which could cause nervous system damage. All of our farms observe the safety intervals determined by the EPA for worker re-entry into farm areas after pesticide applications. These periods are 48 hours for nematicides and the next day for fungicides and herbicides. Because of all these safety measures, pesticide intoxications are extremely rare in our operations.

(See pg. 40 in the Social Performance section for more details on our overall health and safety program.)

d. Pesticide Application Rates and Toxicity

The EPA classifies pesticides by four classes of toxicity, with Class I being the most toxic and Class IV being the least toxic. As seen in the chart, 64% of our pesticide use is at the lowest EPA toxicity level, and only 10% is at the highest. In 2000, three of our seven divisions did not need to use any nematicides, the only type of Class I pesticide we use. We will measure our pesticide use in future years against the 2000 data presented in this chart.



All of our divisions have pesticide-monitoring programs in place. The amount of pesticides used by each division varies based on a variety of factors: (1) weather, soil and biological conditions; (2) fungicide requirements related to management of disease resistance; and (3) varying levels of progress in implementing alternative programs to replace pesticide use. For example, Costa Rica's higher use of pesticides can be linked to its wetter climate, in which various pests and plant diseases thrive (including the leaf fungus Black Sigatoka), resistance management, and slower progress implementing alternative programs, such as ground cover to reduce the use of herbicides. In contrast, our Santa Marta, Colombia, division has the driest conditions and has reduced pesticide use through various integrated pest management techniques.

e. Improvements in Pesticide Storage

To avoid risks of accidents and harm to human health and the environment, we store all pesticides in appropriate, controlled facilities that meet Better Banana Project guidelines for construction, location and size, and we restrict access to trained personnel only. Individual farms store only small amounts of products, inventoried in listings that identify dates of purchase and expiration. The construction of modern and safe storage facilities was one of the most extensive and costly elements of our Better Banana Project implementation. We built 114 new warehouses and modified 110 others in order to meet Better Banana Project requirements. Major improvements included adding:

- Retention walls and sloping floors to control spills
- Improved ventilation and lighting
- First aid stations, showers, eyewashes and sinks in all areas where pesticides are stored
- Floors marked to organize products and keep aisles clear
- Signs posted to warn of health and environmental risks
- Stricter security systems.

BEFORE & AFTER

Chiquita invested in 224 improved or new warehouses to segregate pesticides and protect workers.



f. Fungus Control

As explained in the Case Study on pg. 66, we use fungicides to control the plant disease Black Sigatoka, a fungus that is present in all banana-growing regions around the world. We typically apply these fungicides through aerial spraying. The fungicide products we use are azoxystrobin, bitertanol, mancozeb (zinc ion & maneb), propiconazole and tridemorph, all of which have low toxicity to mammals and aquatic life. These fungicides make up 82% of the total amount of pesticides we apply.

We have made significant investments and changes in practices in order to ensure worker safety and prevent environmental risk from our use of these products. In all of our spray planes, we have installed global positioning systems and anti-drift nozzles, both of which reduce fungicide usage, improve the accuracy and effectiveness of applications, and reduce the risk of spray drift. We have also installed closed systems in all 16 of our airport mixing stations to dramatically reduce the risk of wastewater contamination from fungicides.

We also apply fungicides to protect bananas from crown rot and crown mold during transport to market. For this purpose, we use thiabendazole and imazalil, which are commonly used on fruits and vegetables worldwide. We worked with an equipment supplier to develop spray chambers that have allowed us to reduce fungicide use by up to 50%, improve control and quality, and reduce worker contact with these fungicides.

BEFORE & AFTER

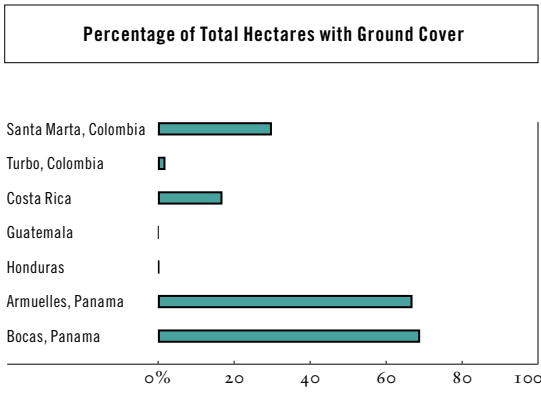
Company airports now have state-of-the-art infrastructure including closed systems to avoid fungicide runoff.



g. Weed Control

We are working to reduce our use of herbicides through a long-term program to establish ground cover plants, which impede the growth of weeds. We also reduce the use of herbicides by manual weeding. To date, we have planted 7,809 hectares (19,296 acres), or 28% of our owned farm area, with ground cover. Ground cover programs are well underway in Santa Marta, Colombia, and in Armuelles and Bocas, Panama. Our other divisions are starting similar programs. Five of our divisions also have manual weeding programs, which help reduce the need for herbicides.

When we apply herbicides, we use glyphosate (Roundup®, a product of Monsanto), which is commonly used for lawn and garden care in the United States. Our level of usage depends in large part on weather conditions, which affect weed growth.



Ground cover planted under banana plants and along canals reduces the need for herbicides.



h. Insect Control

For most insects, biological controls have proven to be effective. In four of our seven divisions, we use plastic bags infused with chlorpyrifos to cover banana stems and protect fruit from insect damage. These special bags allow us to apply insecticide only where it is needed in a manner that prevents broader exposure to workers and the environment. We are currently awaiting registration of a new insecticide that we believe is even safer, but we have not yet received the required regulatory approvals for its use.

i. Nematode Control

The roots of banana plants are susceptible to damage from microscopic nematode worms that are present in all of our growing areas in Latin America, especially in wetter climates. We apply nematicides where needed, up to three times a year, based on a monthly monitoring program that identifies specific areas with high nematode populations. Nematodes have been a constant problem in Costa Rica and both Panamanian divisions, but two other divisions have not had to apply any nematicides in recent years, and the others only apply very small amounts in specific areas. The nematicides we use are terbufos, ethoprop, carbofuran and oxamyl. We handle and apply these products under strict safeguards. We continue to actively research possible alternative control methods, including biological controls, but to date have not found effective and safe alternatives. Although we constantly strive to apply the least amount of nematicides possible, our usage will fluctuate based on levels of pest infestation and other natural factors.

4 Integrated Waste Management: Reduce, Reuse & Recycle

Establish an integrated solid and liquid waste management plan based on an environmentally friendly policy for reduction, reuse, recycling and disposal of wastes.

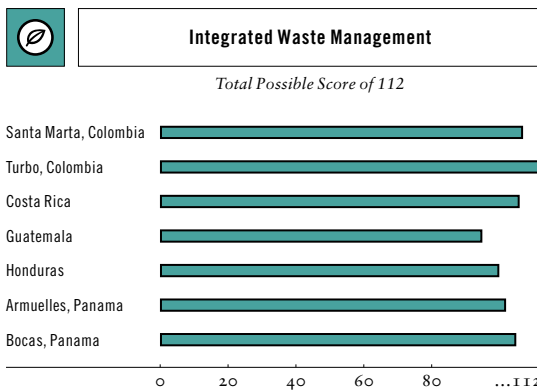
BBP Standards

- Implement an integrated waste management plan, separating and treating all solid and liquid waste products of agriculture and farm community activities.
- Develop a plastic collection and reuse or recycling plan to avoid soil and water contamination.
- Avoid the use of open dumpsites.
- Conduct a technical feasibility study prior to operating any new sanitary landfill or incinerator.
- Prevent contamination of areas around farms.
- Promote the use of organic waste as compost.
- Promote the use of recyclable or returnable agrichemical containers.

Our Performance

The process of banana production generates several kinds of waste – organic waste such as banana stems and rejected fruit; inorganic waste such as plastic bags and twine; and materials requiring special handling, such as used pesticide containers, residual water discharges, sewage, and the domestic waste of employees. Chiquita has actively worked to ensure that we properly dispose of the waste produced in our farms and community areas.

We leave organic wastes, such as banana plants and leaves, in the field as nutrients to be reincorporated naturally into the soil. Banana stems, from which the fruit is cut at the start of the packing process, are returned to the field or composted in special trenches built for this purpose. Bananas that do not meet market specifications are used to make puree, made available to local residents, used as animal feed, or composted in trenches. The amount of waste varies over time based on weather conditions, plant diseases, worker handling, and market demands.



As part of our certification process, we constructed 85 new composting trenches to properly dispose of organic waste. This action has reduced environmental impacts and improved the areas surrounding our farms.

Years ago, we recognized that inadequate disposal of plastic waste presented real hazards to the soil quality in our farms as well as to the marine environment and wildlife surrounding them. We have since lowered the amount of plastic we use by reducing the thickness and length of the plastic bags that protect banana stems in the field. We also now recycle or reuse almost 80%, or about 3,100 metric tons (3,400 U.S. tons) a year, of the plastic bags and twine used in our farms. We send most of this plastic to recyclers for use in production of other products or as fuel in industrial processes such as concrete production. Some of the products made from recycled plastic include stepping stones for walkways, cornerboards (used to stabilize boxes of fruit shipped

on pallets), bailing twine, and in one case in Costa Rica, a pedestrian bridge. Some divisions are also exporting their used plastic to overseas plastic recycling facilities. In our most remote locations, where recycling alternatives are not available, we store the plastic and are searching for proper disposal options.

In December 2000, Chiquita earned the Green Award from U.S. Plastic Lumber Ltd. (USPL) in recognition of our “outstanding achievement and commitment to the environment through plastic recycling.” USPL commended Chiquita for its commitment to buy cornerboards constructed from recycled material, an initiative that reduces waste and lowers the Company’s material costs. In 2000, Chiquita recycled the largest number of plastic cornerboards of any USPL customer.

BEFORE & AFTER

New systems, such as trenches to compost waste bananas, allow us to properly segregate, recycle and manage waste in an environmentally friendly way.



In December 2000, Chiquita earned the Green Award from U.S. Plastic Lumber Ltd. in recognition of our “outstanding achievement and commitment to the environment through plastic recycling.”

We ship about 95% of our bananas in boxes to Europe and North America on wood pallets. The wood used to produce these pallets is an important resource. We purchase and recycle the pallets in a responsible and cost-effective manner. All of the wood used in the construction of our pallets comes from managed forests, and we recycle or reuse all of our pallets in both major markets. Pallets used in our European market pass through our recycling facility in Bocas, Panama, and in North America we participate in a pallet pool that allows reuse of pallets among companies that handle similar products. These efforts at reuse and recycling have significantly decreased the use of new wood throughout our supply chain.

Our suppliers worked with us to reduce our use of plastic by agreeing to provide many pesticide products in reusable bulk containers. We have also developed programs to return all of our pesticide containers to our suppliers for reuse, recycling or proper disposal. These programs have both reduced our total resource usage and eliminated potential health risks to our communities.

We also made major progress by installing closed systems for mixing fungicides at all of our airports, in order to eliminate the risks of spills and to allow the capture and reuse of water runoff from spray plane cleaning operations (*see Case Study on pg. 66*).

Residential and office waste from our operations is either collected by municipalities, directed to septic tanks or waste treatment systems, or deposited in one of 46 sanitary landfills we constructed as part of our certification efforts.

Worker compresses plastic for recycling.



Worker gathers twine on a farm for recycling.



Twine and plastic are stored in warehouses prior to shipment to recycling facilities.



The Company used recycled plastic to construct this pedestrian bridge in Costa Rica.

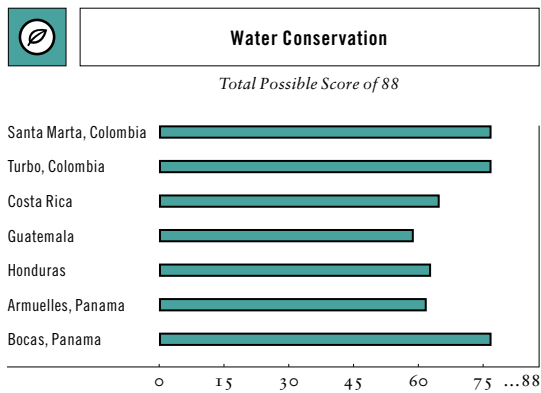


5 Water Conservation: Protecting An Essential Resource

Promote the short-term conservation and the medium- to long-term recovery of water resources.

BBP Standards

- Establish buffer zones along riverbanks, lakes, streams and springs.
- Promote reductions in use and reuse of water resources.
- Eliminate spills of contaminants, especially agrichemicals, fuels and oils, into bodies of water.
- Treat residual waters with waste treatment systems.
- Periodically monitor the physical, chemical and biological characteristics of drinking and residual waters to ensure water quality.



Our Performance

Water is an essential resource for banana production. Some farms require irrigation in the dry season; packing stations use water to wash bananas; and potable water should be available for all workers. Water also runs through our farms in canals that collect surface and packing station runoff water. All of the canals in our farms run into lagoons or rivers that are home to wildlife.

The Better Banana Project scores varied among our divisions, principally due to differences in the amount of water recycling achieved in packing stations.

Given the importance of water as a natural resource, we are committed to exploring additional ways to use water more efficiently and to ensure that the water that leaves our farms is as clean as the water that enters. Chiquita has undertaken a host of infrastructure and monitoring efforts to preserve water quality. We have established forested buffer zones by planting about 190,000 trees that protect waterways around our farms. We have built solid waste traps outside all of our packing stations to prevent organic waste such as banana stems or rejected fruit from entering drainage canals.

BEFORE & AFTER
Waste traps now filter organic debris from packing station water and better protect nearby canals and rivers.



Some packing stations have implemented water reuse programs, and we are evaluating new technology in this area. We have also significantly reduced our water use by improving irrigation systems in two of our three divisions that typically irrigate during the dry season. For example, the installation of a new system in our Honduras division reduced water use by 70% and significantly decreased energy consumption.

We sample the ground, surface, and drinking water in each of our farms at least every six months. Qualified independent laboratories test these samples for pesticide contamination, physical and chemical characteristics, and the ability to sustain life. Better Banana Project auditors review the sample test results. Since testing began, traces of pesticides have been identified only in very few instances. In each case, we quickly identified and corrected the specific local causes of the contamination. Our new Occupational Health and Environmental Management System (*see pg. 42*) will track the water testing results in each farm and provide more consistent data about the quality and use of our water resources.

Where Chiquita provides workers with housing, we also provide potable water and conduct regular testing of water quality.

We regularly monitor the water table on each of our farms to ensure that our drainage systems are operating properly and that our water table remains at or below 1.20 meters (3.9 feet), so that plant roots remain healthy.

In recent years, we have not experienced any significant decline in the water tables in our Latin American growing areas. However, we recognize that availability of water resources is an issue of increasing global importance and that we have a duty to conserve water resources.

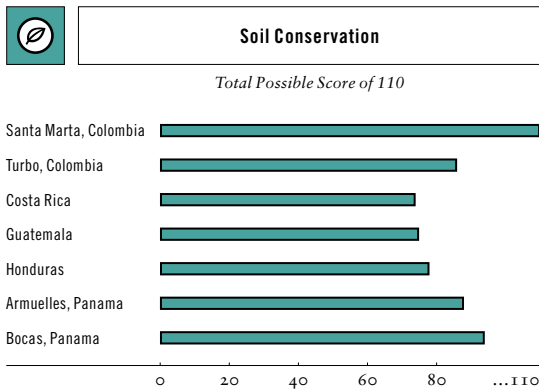
We are committed to manage our farms, some of which have been growing and harvesting quality bananas for more than 100 years, in a sustainable manner.

6 Soil Conservation: Long-Term Sustainability

Promote soil conservation and recovery to ensure support of long-term crop production.

BBP Standards

- Develop and implement a plan to conserve soils and reduce erosion risks.



Our Performance

We are committed to manage our farms, some of which have been growing and harvesting quality bananas for more than 100 years, in a sustainable manner. We recognize that healthy soils are vital to the long-term viability of our business.

We do not take any more nutrients from the soil than we must. After harvest, we reincorporate the banana plants and fruit stalks into the soil as nutrients.

We conduct soil tests at all of our farms to identify plant nutrition needs, and we apply fertilizers only in small amounts where needed, which lowers costs and avoids runoff. We keep as conservation areas the land that does not support commercially viable production. We control soil erosion through the introduction of ground cover (*see pg. 24*), especially around farm canals. Buffer zones planted along rivers and canals also help prevent the erosion of soils.

Three divisions received relatively low scores in this area, and we expect their scores to improve as they make progress in implementing ground cover programs to reduce soil erosion and minimize pesticide use.



Arnaldo Palma
 General Manager
 Honduras
 apalma@chiquita.com
 31 years with Chiquita

"If all family values were based on our Core Values, we would ensure a better world for the future."

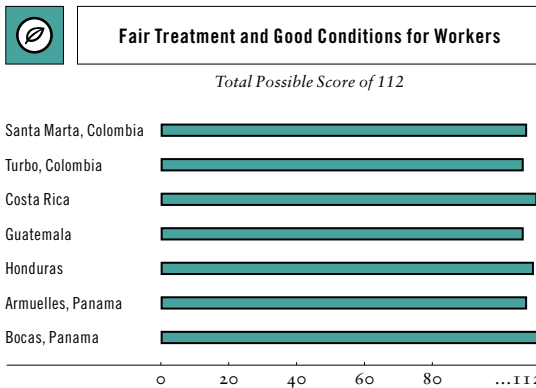


7 Fair Treatment and Good Conditions for Workers

Work to improve the social and economic welfare and quality of life for workers and their families.

BBP Standards

- Employment policies that help improve the standard of living for workers and their families.
- Freedom of association and right to organize.
- Occupational health.
- Housing and basic services.
- Environmental education.



Our Performance

All of our divisions scored highly on this standard, which is a composite of various issues that the Rainforest Alliance believes demonstrate a company's commitment to ensure a fair work environment and a decent standard of living in the banana industry.

- **Employment Policies** – Chiquita has comprehensive employment policies that are outlined in our Code of Conduct (*available for download at www.chiquita.com*). The Better Banana Project audits did not reveal problems with our policies, although our own internal assessments identified several issues where divisions need to better understand and apply our policies.
- **Freedom of Association** – Chiquita's Code of Conduct recognizes the right of all employees to form and join trade unions and other organizations of their choice and to bargain collectively. In our operations in Latin America, 84% of our banana farm workers (or about three-quarters of our total employees) belong to trade unions – many more than any other banana company. All or most of our banana employees are unionized in each of our divisions except Costa Rica, where 85% of our employees choose to be represented by Permanent Committees, a common Costa Rican form of labor representation. Although local and international unions have differing viewpoints, the Better Banana Project standards and Chiquita recognize Permanent Committees in Costa Rica as a legitimate form of representation. (*See Commentary on pg. 43 and Case Study on pg. 69 for more information.*)

– **Occupational Health** – We have a variety of health and safety policies and programs in place, covering general issues relevant to the banana industry as well as specialized issues of pesticide safety (see pg. 21). Better Banana Project auditors evaluate whether a farm has proper infrastructure, practices, and training to ensure safe handling and use of pesticides and other agrichemicals. Although our overall health and safety performance satisfied the Better Banana Project auditors, a number of non-conformance issues have emerged in our internal assessments. They relate primarily to the need for stronger management systems, more systematic and organized training across different locations, and better accident prevention. (See Summary on pg. 38.)

– **Housing and Basic Services** – In addition to all legally mandated social benefits, Chiquita provides a variety of basic services that improve our employees’ quality of life. We provide housing or a housing subsidy to a large percentage of the workers on our owned banana farms in Latin America. In many of these communities, we also provide electricity, potable water, and other basic services. As part of the Better Banana Project audit process, the five Latin American divisions that provide housing for workers agreed to make additional improvements to employee housing. We are also committed to increase over time the degree of home ownership among our employees. (See Commentary on pg. 49.)

– **Environmental Education** – As a result of the Better Banana Project, Chiquita has worked to educate employees, their families and other community members about sustainable environmental practices, including reforestation and pollution prevention. Efforts to date have included communication, training, children’s programs, and tree-planting projects.

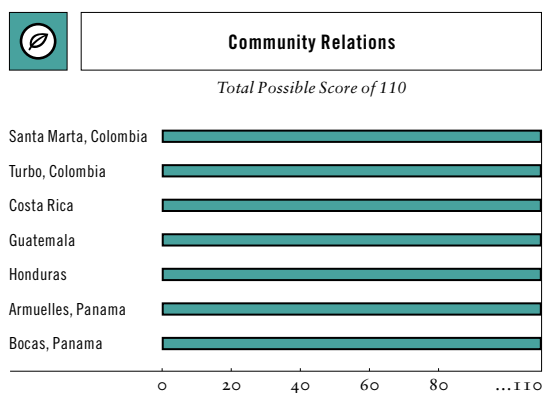
Children plant trees in Bocas, Panama, at an Environmental Awareness Fair.

8 Community Relations: Local Impacts & Global Efforts

Demonstrate commitment to the well-being of local communities and strive to be respectful of local cultures.

BBP Standards

- Collaboratively address community issues.
- Consult local citizens and community groups and take their viewpoints into account in matters that directly affect the quality of their lives.
- Provide employment opportunities first to members of the communities near the farm.



Our Performance

All divisions received the maximum scores for this principle.

“Chiquita and its workers and CARE in Honduras are working together for the global purpose of stopping the spread of HIV/AIDS, by improving access and the quality of health services and the participation and commitment to change individual behaviors in the banana farm communities, all to influence this epidemic that is destroying the Honduran population. For several years, Chiquita has been the leading pioneer in this process and serves as an example to other companies; we are proud to be working together in this effort.”

– Gloria Manzanares, Programs Sub Director, CARE Honduras



Local Impacts

We are committed to the economic well-being of the local communities where we operate and to respect local cultures. Each division has established ways to work directly with its local communities to ascertain needs and develop solutions. Here are some examples of local projects:

- **Day Care** – Local staff provided in-kind support to several day care centers located in communities near our banana farms in Costa Rica, to make quality childcare more accessible to our workers.
- **Drug and Alcohol Prevention** – Costa Rican staff helped sponsor an education program called DARE to educate school children living in and around our farm communities about the risks of alcohol and drug abuse. The program began three years ago and in 2000 educated 106 children.
- **HIV/AIDS Education** – Human Resources and medical staff from the Honduras division developed an innovative HIV/AIDS education program, in collaboration with the international development organization CARE, and with the labor union that represents the division’s workers. The program has trained nearly 100 volunteers to provide peer counseling and education to Chiquita employees and to local community members. The program has helped to reduce the number of HIV/AIDS cases in and around our farm communities and has increased people’s understanding of prevention strategies.

- **Literacy** – In Colombia, staff responded to concerns in two farming communities by establishing a basic literacy education program. A local study had found that in two communities about 10% and 22% of residents were illiterate. During 2000, the program reached more than 100 community members from ages 4 to 55.
- **Housing** – See pg. 49 for more information on collaborative initiatives with local communities in several divisions to increase employee home ownership.
- **Small Business Support** – To help increase the self-sufficiency of employees who lost their jobs in the aftermath of Hurricane Mitch, in addition to traditional financial benefits, our Honduran division donated land and helped a number of employees develop local agricultural cooperatives. Former employees have formed four successful cooperatives to grow plantains and vegetables. Several former female employees have formed three additional cooperatives to farm cassava and peppers and have opened two stores with the initial inventory provided by the Company.

Community day care center in Costa Rica provides childcare for the families of local farm workers.



CARE in Honduras has trained this group of Company workers to be counselors on HIV/AIDS in their workplaces and communities.



A Chiquita-sponsored literacy program in Colombia has graduated 100 community members.



- **Employment opportunities** – Due to the rural locations of our banana farms, Chiquita is often the largest employer in our communities. Company purchases and the earnings of our employees often support the development of small local businesses. For example, our Colombian division has supported a program to help women widowed by the violent conflict in the country to organize a cooperative that gathers and recycles plastic from banana farms, as well as to launch a plastics recycling plant.
- **Training/Workshops** – Chiquita has sponsored training and informal educational workshops for workers and their families on a wide range of topics addressing important local issues such as recycling and waste management, water and electricity conservation, home and garden maintenance, handicraft skills, and sports and recreation.

Global Efforts

Despite the poor earnings of the Company in recent years, we have continued to donate time and money – albeit at a modest level – in response to local community needs. In exceptional circumstances, we have also responded swiftly and generously to natural disasters that have affected our communities – such as donating \$3 million to immediate relief efforts after Hurricane Mitch in 1998.

Our global community involvement efforts in 2000 included the following:

- **Philanthropy** – We made charitable cash donations of more than \$800,000 to non-profit organizations in the areas of education, health, and international relief efforts.

- **In-kind donations** – We donated nearly \$500,000 of shipping services, canned goods, and produce to non-profit organizations in the U.S., Europe and Latin America.
- **Volunteerism** – Employees in the U.S., Europe and Latin America donated time to community projects in the areas of environment, housing, literacy, health-care, and education.

In addition, Chiquita employees operate and fund the Chiquita Relief Fund-We Care, an independent non-profit foundation. Established after Hurricane Mitch devastated our divisions in Honduras and Guatemala in late 1998, We Care has awarded grants during the last two years of almost \$200,000. The grants, in the areas of health, education, and microenterprise, inspire self-reliance and provide temporary help to Chiquita employees and their immediate communities to overcome hardships caused by disasters.



We recognize that, given our Company’s financial performance, we are limited in the resources we can apply to philanthropy. In order to gain the maximum benefit from our efforts, we plan to develop a global community involvement strategy in 2002 that focuses our local and corporate activities on areas that best reinforce the Chiquita brand, reflect the priority needs of our communities, and offer development opportunities for our employees.

Define a global community involvement strategy that reflects the priority needs of our communities and provides opportunities to reinforce the Chiquita brand and to foster the professional growth and development of our employees.



Mario Mena
 General Manager
 Guatemala
 mmena@chiquita.com
 21 years with Chiquita

"This Company's greatest asset has always been the people who work for it. Our Core Values reflect management's commitment to upholding this belief."



9 Planning and Monitoring

Plan, monitor and evaluate the farm's performance taking into account technical, economic, social and environmental considerations.

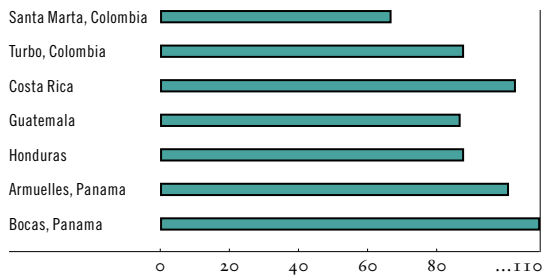
BBP Standards

- Present a clear and detailed plan for the improvement of social and environmental conditions for each farm, for the short, medium and long term.
- Monitor the farm's impact on the environment and its compliance with the Better Banana Project standards.



Planning and Monitoring

Total Possible Score of 110



Our Performance

Each division has a plan for improvements, which incorporates the recommendations of Rainforest Alliance or Conservation Agriculture Network representatives and our tropical environmental group, which provides support to all divisions and oversees our progress against the Better Banana Project standards. Each division has an Environmental Coordinator who works to ensure our farms are Better Banana Project compliant all of the time.

The divisions that received high scores in this area have documented changes and improvements in relation to their plans. Those divisions with lower scores are just starting to implement tracking systems, and their scores will improve once our new Occupational Health and Environmental Management System is in place (see pg. 42).

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SOCIAL PERFORMANCE: ACHIEVING THE SA8000 LABOR STANDARD

Credible and Verifiable

The labor standards portion of our Code of Conduct is based on SA8000, an independent standard developed by Social Accountability International in collaboration with a wide range of labor, consumer, business, government, and non-governmental organizations. Social Accountability International accredits independent external auditors to audit and certify a company's compliance with the standard. Although some workers' rights organizations have expressed concern about its external audit process, we have concluded that SA8000, with its management systems requirements, guidance materials, and accreditation process, is currently the most credible and verifiable social accountability standard for labor rights. It is also a comprehensive standard, based on the core conventions of the International Labor Organization, the Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child. *(The SA8000 standard and certification procedures can be found at www.sa-intl.org.)*

As part of our examination of SA8000, we took steps to determine if it was appropriate for all of our business units. We hired an independent firm, SGS ICS, Inc. (the International Certification Services unit of the Société Générale de Surveillance Group), to conduct pilot audits of our compliance with SA8000. They conducted these audits between September 1998 and February 2000 at five of our owned banana divisions in Latin America, in a joint venture producing banana puree, and in our ocean shipping and vegetable canning operations.

The audits confirmed to us that, despite improvements we need to make, the SA8000 standard is appropriate for our banana sourcing operations. We did find that several elements of the standard, in particular the limit on working hours, are not appropriate for our shipping and seasonal non-banana agriculture operations. We have shared our feedback with Social Accountability International and have offered to collaborate in any adaptation of the standard that would widen its applicability within agriculture.

Early Results and Action Plans

During the summer of 2000, 23 Chiquita assessors conducted formal social responsibility assessments of our seven banana divisions in Latin America. These assessors worked in independent teams, each of which had in-depth knowledge of our operations and experience in labor relations, health and safety, and environmental management. A contractor to Social Accountability International and experienced Chiquita employees trained the assessors in the SA8000 standard and the other Social Responsibilities in our Code of Conduct.

We based our assessments on the SA8000 guidance document and audit processes used by third-party auditors, including the completion of a 40-page questionnaire, physical inspections, reviews of records, and interviews of managers, administrators, and workers. The assessors shared their results with the management team of each division and assisted in the development of action plans to improve performance. By the end of 2000, six of our seven divisions in Latin America (all except Guatemala) had developed their action plans. Included in the Commentary section are excerpts from these plans. The Guatemala division will complete its plan in 2001.



"Chiquita's adoption of SA8000 as a base social accountability code, coupled with the Company's willingness to publicly report progress toward its goals, is commendable."

— John Brookes, Senior Vice President, Société Générale de Surveillance International Certification Services, Inc.

By the end of 2000, six of our seven divisions in Latin America had developed their action plans to achieve SA8000 compliance.

SA8000: Holding Ourselves Accountable

The strength of the SA8000 standard is that it helps companies identify their challenges and problems. In those instances where one of our operations is not in compliance, senior management will hold it accountable – to understand the problem, develop a plan of action, and make changes that will bring the operation into compliance.

The chart on the next page shows compliance – and non-compliance – against SA8000 at our banana divisions in Latin America. It is drawn from our internal assessments and clarifies our opportunities for improvement versus the standard.

We conducted these assessments only four to six months after we adopted the SA8000 standard. Therefore, we did not yet have in place many of the specific management system requirements of the standard – which is one reason this chart shows a number of areas in yellow indicating the “absence of a required policy or management system.” Nonetheless, we chose to publicly report our detailed assessment results now, as an indication of our commitment to achieve SA8000 certification in our banana divisions over time.

The footnotes are an important part of this chart. They detail the specific issues of non-compliance in our performance, and they help translate general notions of corporate responsibility into clear action plans for improvement. They reflect the delicate nature of working in different cultures, and they expose the unique nature of each issue and each location.

Establish target dates for SA8000 certification in all of our owned banana divisions in Latin America and achieve certification in some divisions.

NEXT STEP

#4



SUMMARY OF COMPLIANCE WITH THE SA8000 STANDARD

	Santa Marta, Colombia	Turbo, Colombia	Costa Rica	Guatemala	Honduras	Armuelles, Panama	Bocas, Panama
CHILD LABOR							
Use of child labor	■	■	■	■ 1	■	■	■
Remediation policy	■	■	■	■	■	■	■
Limits on young (age 15 to 18) worker hours	■	■	■	■ 2	■	■	■
Hazards to young workers	■ 3	■	■	■ 4	■ 5	■	■ 6
FORCED LABOR							
No forced labor	■	■	■	■	■	■	■
HEALTH AND SAFETY							
Accident and injury prevention	■ 7	■	■	■ 8	■	■ 9	■
Senior management rep accountable	■	■	■	■	■	■	■
Regular and recorded training	■ 10	■	■	■ 11	■	■ 10	■
Systems to prevent and respond to threats	■	■	■	■	■	■	■
Clean bathrooms / potable water	■	■ 12	■	■	■	■	■
Housing	NA	NA	■	■ 13	■ 13	■ 13	■ 13
FREEDOM OF ASSOCIATION							
Freedom of association	■	■	■	■	■	■	■
Parallel means where law restricts	NA	NA	NA	NA	NA	NA	NA
No discrimination against union reps	■	■	■	■	■	■	■
DISCRIMINATION							
Non-discrimination in employment	■	■ 14	■	■	■ 15	■ 16	■ 17
Respect practices and needs	■	■	■	■	■	■	■ 18
No sexually abusive behavior	■	■	■	■ 19	■	■	■
DISCIPLINARY PRACTICES							
No mental or physical abuse or punishment	■	■	■	■ 20	■	■	■
WORKING HOURS							
Regular - max 48 hours and 1 day off in 7	■ 21	■	■ 22	■ 23	■ 22	■	■
Overtime - max 12 hours, voluntary, paid extra	■ 24	■	■ 25	■ 24	■ 25	■	■
COMPENSATION							
Wages meet legal minimum & industry stds.	■	■	■	■	■	■	■
Convenient pay with full detail	■	■	■	■	■	■	■
No use of labor contractors to avoid benefits	■ 26	■ 26	■	■	■	■	■
MANAGEMENT SYSTEMS							
	■	■	■	■	■	■	■

Key

- In compliance
- Absence of required policy or management system
- Non-compliance in actual performance (see footnotes)
- NA Not Applicable (because we don't provide housing or because freedom of association is not restricted under law)

Footnotes: Non-Compliance Items Identified

- 1 Assessors in Guatemala observed one independent contractor employing several 14-year-olds for non-farm project work.
- 2 Guatemala did not observe restrictions on working hours for its employees aged 16-18.
- 3 In Santa Marta, Colombia, although children were not employed, they were allowed to enter packing areas to remove waste bananas.
- 4 In Guatemala, workers aged 16-18 were allowed to perform tasks without regard to physical demand or risk.
- 5 Although not employed, children in Honduras were allowed to enter work areas and help their parents. Contractors working on seasonal or special projects were found to employ 14-year-olds.
- 6 In Bocas, Panama, children, though not employed, were allowed to help clean up packing stations.
- 7 Personal protective equipment (PPE) was either not available or not used on farms inspected in Santa Marta, Colombia.
- 8 PPE was only available to pesticide applicators in Guatemala, where facilities and equipment needed improvement.
- 9 In Armuelles, Panama, PPE was not being used and needed improvement, re-entry periods were not strictly observed, and farms lacked safety committees.
- 10 In Santa Marta, Colombia, and Armuelles, Panama, training programs needed to be improved.
- 11 Guatemala needed to demonstrate that health and safety training programs recently initiated would be maintained.
- 12 Potable water was not available in all locations assessed in Turbo, Colombia.
- 13 Housing conditions needed improvement in four divisions.
- 14 In Turbo, Colombia, the division lacked women in supervisory roles and women could not easily switch from part-time to full-time roles.
- 15 The Honduras division lacked women in supervisory roles, required pre-employment pregnancy and AIDS testing, and did not hire workers over 40 years of age.
- 16 In Armuelles, Panama, the division did not hire women for farm labor and few women were in supervisory roles.
- 17 In Bocas, Panama, the division did not hire women for farm labor, few women or indigenous people were in supervisory roles, and age limits existed for field positions.
- 18 In Bocas, Panama, breast-feeding breaks were not allowed.
- 19 Some workers in Guatemala alleged sexual harassment by supervisors in one staff department.
- 20 Several workers in Guatemala complained of verbal abuse by supervisors.
- 21 In Santa Marta, Colombia, security guards and irrigation workers exceeded the limit on working hours.
- 22 Packing and harvest workers in Costa Rica and Honduras exceeded limit on working hours.
- 23 In Guatemala, workers exceeded limit on hours during peak periods.
- 24 Workers in Santa Marta, Colombia, and Guatemala exceeded maximum overtime hours.
- 25 In Costa Rica and Honduras, workers exceeded maximum overtime hours, overtime was not voluntary, and overtime premiums were unclear due to piece work pay systems.
- 26 Some contractors were used to reduce labor benefits and costs in Santa Marta and Turbo, Colombia.

We chose to publicly report our detailed assessment results now, as an indication of our commitment to achieve SA8000 certification in our banana divisions over time.



SA8000 COMMENTARY
BY ISSUE AREA

1. Child Labor

Chiquita's Code of Conduct prohibits the use of child labor. Our minimum hiring ages are well-above those established by the International Labor Organization.

Our assessments identified three types of child labor issues. First, in Guatemala, our assessors noted that one of our contractors had employed several 14-year-olds for temporary project work on Company-owned housing. Technically, this complies with SA8000 and our Code of Conduct, because the employment of 14-year-olds is permitted under Guatemalan law and by the "developing country" exception within ILO Convention 138. However, we plan to encourage our contractors to hire only workers 16 years of age or older, as is our local policy.

Second, although none of our divisions employ children, they have not yet adopted formal policies and plans, as required by SA8000, describing how they would respond if children were found to be working for the Company. Our divisions will adopt such policies in 2001.

Third, because employees generally live in communities on the farms, children are often present in and near work areas, although they themselves are not working. In recent years, the Company has taken action to ensure that children do not accompany their parents into the fields or packing stations. Some divisions still report

cases in which children bring lunches to their parents, but this has become much less frequent because farms have installed cafeterias, workers have lockers to store food, and management has communicated that, for legal and safety reasons, children are not allowed on farm premises.

CHILD LABOR REMEDIATION POLICIES NEEDED

Because our divisions have not employed children in the past, none have formal policies to address child labor if it were found to exist. Such a policy is required under SA8000, and each division is addressing this need in its action plan.

Action Plan:

- Develop a policy to resolve child labor if it were found to exist.
- Communicate this policy to all employees.
- Develop and implement stronger controls to ensure that children are not employed and not present on farms.
- Designate specific, safe areas around the farms to receive visitors, including children.
- Promote education and encourage parents to send children to school.

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2. Forced Labor

Our Code of Conduct prohibits the use of forced labor, and our internal assessments indicated full compliance with our policy.

3. Health and Safety

We are committed to maintaining healthy and safe workplaces, as is clearly stated in our Code of Conduct. As a result of our participation in the Better Banana Project, since 1992 we have improved our overall health and safety practices and modernized many of our buildings. However, we are not yet fully satisfied with our performance. We recognize that we need to further develop the rigor of our management and tracking systems, improve the consistency of health and safety training across our divisions, and reduce accidents.

Infrastructure Improvements

In an effort to improve health and safety, we made the following infrastructure improvements as part of our Better Banana Project implementation efforts.

- **Packing Stations:** Lifted the roofs to improve ventilation and light.
- **Showers:** Installed 105 new ones and rehabilitated 20 others.
- **Laundry Facilities:** Installed 67 new facilities to launder employee protective clothing and rehabilitated 16 others.
- **Toilet Facilities:** Rebuilt or improved toilet facilities.

BEFORE & AFTER

As part of overall infrastructure improvements, Chiquita brought all toilet facilities up to Better Banana Project standards.





Adrian Guzman
 General Manager
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 13 years with Chiquita

“The Bocas division communicates both internally and externally the pillars of Corporate Responsibility: our Core Values and Code of Conduct. We have identified many opportunities for improvement and we have established action plans that are being implemented throughout 2001 with the hope of achieving SA8000 certification soon. This program dictates the right way to make decisions and to interact with our colleagues and communities, and it will contribute to the Company’s success.”



Training

Our training program focuses on health and safety procedures for our major farm activities, which include harvesting and packing operations. We also provide training on accident prevention and the safe use and handling of pesticides (*see detail on pg. 21*). The Company communicates health and safety information in group and individual training sessions, in written form, and on video.

Below are the numbers of employees in each division that received training in a variety of health and safety and related issues during 2000. The number of total participants, almost 15,000, is likely understated because our training records in some divisions are incomplete.

Accidents and Prevention Efforts

Despite our safety training programs, accidents frequently occur in banana production, as they do in agriculture generally. The most common accidents are falls, cuts and lower back strains. Falls often result from the uneven and slippery terrain and the narrow bridges that span drainage canals in our farms. Workers get cut while handling machetes and sharp knives used in farm and packing station jobs. Lower back strain results from more physically demanding jobs like harvesting fruit and loading boxes.

All farms have first-aid supplies and special facilities such as emergency eyewash basins. In addition, all facilities have access to local or regional medical staff for treatment of more serious injuries and illnesses.

At present, only three of our divisions systematically track the number of accidents related to farm practices, and only one is able to report the total number of days lost due to accidents. In 2000, our Honduras, Bocas, Panama, and Costa Rica divisions reported that accidents occurred at estimated rates of 2.1, 1.0 and 2.9, respectively, per 10,000 hours worked. Costa Rica reported it lost 27,350 employee workdays due to accidents. Our other divisions have not tracked accidents in a systematic and verifiable manner. However, in future years, all divisions will do so. These accidents and injuries are harmful to workers and costly to the Company, in both medical expenses and lost productivity.

TRAINING THEME	Santa Marta, Colombia	Turbo, Colombia	Costa Rica	Guatemala	Honduras	Armuelles, Panama	Bocas, Panama	Total Participants
Safe Use of Pesticides	108	114	1,181	705	304	2,708	858	5,978
Safety & Hygiene	270	22	712	–	75	2,708	255	4,042
Environmental Education	134	341	481	–	248	1,763	100	3,067
Preventive Health	–	–	–	–	–	882	737	1,619
SA8000	183	37	–	–	–	–	–	220



"We are working to close the gaps identified in the Core Values survey by more closely involving our workers. We continue to see improvements in costs and productivity in Costa Rica. Part of the reason, I believe, is a motivated team."

Charles Keiser
 Sr. V.P., North American Sourcing and
 Acting General Manager
 Costa Rica
 ckeiser@chiquita.com
 20 years with Chiquita



The only death known to have occurred from pesticide intoxication in recent years was in 1997, on a farm managed by our Bocas, Panama, division. Although the incidence of pesticide intoxication on our farms is extremely low, we have worked aggressively to improve our pesticide safety precautions (*see pg. 21*) and to reduce applications by hand. We also segregate pesticides in secure warehouses to prevent accidental or intentional ingestion of pesticides by employees or others.

New Occupational Health and Environmental Management System

We are implementing a new Occupational Health and Environmental Management System, which we will begin installing in all of our banana divisions in 2001, to better track accidents, identify trends in accident causes, and improve prevention efforts. The system's Worker Safety module will track all accident information and help divisions prioritize improvements needed to reduce the frequency of accidents. The system will enable managers to screen worker safety incidents against multiple factors including cause, process, task, cost, workdays lost, farm, supervisor, hour, and date. The Environmental Monitoring module will track data on pesticide applications and safety, water monitoring, reforestation, and audit and performance results. Environmental program managers will be able to adapt the system as needed to address the most significant issues in each division. Divisions will be able to identify trends or patterns in these data and to better address safety issues in a systematic and targeted fashion. As we install and improve this system over time, we will include more safety performance data in this Report.

EMPLOYEE HEALTH AND SAFETY – NEW POLICIES AND SYSTEMS NEEDED

Several non-conformance areas related to health and safety policies and systems were common across our divisions:

- Lack of adequate tracking of data, such as those related to training and accidents.
- Health and safety policies not being applied to contractors.
- Inadequate emergency plan development, documentation and communication to employees.

Action Plan:

- Communicate existing health and safety policies.
- Develop and implement policies where needed.
- Implement a health and safety management information system.
- Develop and implement emergency plans.

LACK OF POTABLE WATER IN TURBO, COLOMBIA

The available drinking water in Turbo, Colombia, had excess iron and our assessors did not consider it potable. In August 2000, immediately after the assessment revealed this problem, we began providing potable water in bottles. However, the process was inefficient and did not guarantee the consistent availability of water, so we need additional steps to develop a long-term solution to this problem.

Action Plan:

- Establish system for potable water storage and distribution.
- Select appropriate type of water containers, and standardize and provide them for all workers.
- Identify a cost-effective, long-term alternative to provide sufficient potable water.

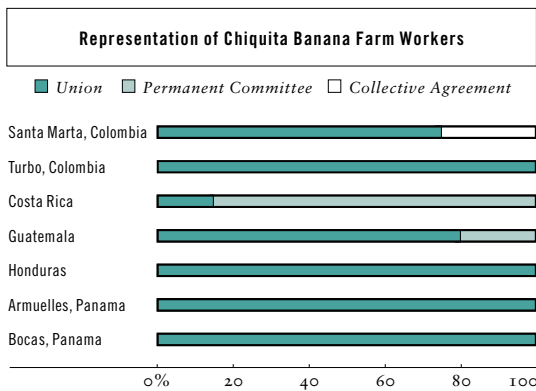
NEXT STEP

#5

Complete the installation of a new Occupational Health and Environmental Management System in all of our Latin American banana divisions.

4. Freedom of Association

Chiquita supports the rights of freedom of association and collective bargaining. More than 70% of our employees in Latin America – or over 80% of our 17,000 banana farm workers – belong to trade unions. In Costa Rica, 85% of employees are represented by Permanent Committees, a common Costa Rican form of representation (*see detailed Case Study on pg. 69*). In Santa Marta, Colombia, an alternative form of representation exists whereby workers democratically elect representatives who negotiate collective bargaining agreements on their behalf. These agreements are recognized under Colombian law as equivalent to collective bargaining agreements with unions.



FREEDOM OF ASSOCIATION IN COSTA RICA

In our assessments, freedom of association only arose as an issue of concern in Costa Rica. Our assessors noted that the Costa Rica division had not communicated formally to workers their right to freedom of association, and that some workers expressed concern during interviews that union members might be discriminated against or even fired. The Company continues to address these concerns with local and international labor groups, and the local division is implementing the following steps to improve the situation.

Action Plan:

- Formally communicate the division's respect for employees' rights to join any organization of their choice, including trade unions.
- Train supervisors about employees' rights in this area.
- Develop and implement a system to ensure that employees understand their rights to freedom of association and the Company's policies in this area.

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As a matter of principle, we believe that every Chiquita employee should have the opportunity to grow and develop to the fullest of his or her abilities.

5. Discrimination

Our Core Values pledge us to respect individual and cultural differences. As a matter of principle, we believe that every Chiquita employee should have the opportunity to grow and develop to the fullest of his or her abilities. Our assessments indicated a wide range of diversity, particularly across age and ethnicity. But we also found that our employment practices in some divisions sometimes reflect local cultural biases that unfairly limit opportunity for some employees. We recognize that it may take a long time to overcome deeply rooted cultural biases among employees, but we are committed to the goal of equal employment opportunity for all Chiquita employees and to collaborate with local labor representatives to develop long-term solutions.

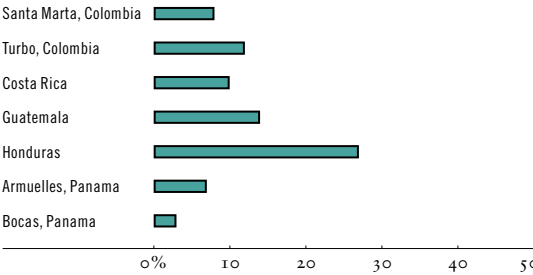
Equal Employment for Women, Older Employees, and Indigenous Groups

The number of women employed on our farms is only about 10%. In part this reflects cultural norms in Latin America, but it also reflects the physically demanding nature of some jobs, such as banana harvesting. In Honduras, we employ many more women, but only in packing station jobs. These jobs pay well compared to the field labor jobs of many male employees, but few women advance to supervisory positions.

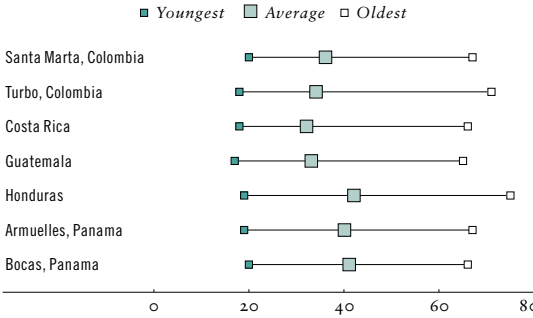
Our assessors also found a few other issues of concern. In Honduras, the division conducted pre-employment pregnancy and AIDS testing. The rationale for the pregnancy testing was to protect pregnant women from jobs that would be too demanding or hazardous. Pre-employment AIDS testing was done to control the costs of health care, which are borne entirely by this division for all its employees. However, to better respect the Company's policies of non-discrimination and employee privacy, the division has since stopped these practices. Any pregnant employee is now free to request the safest possible jobs, and medical exams are no longer used to screen applicants for employment. In addition, in Bocas, Panama, the assessments revealed that employees were not allowed to take breast-feeding breaks, a problem that is being corrected as part of the division's action plan.

There is a wide range of ages among our employees, and only in the most physically demanding jobs like harvesting are there very high percentages of younger workers. Where average ages are lower, as in Costa Rica, they appear to result more from factors such as the relatively young age of the farms or the migrant work patterns of many employees. However, in some divisions, we encountered inappropriate discrimination by age in hiring practices for certain jobs.

Percentage Female Workers on Chiquita Banana Farms



Chiquita Farm Workers by Age



DISCRIMINATION IN SOME DIVISIONS

Our assessors noted some level of gender discrimination in most of our divisions, and some evidence of discrimination against older workers in a few locations. In one division (Bocas, Panama) there was evidence of possible discrimination against indigenous workers (see pg. 56 for more information).

Action Plan:

- Develop and affirm equal employment policies, where needed.
- Communicate these policies to all employees.
- Develop programs to provide career advancement opportunities for women and indigenous workers.
- Develop training programs on ethnic diversity and on discrimination.

ALLEGED SEXUAL HARASSMENT IN GUATEMALA

Chiquita’s policy is not to permit any sexual harassment. In Guatemala, our assessors heard from several workers about sexual harassment alleged to have occurred within a particular staff group that supported farm operations.

Action Plan:

- Hold management accountable for examining the specific allegations and making appropriate changes.
- Reaffirm to all employees in Guatemala the Company’s “no harassment” policy and employees’ rights to raise any concerns related to harassment.
- Develop sexual harassment training for managers, supervisors, and employees.

GENDER DISCRIMINATION IN ARMUELLES, PANAMA

Some discrimination issues are complicated. For example, our assessors in Armuelles identified that our contract with the local banana workers union effectively prevents the Company from hiring women in packing station jobs. This problem was not identified as a concern in worker interviews, but rather in the assessors' review of payroll records, which established that the division had not hired a woman since 1985 in any of its packing stations. The union has long stipulated that women cannot be employed in any farm job outside the packing stations. Because the Company relies on packing station workers to do other farm-related jobs when the packing stations are not operating, it became inefficient to hire women even in the packing stations. The Company has tried many times without success to get the union to allow women in field jobs.

Action Plan:

- Develop clear policies at the local level for non-discrimination in the hiring, promotion, and compensation of employees.
- Continue dialogue with the union to gain greater flexibility to enact equal opportunity policies.

6. Disciplinary Practices

Our Code of Conduct states that we do not allow or support the use of corporal punishment, mental or physical coercion, or verbal abuse. The only non-conformance issue noted in our internal assessments was in Guatemala, where a number of workers complained of verbal abuse by supervisors. This issue will be addressed as part of Guatemala's action plan (*see pg. 56*).

7. Working Hours

Chiquita has adopted the SA8000 working hours requirement for its banana farming operations. This policy provides that: (1) employees will not on a regular basis be required to work in excess of 48 hours per week (less in some countries due to legal requirements); and (2) overtime will be voluntary, will not exceed 12 hours per week, will not be requested other than in exceptional and short-term business circumstances, and will always be paid at a premium rate.

In some of our divisions, administrative employees reported working excessive overtime hours and not receiving premium pay for overtime. Limiting hours worked is particularly difficult in the banana harvesting and packing processes, because we often face peak demands in loading ships or adjusting to variations in production volume. Our divisions are sharing best practices and investigating new possibilities to increase efficiency and eliminate the long working hours traditional in the industry. In addition, we are developing systems to ensure that we correctly record and provide premium pay for overtime hours worked by hourly employees.

UNPAID OVERTIME FOR ADMINISTRATIVE PERSONNEL IN BOCAS, PANAMA

The internal assessment in Bocas noted that some administrative personnel were regularly working significant overtime without additional compensation.

Action Plan:

- Interview employees to better understand the problem.
- Identify work areas in which overtime regularly occurs.
- Reduce overtime as much as possible through efficiency improvements, changed work processes, and shifts in workloads.
- Hire additional personnel if needed.

Chiquita's wages and benefits are significantly higher than those of average agricultural workers in the countries where we operate.

EXCESSIVE HOURS FOR PACKING STATION WORKERS IN HONDURAS

The internal assessment of Honduras revealed that its packing stations worked more than 60 hours per week on a regular basis.

Action Plan:

- Identify ways to modify harvest and packing work to fit into 8-hour shifts.
- Identify whether additional packing station improvements will result in sufficient productivity gains to limit work to an 8-hour day.
- Test on a model farm the cost and productivity impacts of various packing station alternatives in order to identify an improved and more efficient model for all packing stations.
- Explore with unions mutually beneficial pay systems that would better reward productivity and reduce unnecessary overtime.

8. Compensation

Wages and Wage-Related Benefits

Chiquita complies with all legal requirements of the countries in which it operates and provides year-round, full-time employment. In fact, Chiquita's wages and benefits are significantly higher than those of average agricultural workers in the countries where we operate. Wage-related benefits vary by country, but often include items such as vacation, extra month pay, sick pay, health benefits, incentives and bonuses, limited family leave benefits with pay, and savings plans.

Basic Needs Wage Assessment

Even though our wages are well-above the legal minimums and country averages for similar work, our Code of Conduct also requires that they meet the basic needs of workers as measured under the SA8000 standard. Due to the complexity of the effort required to assess basic needs in detail in many local communities, this is the only element of the SA8000 standard that our assessors did not measure in detail in 2000. However, we have a project underway in four divisions in 2001 to assess basic needs wages and to develop a credible measurement tool for use in all of our divisions.

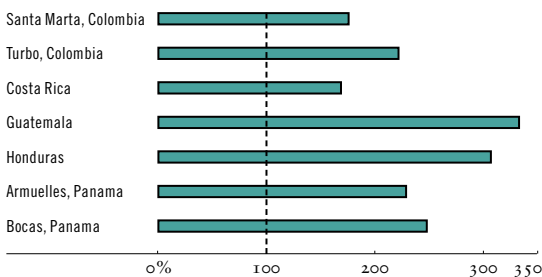
UNCLEAR PAY STUBS IN BOCAS, PANAMA

The internal assessment for Bocas revealed that we did not provide easy-to-understand pay stubs to workers. This practice is due in part to complex legal rules governing pay, and to a pay system administered in Spanish, a language many of our indigenous workers do not read.

Action Plan:

- Simplify current pay stub format while adhering to all legal requirements.
- Train workers in the pay stub calculations and detail.

**Chiquita Wages & Wage-Related Benefits
As % of Legal Minimum Wages & Benefits**



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Non-Wage Benefits

In addition to legally mandated benefits, we have also traditionally provided our employees with extensive non-wage benefits, which are often provided for in collective bargaining agreements.

Background on Social Benefits

The fact that the Company has historically provided basic social benefits such as housing, medical care and schooling has frequently led to criticism about our presumed control over the lives of our employees. When the Company first developed banana farms in Latin America, typically there was neither infrastructure nor basic government social services in these rural areas. The Company created infrastructure and social services for its operations and surrounding communities out of necessity, in order to attract workers to develop and operate its farms.

In developed countries, employers commonly provide health care, employee education, and recreation facilities, but other benefits we provide such as electricity, water, and garbage collection are generally provided by local governments. We recognize the value these benefits provide in the lives of our employees. But we have also long recognized that reliance on the Company to provide basic social services is unhealthy – for our employees, their communities, their governments, and the Company. Therefore, we intend to continue our efforts to shift the responsibility for providing basic social services such as medical care, schooling, electricity, potable water, and garbage collection to local municipalities and governments, as their capacity allows.

ADDITIONAL NON-WAGE BENEFITS	Santa Marta, Colombia	Turbo, Colombia	Costa Rica	Guatemala	Honduras	Armuelles, Panama	Bocas, Panama
Company Housing/Subsidy	□	□	52%	100%	80%	49%	73%
Potable Water	G	G	■	■	■	■	■
Electricity	G	G	■	■	■	■	■
Garbage Pickup	G	G	■	■	■	■	■
Basic Health Care	G	G	■	■	■	G	G
Primary Schooling Support	■	■	■	■	■	■	■
Worker Scholarships			■	■	■		■
Worker Transportation	■	■	■	■	■	■	■
Recreation Facilities	■	■	■	■	■	■	■
Lunch Allowance					■		

□ Housing subsidy

% Percent of division workers in Company housing

■ Provided by the division

G Provided by local or national governments

Housing

At present, about 54% of our farm employees live in homes owned by the Company. Most of these homes were built decades ago, are expensive to maintain, and are located within the farms, near areas where aerial spraying takes place (*see Case Study on pg. 66*).

We believe that increased home ownership in areas outside our farms would both help our employees build a better way of life and eliminate health and safety concerns. Therefore, we have been pursuing independent home ownership programs in various divisions in cooperation with employees, unions, non-governmental organizations, and governments. In areas where Company houses are located outside our farms, we have sold many existing homes to workers at affordable prices. In Costa Rica, Guatemala, Honduras, and Panama, we have also subsidized the development of about 1,600 new homes for purchase by workers.

In Honduras, working with farm employees, the union, and local non-governmental organizations, we have completed plans for a 2,000-home worker-owned housing community in the town of La Lima. The Company plans to contribute 50% of the total cost of design and construction, which will occur in phases over time. The Federal Government of Honduras has committed to fund basic infrastructure amounting to 14% of the project cost, and workers themselves will contribute 36%. The parties are currently seeking the most affordable long-term mortgage financing in order to enable the workers to fund their portion of the project cost.

Chiquita will continue to collaborate with unions, non-governmental organizations and governments in the development of employee home ownership programs that are affordable to both employees and the Company.

Farm workers' children play safely in recreational areas in farm communities.



Chiquita doctors provide health care services to farm workers in many communities.



The Company provides worker housing for approximately half of its farm employees.



Chiquita provides transportation for workers throughout the farms and their communities.



Temporary Workers

We do not hire temporary employees to perform permanent jobs. However, it is often appropriate for us to use temporary workers to perform agricultural jobs that occur infrequently throughout the year or to work on special projects, such as construction, periodic soil testing, or cleaning drainage canals.

We are committed to ensure that all of our employees have the correct employment status and earn appropriate compensation and benefits. We will not employ workers through contractors solely to avoid payment of legally mandated benefits.

As shown in the chart, four of our divisions use temporary workers; the others subcontract infrequent farm tasks to third parties. Our 2000 assessments indicated that our use of temporary workers was appropriate in all locations except Guatemala, where the issue is being addressed as part of the division's action plan.

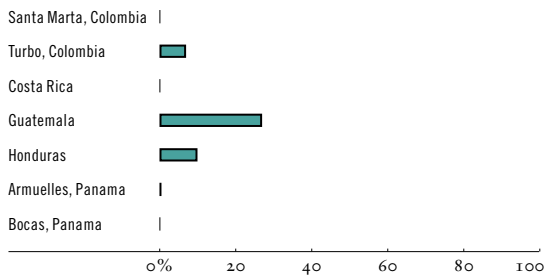
TEMPORARY EMPLOYEES IN GUATEMALA

Guatemala is the only division where assessors identified a concern related to the hiring of temporary workers. At the time of the assessments, the Guatemala division employed more than 500 temporary workers, many of whom had held that status and not earned full benefits for several years. By year-end 2000, the division had reduced the number of temporary employees by half.

Action Plan:

- Re-classify employees so that the only ones considered temporary are those in jobs that are infrequent or are required during short-term periods of peak production.

Temporary Workers





Cameron Forsyth
 General Manager
 Armuelles, Panama
 cforsyth@chiquita.com
 24 years with Chiquita

“The responsibility of operating in an ethical and moral manner, within the guidance of our Core Values, has us constantly asking the question, ‘Are we raising the bar?’ I believe we are.”



9. Management Systems

SA8000 is somewhat unique among labor standards in that almost one-third of its text is dedicated to the adequacy of management systems. In order to demonstrate compliance with the standard and earn certification, a Company must demonstrate that it has appropriate policies, adequate management review, personnel with specific oversight responsibilities, training and monitoring programs, supplier evaluation and oversight procedures, processes for resolution of concerns, procedures for external communication, access for verification, and record-keeping.

NEED TO IMPROVE RIGOR AND SCOPE OF MANAGEMENT SYSTEMS IN SOCIAL PERFORMANCE

Our assessments clearly indicated that all of our divisions must widen the scope and improve the rigor of their management systems in the areas of social performance.

Action Plan:

Design management systems that help our units identify and correct areas of non-compliance with our Code of Conduct and provide data for effective corporate oversight and verification of compliance.

- Develop standard policies and procedures to ensure compliance.
- Develop information systems to track and demonstrate compliance with our Code of Conduct (*see pg. 85*).
- Establish processes to better communicate our performance and progress.
- Establish mechanisms for monitoring and management review to drive continuous improvement.
- Identify within each unit a management representative with specific responsibilities for oversight of compliance.

Strengthen management and accountability systems that govern our Corporate Responsibility performance.

NEXT STEP

#6

LIVING UP TO OUR CORE VALUES:
THROUGH THE EYES OF
OUR EMPLOYEES



INTEGRITY

We live by our Core Values.
We communicate in an open, honest and straightforward manner.
We conduct business ethically and lawfully.



RESPECT

We treat people fairly and respectfully.
We recognize the importance of family in the lives of our employees.
We value and benefit from individual and cultural differences.
We foster individual expression, open dialogue and a sense of belonging.



OPPORTUNITY

We believe the continuous growth and development of our employees is key to our success.
We encourage teamwork.
We recognize employees for their contributions to the Company's success.



RESPONSIBILITY

We take pride in our work, in our products and in satisfying our customers.
We act responsibly in the communities and environments in which we live and work.
We are accountable for the careful use of all resources entrusted to us and for providing appropriate returns to our shareholders.

Allowing Our Employees to Guide Us

While we have sought to better understand corporate responsibility from the perspective of outside experts and from examples of best practice, we have also looked to our own employees for feedback and direction.

In an effort to develop a baseline understanding of performance against our Core Values, we conducted individual and focus group interviews with about 550 employees, or about 3% of our local workforce, during the assessments conducted between July and October 2000 in our seven Latin American banana divisions. We gathered information from employees at all levels and functions – from harvesting and packing station workers to administrators and managers. We asked employees to rate and comment on our performance against each individual element of our Core Values, along a four-point scale from “Very Good” to “Very Bad”. Although we are cautious not to draw firm conclusions from these small surveys, each of our divisions is using this input as it develops action plans to improve performance and better fulfill our Core Values.

In most companies, and certainly in ours, employees are among the harshest critics. That is no surprise – they have the closest view of real life inside the Company. There are risks in showing the areas in which employees are disappointed by the Company’s performance. But we release these figures publicly, as we did the SA8000 compliance data, because they give a clear sense of where we have the greatest opportunities for improvement.

Scoring Methodology

Each score in the following table is an average of all interview responses received about each Values element in each of our banana divisions. Survey responses received numerical scores (4 = Very Good, 3 = Good, 2 = Bad, 1 = Very Bad), which we totaled and averaged for each item. These averaged results give us a simple baseline of performance, although they sometimes mask exceptionally good or bad performance. For example in Bocas, Panama, 53% of farm workers rated division performance as “Very Bad” in the area of responsibility to the environment; however, some ratings of “Good” and “Very Good” resulted in an average score of “Bad”.

We regard any rating of “Bad” or “Very Bad” as a call for action, and we are focusing on those issues where employees believe we have the most room for improvement.

In the future, we plan to improve our rating system to better reflect the range of employee feedback about each Values element and to increase the number of employees interviewed so we achieve more statistically significant samples.

Conduct assessments in our North American and European Sales and Marketing groups of our Core Values and Social Responsibility performance.

NEXT STEP

#7

Employee Feedback on Core Values

Owned Banana Divisions in Latin America

Numbers in chart below represent the following divisions.

- 1 Santa Marta, Colombia
- 2 Turbo, Colombia
- 3 Costa Rica
- 4 Guatemala
- 5 Honduras
- 6 Armuelles, Panama
- 7 Bocas, Panama

Farm Workers							Elements of Our Core Values	Administrators and Managers						
1	2	3	4	5	6	7		1	2	3	4	5	6	7
INTEGRITY														
■	■	□	■	□	□	■	Open Communication	□	□	■	□	□	■	□
■	□	□	■	□	□	■	Honest Compensation	□	□	■	□	□	■	□
□	□	□	■	■	■	■	Straightforward Communication	□	□	■	□	□	□	□
■	□	□	■	□	■	■	Lawful Conduct	■	■	□	■	■	□	□
□	□	□	■	□	■	□	Ethical Conduct	■	□	□	□	□	□	□
□	■	□	■	□	■	■	Living By Our Core Values	□	□	□	□	□	■	□
RESPECT														
■	■	□	■	■	■	■	Fair Treatment	□	□	□	□	□	□	□
■	□	□	■	□	□	□	Respectful Treatment	□	□	□	□	□	□	□
□	■	□	■	□	■	■	Recognize Family	□	□	■	□	□	■	□
□	□	□	■	□	■	■	Individual Differences	□	□	□	□	□	□	□
□	■	□	■	□	□	□	Cultural Differences	□	□	□	□	□	□	□
□	□	□	■	□	□	■	Individual Expression	□	□	□	□	□	■	□
□	■	□	■	□	□	□	Open Dialogue	□	□	■	□	□	□	□
□	■	□	□	□	□	□	Sense of Belonging	■	□	■	□	□	□	□
OPPORTUNITY														
■	□	□	■	□	□	□	Personal Development	□	□	□	□	□	□	□
□	■	□	■	□	□	□	Teamwork	■	□	□	□	□	□	□
■	□	□	■	■	■	□	Recognition	□	□	■	□	□	■	□
RESPONSIBILITY														
■	■	□	□	□	□	□	Pride in Work	■	■	■	■	■	■	□
■	■	□	□	□	□	□	Pride in Products	■	■	□	■	■	■	■
■	■	□	□	□	□	□	Pride in Satisfying Customers	■	■	□	■	■	□	■
■	■	□	■	□	■	□	In Communities	□	□	□	□	□	□	□
□	■	□	■	□	□	■	In Environment	□	□	□	□	□	■	□
■	■	□	□	□	■	□	Careful Use of Resources	□	■	□	□	□	□	□
□	■	□	□	□	□	■	Returns to Shareholders	□	■	□	□	□	□	□
50	63	64	42	20	33	18	No. of Workers Surveyed	36	87	36	30	28	24	23

- Very Good
- Good
- Bad
- Very Bad

Key Observations: Many Positives, Plenty of Room for Improvement

In the next column are our general observations from the survey results, as well as a sample of what employees told us during focus group and individual interviews. Our divisions' action plans to address specific areas of concern are described on the next page.

Uniformly Positive Ratings on Some Issues

For some Core Values elements, including taking pride in our work, in our products, and in satisfying customers, we earned uniformly positive ratings across all divisions, from both workers and administrators alike.

“We feel Chiquita in our hearts.”

“We are always willing to give our most to satisfy the client.”

Consistently Positive Ratings in Certain Locations

We earned consistently positive ratings across all 24 elements of the Core Values in some divisions. Farm workers and administrators in Turbo, Colombia, and farm workers in Costa Rica rated the Company's performance as “Good” or “Very Good” on all Core Values elements.

“The Company is a school; we learn about everything.”

“The administration is concerned with workers' family problems.”

“Chiquita wants its employees to know various jobs; like this Chiquita and its employees will grow.”

Administrators and Managers Generally Feel Better Than Farm Workers about the Company's Performance

For five of the seven divisions, administrators and managers rated the Company's performance as “Good” or “Very Good” on all 24 Core Values elements.

Important Differences Exist by Location

There are important differences by location in workers' perceptions of the Company's performance. The most stark contrast is between workers in Turbo, Colombia, who generally feel quite positive, and workers in Guatemala, where the survey suggests that significant improvement is necessary.

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POOR CORE VALUES PERFORMANCE OVERALL IN GUATEMALA

"Many supervisors tell us, 'I give the orders.'"

"People are afraid to talk."

We have some considerable work to do in Guatemala, where the 42 workers surveyed (2% of division employees) rated the Company's performance as "Bad" on three-quarters of the Core Values elements. This is the only division that received mostly negative feedback from workers. A common concern of workers was a lack of communication and respect from their supervisors. These performance results, coupled with the fact that Guatemala was the only division that had not completed its improvement plan by year-end 2000, are obvious sources of concern to Company management.

Action Plan:

- Senior managers will hold the management of the Guatemala division accountable for implementing an appropriate action plan to improve its Core Values and Code of Conduct performance. As with all of our divisions, this accountability includes links between the division's progress in Corporate Responsibility and the compensation of its management team.

CORE VALUES' CHALLENGES FOR ADMINISTRATIVE STAFF IN COSTA RICA

"There is no stability, no incentives."

In Costa Rica, the feedback from farm employees was positive, but administrative office staff raised a variety of concerns. At the time of the survey, the division had just completed a restructuring that resulted in an average 20% reduction in staff. Survey respondents cited problems such as a lack of trust, respect, and open and honest communication. Division management took the results seriously and discussed each issue openly in meetings with administrative personnel.

Action Plan:

- Initiate regular communication meetings.
- Develop a new performance management system.
- Reinstate career development programs including a tuition reimbursement plan.
- Develop recommendations to ease workloads and create a better work environment.

LACK OF RESPECT AND DEVELOPMENT OPPORTUNITIES FOR INDIGENOUS WORKERS IN BOCAS, PANAMA

Among the very small sample of 18 farm workers surveyed in Bocas, Panama, nine rated the division as "Very Bad" in the area of respect for "Individual Differences" and eight rated it as "Bad" in the area of respect for "Cultural Differences." Local indigenous people make up most of the workforce, and many of those surveyed voiced concerns about lack of equality and opportunities for advancement.

Action Plan:

- Research the problem and work collaboratively with employees to develop and implement an improvement plan.

DESIRE FOR MORE LOCAL COMMUNITY INVOLVEMENT IN SANTA MARTA, COLOMBIA

In Santa Marta, Colombia, more than 50% of farm workers surveyed felt that the Company was not involved enough with the local community. In response to this concern, management worked with employees to develop a community literacy program and also held more frequent social gatherings for all division employees and their families.

Action Plan:

- Conduct needs assessment to determine additional issues of concern and identify possible solutions.

**FINANCIAL PERFORMANCE:
COMMITMENT DURING TOUGH TIMES**

2000 was a difficult year in financial performance. We continued to be negatively impacted by several major industry trends, including the discriminatory European Union (EU) banana license regime, weakness in European currency values, and expansion of industry production. Our aggressive efforts to cut costs, though successful, were not enough to overcome these negative trends.

In April 2001, after an eight-year struggle, the EU and U.S. announced a settlement of the EU banana trade dispute, which has been the single biggest factor in our poor financial performance since 1993.

We are pursuing structural changes to regain our financial health. In January 2001, we announced a decision to seek a restructuring of our parent company debt, and negotiations with our debtholders are proceeding. We believe that, after the restructuring, we will once again be in a position to generate attractive cash flows and return for our investors.

We have strengthened our commitment to Corporate Responsibility, even during these tough times. Each year since 1994, we have increased the number of our owned farms certified to the standards of the Better Banana Project, and since we began our formal Corporate Responsibility effort in October 1998, we've made dramatic progress, as illustrated in this Report. Corporate Responsibility is key to our competitive strategy, and we expect it to have a long-term payoff to our investors and other stakeholders.

Financial Results - 2000

On net sales of \$2.3 billion in 2000, Chiquita posted a very disappointing \$27 million in operating income. The Company had a \$95 million net loss after net interest expense of \$116 million and income tax expense of \$7 million, and a deficit in net cash flow from operations of \$1 million.

In the Fresh Produce segment (bananas and other fresh fruits and vegetables), operating income declined to \$17 million, driven by weak European currencies, higher fuel costs and lower banana volume in North America, all of which were mostly offset by major reductions in the Company's production and logistics costs.

In the Processed Foods segment (canned vegetables, processed bananas and other units), operating income improved by 9% to \$30 million as the Company continued to consolidate production capacity in its vegetable canning operations.

Operating income was reduced by a total of \$35 million in charges and write-downs related primarily to production and sourcing assets in Fresh Produce operations, which were partially offset by a \$15 million gain on the sale of a fresh juice processing operation in North America.

(Please see the Company's 2000 Annual Report to Shareholders and Form 10-K, available at www.chiquita.com, for more operating and financial performance information.)

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We believe our Core Values, and the discipline with which we undertake our commitment to Corporate Responsibility, will indeed lead us to sustainable financial, social and environmental performance – to the benefit of all the Company’s stakeholders.

Debt Restructuring – Regaining Our Financial Health

The Company announced in January 2001 that it intends to regain its financial health by restructuring the \$862 million face amount of publicly held debt and accrued interest of Chiquita Brands International, Inc., the parent holding company, which does not have business operations of its own. If successful, the restructuring would result in the conversion of a large portion of such debt into common equity, and the equity interests of existing shareholders would be significantly diluted. The Company does not expect this restructuring to impact its normal business operations or to affect the payment of obligations of its operating subsidiaries, which will continue to be paid by cash flow from its Fresh Produce and Processed Foods business segments.

The Company has retained The Blackstone Group, an experienced financial advisor, and has begun discussions about the proposed debt restructuring with holders of Chiquita’s parent company public debt. If we reach an agreement with such holders, we would likely present the resulting restructuring plan for judicial approval under Chapter 11 of the U.S. Bankruptcy Code, which provides for companies to reorganize and continue operations as going concerns. Discussions with debt holders are ongoing.

Financial Sustainability

Chiquita has the ability to meet the short-term cash needs of its business operations through credit facilities, including a three-year, \$120-million term loan and revolving credit facility concluded in March 2001.

Although the long-term debt restructuring will dilute the ownership interests of the Company’s equity holders, we believe that, on balance, it is in the best long-term interests of all the Company’s stakeholders. After absorbing eight years of harm to the Company’s business from the European banana regime, this restructuring is the best vehicle to regain a stable financial structure, from which we will once again be able to generate appropriate returns for investors.

As outlined in our Annual Report and Form 10-K filings with the U.S. Securities and Exchange Commission, there are significant risks in operating an agricultural business like Chiquita’s. However, the Company has considerable advantages to see it through difficult market conditions, as well as opportunities for dramatically better financial performance in the future. These advantages include:

- The best opportunity in the industry to benefit from the recent settlement of the EU banana dispute.
- Superior capabilities to satisfy the increasingly complex needs of the world’s leading retailers – for quality, volume, consistency, and responsible sourcing.
- Excellent customer relationships.
- An exceptionally strong brand name – U.S. consumers rated Chiquita the “#1 Food Brand of the 1990s” (EquiTrend® Study 2000).
- An exceptionally strong reputation for quality.
- A dedicated and well-trained workforce.
- A management team focused on achieving significant revenue growth, source-to-market cost savings, and productivity and efficiency increases.
- Dedicated commitments to earn a fair return for investors and to lead the industry in Corporate Responsibility.

The current financial restructuring process has done nothing to distract us from Corporate Responsibility. In fact, it has taught us an important lesson – the Company’s Core Values, and the greater openness in communication that Corporate Responsibility has fostered, have helped to improve our relationships with employees, despite this difficult period in the Company’s financial performance.

We believe our Core Values and our disciplined commitment to Corporate Responsibility will indeed lead us to sustainable financial, social and environmental performance – to the benefit of all the Company’s stakeholders.

Positive Settlement of U.S. / EU Banana Dispute

In 1993, the EU implemented a quota and license regime that reduced the volume of bananas imported into the EU from Latin America, Chiquita’s primary source of fruit. This regime had the effect of substantially decreasing the Company’s volume and market share in the EU. In eight separate rulings since the EU imposed its regime, the World Trade Organization (WTO) and its predecessor determined that discriminatory aspects of the regime violated the EU’s international trade obligations. Since 1993, the Company has worked closely with the U.S. government and other interested parties to seek a beneficial resolution to the dispute over this regime.

On April 11, 2001, the United States and the European Commission announced an agreement that would result in partial recovery in future periods of the EU market access previously available to Chiquita and Latin American banana producing countries. The agreement involves a partial redistribution to historical operators of licenses for the import of Latin American bananas, under a tariff rate quota system that went into effect on July 1, 2001, and will continue through the end of 2005. The agreement also anticipates a small increase in the Latin American quota in 2002 and movement to a tariff-only system starting in 2006, which would require future consultations among the EU and the banana supplying interests.

When faithfully implemented, we expect this settlement to result in Chiquita receiving significantly more access for the sale of Latin American bananas in the EU, our most profitable market. The settlement should have a positive impact on our operating and financial performance, to the benefit of the Company’s investors, 26,000 employees, their communities, the Company’s host governments in Latin America, and its other stakeholders.

Major Trends Affecting Company Performance

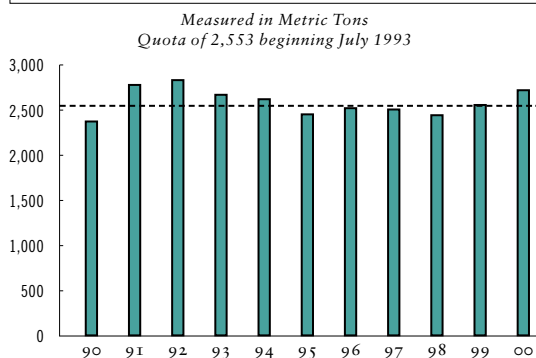
EU Banana Quota and License Regime

The EU regime has clearly been the biggest factor in the Company's disappointing performance in recent years. A 1999 ruling by the World Trade Organization quantified the amount of damage caused to U.S. interests, primarily to Chiquita, to be \$190 million per year. The major negative impacts of the regime on the Company are outlined on these two pages.

a. Reduced Market Size

The EU market had been growing at a five-year compound annual rate of 8% prior to the 1993 implementation of the quota, which reduced by 13% the quantity of Latin American bananas that could be imported into the 15 countries that now comprise the EU.

EU-15¹ Market Volume of Latin American Bananas



¹ The original 12 EU member states plus the three European Free Trade Association countries that acceded to the EU in 1994.

b. Discriminatory License Allocation

The original quota regime allocated more than half of the license rights for Latin American bananas to importers that had marketed less than 5% of those bananas prior to 1993. Chiquita received license allocations to import only 15 million boxes or an 11% share of the market, down from its 40% share immediately prior to the quota. Almost half of the quota allocation mechanism was ruled inconsistent with the international trade rules of the WTO.

Original EU License Allocation for Latin American Bananas

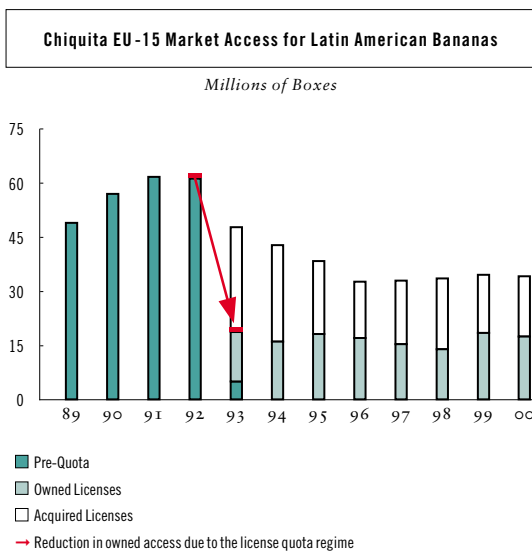
	Latin American Operators	EU/ACP Operators ²	New Market Entrants
Primary Importers	37.9%	17.1%	
Secondary Importers	10.0%	4.5%	3.5%
Ripeners	18.6%	8.4%	

² Fruit from EU or African, Caribbean and Pacific sources.

■ Allocations declared illegal by WTO

c. Dramatically Increased Costs

As a result of the quota, Chiquita was forced to dramatically cut its volume of Latin American bananas sold into the EU. Under the regime, Chiquita received access rights for less than half of its pre-quota volume sold into the EU-15 countries.



In an aggressive effort to regain market share, Chiquita incurred major costs each year after 1992 to purchase licenses from third parties, enter other commercial arrangements to gain access rights, and acquire companies allocated import licenses. Although it has been profitable for the Company to sell fruit under acquired licenses, the costs have been considerable. In license purchases alone, Chiquita has spent tens of millions of dollars each year since 1993. In addition, the practical implementation of the quota and license system often forced the Company to realign its source-to-market distribution patterns, adding substantially to production and shipping costs.

d. Lower World Prices

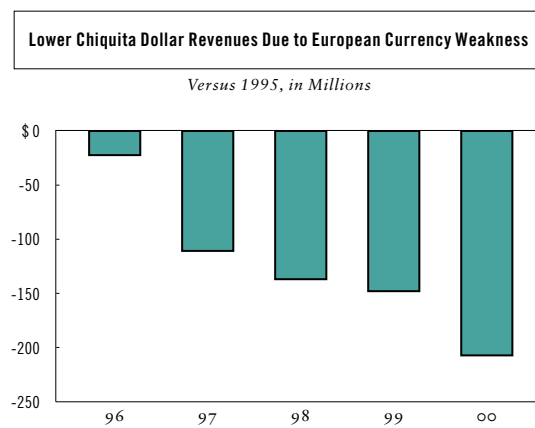
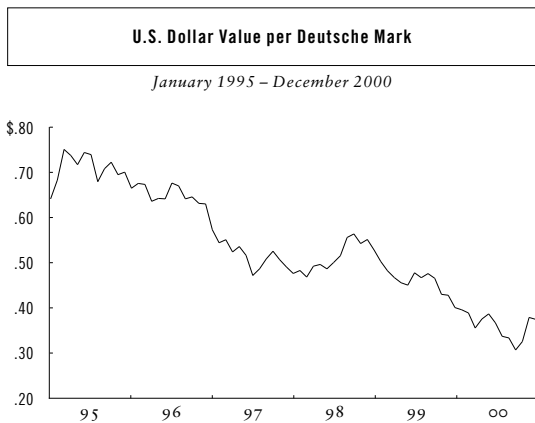
Following the imposition of the quota, prices within the EU increased, and they have remained at levels higher than before the quota. However, the displaced EU volume has reduced prices elsewhere in the world to well-below pre-quota levels.

Weakness in European Currency Values

The value of European currencies has declined in relation to the U.S. dollar in each of the last seven years. In the two years since the introduction of the Euro as a common currency in January 1999, it has fallen in value by 30%, from \$1.17 to a low of \$0.83 per Euro in October 2000.

Weakening European currency values can significantly reduce our net dollar sales, since about 20% of our total revenue is Euro-denominated. In contrast, our costs are almost all based in U.S. dollars. Chiquita's foreign currency hedging program, which generally uses short-term currency options, is only able to offset a portion of losses whenever European currency markets show sustained weakness, as they have in recent years.

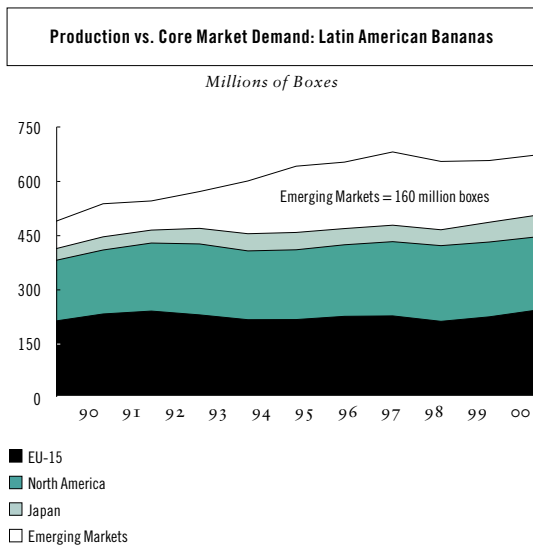
The Company estimates that the decrease in the Euro during 2000 adversely impacted operating income, net of hedging gains, by approximately \$45 million compared to 1999. The impact of currency weakness as compared to 1995 rates has been even more profound.



Expansion of Industry Production

In the late 1980s and early 1990s, industry participants anticipated that banana demand would continue to grow in traditional European markets and grow rapidly in emerging markets such as Central and Eastern Europe and China. Growers planted additional farm areas, and farm productivity generally continued to increase. The industry expansion took place primarily in Ecuador, where export volume has doubled in the last decade compared to a 15% increase in the rest of Latin America.

In contrast to the increasing supply, the EU quota restrictions combined with slower-than-expected demand growth in emerging markets has resulted in the continuing erosion of prices in non-EU markets.



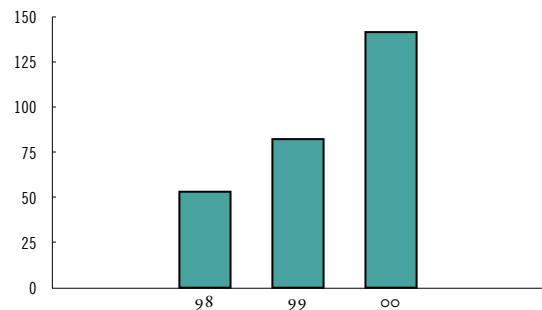
Source: FAO, except Company estimates for 2000.

Continuing Focus on Cost Reduction

Chiquita has achieved significant cost reductions, particularly in production, logistics, selling and advertising costs – although these savings have not been sufficient to overcome the negative industry trends outlined above.

Like others in the industry, and in response to lower market prices for bananas, Chiquita continues to aggressively pursue increased productivity, operating efficiencies and cost reductions. In addition to savings achieved in production operations, Chiquita has also taken advantage of lower market rates for charters of refrigerated ships.

Cumulative Savings in Chiquita Operating Costs
Versus 1997, in Millions



Others in the industry have also begun to import a greater proportion of their fruit from Ecuador, the largest and lowest-cost source country in Latin America for bananas. Although Ecuador has the advantages of very low labor costs as well as less pressure from the plant disease Black Sigatoka, our divisions in Central America and Colombia enjoy important advantages in source-to-market logistics costs as well as in quality, in particular with respect to social and environmental responsibility.

All of our divisions strive continuously to improve productivity and reduce costs, but our Armuelles, Panama, division in particular needs to achieve dramatic improvement in order to become cost-competitive. We have been in discussions for some time with the local trade union and with the Government of Panama about restructuring plans to turn around this division. It is currently unclear whether or how this difficult issue might be resolved to the mutual satisfaction of the Company, the union, and the Government of Panama, from which the Company leases the division's land under a long-term contract.

Sound Financial Management Practices

Our commitment to ethical and lawful conduct extends throughout our systems of financial management and reporting. We are committed to maintaining accurate accounting records, and we enforce strict policies against improper payments and conflicts of interest. Employees in management roles understand these policies and regularly certify their compliance with them. We have systems of internal control and compliance programs designed to prevent and detect policy violations, for which employees understand they may be fired.

The Company is cooperating with the U.S. Securities and Exchange Commission (SEC) in an investigation focused on whether the Company complied with the accounting provisions of the Foreign Corrupt Practices Act in connection with an allegedly improper \$30,000 payment made by a Colombian subsidiary in 1996. The payment was made in violation of Company policy and without the knowledge or consent of any Chiquita employees outside Colombia. Chiquita's internal audit staff uncovered the payment during a routine audit. After completing an internal investigation in 1997, well before the SEC investigation started, the Company took prompt corrective action, including the termination of the employees responsible.

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This Corporate Responsibility Report contains certain information that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect management's current views and estimates of future economic circumstances, industry conditions and Company performance. They are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Chiquita. The assumptions, risks and uncertainties include the Company's ability to reach agreement with holders of the parent company debt regarding a restructuring of such debt, the terms of any such restructuring, product pricing, cost to purchase or grow (and availability of) fresh produce and other raw materials, currency exchange rate fluctuations, natural disasters and unusual weather conditions, operating efficiencies, labor relations, actions of governmental bodies, including actions with regard to the EU's banana import regime, and other market and competitive conditions. Actual results or developments may differ materially from the expectations expressed or implied in the forward-looking statements, and the Company undertakes no obligation to update any such statements.

OVERVIEW

One measure of our success in Corporate Responsibility is whether, when we wrestle with difficult decisions, we seek to understand the issues from various points of view and ultimately reach a fair balance among the different and sometimes opposing interests of our stakeholders. The process of resolving specific concerns can also teach us broader lessons about how to put our Core Values and standards into practice.

For these reasons, we include case studies about four of the more difficult challenges we face regarding our social performance. The process of resolving these issues to the satisfaction of our stakeholders may offer some important lessons as we seek to become an even more socially aware and responsible company.

With each topic, we provide background information, a summary of known stakeholder concerns, and our current approach to the issue. We invite your feedback as we continue to explore these issues and seek, if possible, to develop even better solutions.

1

AERIAL SPRAYING

Background

A virulent plant disease affecting banana production worldwide is an airborne disease called Black Sigatoka, caused by the fungus *Mycosphaerella fijiensis*. This fungus destroys the leaves of banana plants and causes premature ripening of the fruit. Currently the only effective way for commercial banana growers to control the fungus is through aerial spraying of fungicides. Banana growers have used aerial spraying to combat this disease since the 1960s.

If left untreated, Black Sigatoka can quickly destroy entire banana farms. For workers and local communities, the impact can be especially harmful. A severe outbreak can effectively halt fieldwork, harvesting, packing, and exports for up to nine months while a farm recovers. The trickle-down impact on the communities surrounding the farm is also damaging, since few have other sources of income. For consumers and customers, outbreaks can immediately reduce the amount and quality of fruit, causing higher costs and inconsistency in supply. For the Company, disease control costs and the risks of lost productivity are also significant. The control of Black Sigatoka, including expenses for planes, fuel and fungicides as well as pilots, monitoring staff and field supervisors, amounts to about 20% of our total cultivation costs.

Stakeholder Concerns

Stakeholders periodically raise concerns about Chiquita's use of aerial spraying, including questions about the overall safety of fungicides, methods of application, and short- and long-term health effects on employees, their families, and the surrounding environment. Consumer groups in Europe have conducted postcard campaigns targeting Chiquita and accusing the Company of spraying toxic chemicals without regard for worker safety.

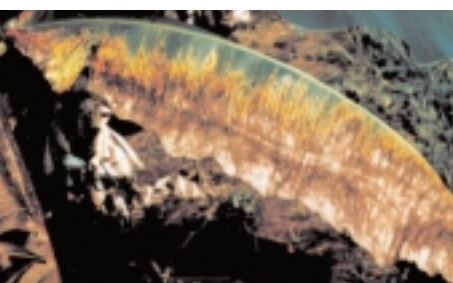
Our Approach

We employ a variety of strategies to manage Black Sigatoka, and we take aggressive measures to protect our workers, the communities surrounding our farms, and the environment.

Preventive Agricultural Practices

The best defense against Black Sigatoka is to keep plants healthy, which is the object of all our agricultural practices. Maintaining proper spacing between plants, keeping drainage canals clean, controlling weeds, and aggressively pruning infected leaves are all strategies to keep plants healthy, to reduce humidity and thus the growth of the fungus, and to prevent the spread of the disease.

Black Sigatoka can destroy banana leaves and cause premature ripening of bananas.



Some advocacy groups in Europe have used postcard campaigns to criticize Chiquita's aerial spraying practices.



Strict Fungicide Policy

Good agricultural practices alone are not sufficient to prevent or stop outbreaks of Black Sigatoka, so we apply minimal amounts of approved fungicides as part of strictly managed programs to control the disease. We only use fungicides approved for use on bananas by the United States Environmental Protection Agency (U.S. EPA) and the European Union.

Our Company Pesticide Policy is to:

- Seek to minimize and reduce pesticide use.
- Use only pesticides that meet regulatory requirements and are purchased from reputable suppliers.
- Document and report any pesticide intoxications.
- Adhere to practices that will ensure product and worker safety.

Our policy also obligates us to change to lower-toxicity products whenever effective alternatives exist. For example, more than 12 years ago in 1988, we voluntarily took chlorothalonil, a pesticide still commonly used in the banana industry, off our approved list because of worker safety concerns and its high toxicity to aquatic life. (*See www.chiquita.com for our full policy.*)

Minimum Use of Low-Toxicity Fungicides for Effective Control

The U.S. EPA rates pesticides on a scale of decreasing toxicity and groups them into classes. Class I pesticides are considered highly toxic whereas Class IV pesticides are practically non-toxic and require no warning labels. The majority of pesticides used by Chiquita to treat Black Sigatoka fall into the U.S. EPA's lowest toxicity ratings (Classes III and IV).

We use two groups of fungicides to control Black Sigatoka. The first are protectant fungicides, which are sprayed on banana leaves in an effort to “protect” them from the fungus. The second are systemic fungicides, which kill the fungus after it has infected the leaves. In each application, most of the materials applied are water and non-toxic agricultural spray oil. With systemic fungicide applications, the active ingredient is minimal – between .05% and 1% of the total amount of material applied. With protectant fungicide applications, only 5% is active ingredient.

In addition, we routinely and systematically monitor the disease severity in our farms. Every week, we inspect the health of plant leaves and evaluate the disease pressure in each of our farms. Our regional technical group then recommends fungicide application programs consistent with our Pesticide Policy and based on disease severity and our need to manage potential resistance of the fungus to various fungicides. Each of our seven divisions in Latin America has a full-time dedicated department that coordinates its Black Sigatoka program.

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Responsible Application Techniques

We have invested heavily in infrastructure, training, and operating practices to ensure we apply fungicides in a manner that protects our employees and the environment. For employees, we have instituted the following measures to reduce their exposure to fungicides and ensure a safe working environment:

- Training on the safe use of pesticides at least once a year for all employees with responsibility for pesticide application.
- Strictly enforced prohibitions against working in farm areas until at least the day after spraying.
- Safety gear provisions for all employees working with fungicides.
- Regular medical testing of all employees working with fungicides to detect any unhealthy levels of exposure.
- On-site shower and laundry facilities to help minimize exposure to workers involved in fungicide application.
- Signage in and near banana farms to advise workers and community residents of the schedule of spray activities, to help avoid accidental exposure.

We also operate equipment and manage farm areas in ways that responsibly reduce environmental risk. We mix fungicides in closed loop mixing stations to prevent accidental discharge into the environment. Our spray planes are all equipped with anti-drift spray nozzles and with new global positioning systems that allow us to better target the application of fungicides. We have also planted 742,000 trees, or the equivalent of 1,038 hectares (2,565 acres) of forest, in the areas surrounding our banana farms to serve as a barrier against spray drift.

Research on Alternatives

We employ a regional group of internal experts who constantly look for ways to minimize pesticide use and find alternative methods and technologies to control Black Sigatoka. These experts monitor university and other third-party research. Their focus is twofold – to identify possible opportunities to improve our current systems, and to participate in third-party research to develop, through natural breeding or genetic modification, banana plants resistant to Black Sigatoka (*see Case Study on pg. 75*).

Background

Chiquita has an extremely high percentage of unionized employees in our banana operations in Latin America. More than 70% of our employees in Latin America – or over 80% of our 17,000 banana farm workers – belong to trade unions. The majority of these employees work in farms, packing stations and ports in Colombia, Guatemala, Honduras, and Panama. We have long respected the rights of our workers to freely associate with organizations of their choice, including trade unions, and to bargain collectively. We have worked hard in recent years to improve local labor management relations and to create open and collaborative dialogue with leaders of regional and international unions.

Costa Rica is our only Latin American banana division with a low percentage of trade union representation. Trade unions represent 15% of our employees in Costa Rica. In part, this reflects the overall labor environment in the country, where just 15% of private sector employees are unionized¹ and employees may choose instead to be represented by Permanent Committees, the most common form of labor representation in the private sector. Where a majority of workers have chosen representation by a Permanent Committee, an employer is obliged by law to negotiate with the Committee, which bargains collectively on behalf of all workers regarding wages, benefits, and conditions of work. Workers democratically elect employee representatives to these Committees.

What frequently exists alongside Permanent Committees are Solidarity Associations, which operate as voluntary private savings programs. Employers and workers contribute funds as a percentage of worker income, and these funds become the property of the individual employees. Solidarity Associations are intended to improve the long-term social and economic conditions of workers, are recognized under law, and are regarded by employers and employees as an additional benefit.

Currently, 85% of our Costa Rican workers are represented by Permanent Committees, 15% belong to trade unions, and 48% belong to Solidarity Associations.

Including workers represented by Permanent Committees, 96% of our farm workers are represented in collective bargaining with the Company.

THE ORIGINS OF SOLIDARITY

The system of Solidarity began to develop in Costa Rica in the early 1950s. It was promoted by local leaders within the Catholic Church who saw collaborative labor management relations as a means of both advancing social progress and reducing the Communist influence that was perceived to exist at the time within local labor unions. Solidarity's popularity grew considerably after a subsidiary of United Brands closed its banana division in Golfito in 1984, following a long and debilitating trade union strike.

¹ U.S. State Department Costa Rica Country Report on Human Rights Practices for 1999.

Trade Union Concerns

Local and international labor unions have raised a number of concerns about the legitimacy and independence of Permanent Committees and Solidarity Associations, and about Chiquita's participation in Solidarity Associations. These concerns also apply to most other private sector employers in Costa Rica and to other banana companies.

Ability to Bargain Effectively

Union leaders assert that Permanent Committees, which do not draw any financial contributions from workers themselves, do not have an independent base of financial support that would allow them to effectively bargain with employers. In comparison, trade unions are funded through union dues of member employees (although, in some of our divisions, the Company also provides limited financial support to the unions as a result of agreements reached in collective bargaining).

Separation of Permanent Committees and Solidarity Associations

Union leaders also express concern that there may be significant overlap between representatives elected to Permanent Committees, which bargain on behalf of workers, and representatives of Solidarity Associations, which administer savings programs funded in part by the Company.

Respect for Freedom to Choose Representation

Although it is possible for Solidarity Associations and trade unions to exist alongside each other in the same workplaces, in practice this situation seldom occurs. Therefore, the unions have asked us to explore whether our participation in Solidarity Associations has had the effect of encouraging workers to be represented by Permanent Committees rather than to join traditional trade unions. Union leaders recognize that the Company must obey local laws and respect Permanent Committees where they exist. However, they ask whether we are truly acting in an impartial manner and giving workers the genuine freedom to choose – which means in this case not doing anything that would promote one form of representation over another.

INCREASING LEGAL PROTECTIONS FOR UNIONS IN COSTA RICA

In recent years, due to complaints brought before the International Labour Organization (ILO), the government of Costa Rica has enacted several new laws and regulations to protect unions and their leaders, and to prevent Permanent Committees from being used as "anti-union devices." Wherever a union has acquired the right to represent and bargain collectively on behalf of workers, the Ministry of Labor recognizes the union over any Permanent Committee. In addition, Solidarity Associations can not legally represent workers in collective bargaining. In 1993, to further protect unions in formation, Costa Rica adopted into law protections for union leaders against dismissal and harassment.



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We support the right of freedom of association, including the right of workers to join trade unions. We also support the right to collective bargaining. In Costa Rica, this means our workers are free to join trade unions – as well as to be represented by Permanent Committees.

Our Approach

Our Code of Conduct and Core Values

As clearly stated in our Code of Conduct, we support the International Labour Organization Conventions 87 (Freedom of Association) and 98 (Right to Collective Bargaining). Our Code states that we will recognize trade unions and any other organization workers may choose to join. Our Core Values also include our commitment to respect local cultures wherever we operate. In the context of Costa Rica, we respect Permanent Committees and Solidarity Associations.

Improvements Based on Internal Assessment Findings

In 2000, we conducted internal assessments of our performance against the social responsibilities in our Code of Conduct. In Costa Rica, several of the employees interviewed in focus groups indicated a belief that they may be discriminated against or even fired if they were to join unions (*see pg. 43*). Management in Costa Rica plans to address this problem by formally communicating to all workers their right to freely associate with any organizations of their choice, including trade unions. We will address this issue in materials and programs under development for ongoing worker training in all divisions beginning in 2001.

Dialogue with Unions

We take seriously the concerns of trade unions. We are gathering facts to more fully evaluate the current situation on our farms, and we will continue our dialogue with union leaders about these issues. We will strive toward a common understanding that Chiquita's practices support the intent of the ILO convention on Freedom of Association, which we have committed to uphold in our Code of Conduct.

Background

We are committed to achieving the same quality standards, including standards for social and environmental responsibility, on all bananas marketed by Chiquita, whether we produce them on our own farms or purchase them from independent growers. In 2000, we produced on our owned farms in Central America and Colombia 56% of the Latin American bananas we marketed, and we purchased the balance from independent growers.

During the last year, as we have assessed the social performance of our owned farms in Latin America, we have also expanded dialogue with our independent growers about the social and environmental standards in our Code of Conduct and the Rainforest Alliance's Better Banana Project. We will continue influencing our independent growers to adhere to social and environmental standards as strict as those in our Code of Conduct. Ultimately, we will decide whether to initiate or renew contracts with growers based not only on quality and cost but also on their demonstrated achievement of these standards.

Stakeholder Concerns

Many social activists and labor union leaders recognize that it is more difficult and complex to influence a network of suppliers than to make changes in a company's owned operations. However, most expect a company to achieve the same high standards for all of its products, whether produced or purchased. Many activist campaigns focus attention on well-recognized brand name companies such as Chiquita, in order to highlight social concerns. In the banana industry, these concerns often include the ability to join unions, worker health and safety, wages and benefits, child labor, and environmental issues. Public campaigns often target individual companies, specific issues of concern, or individual countries. Recently, labor unions and non-governmental organizations have focused much of their attention on Ecuador, the largest and lowest cost banana exporting country in Latin America.



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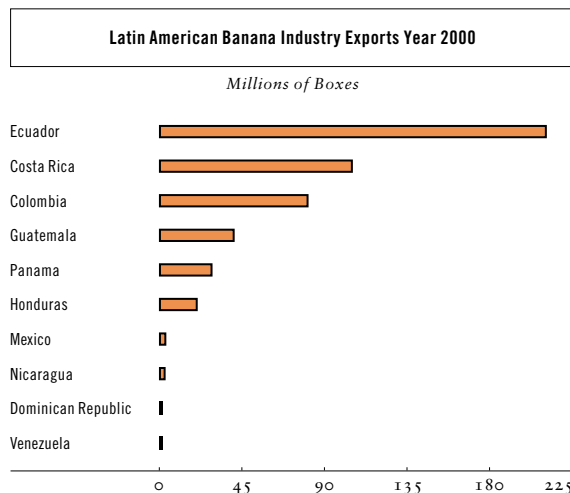
We are committed to achieving the same quality standards, including standards for social and environmental responsibility, on all bananas marketed by Chiquita, whether we produce them on our own farms or purchase them from independent growers.

Our Approach

Ecuador – Challenge and Opportunity

Ecuador exports twice the amount of bananas as any other Latin American country. Chiquita does not own any farms in Ecuador, and we purchase only a small portion of our bananas there – 5% in 2000. But we have consistently relied on Ecuador to provide volume in response to seasonal variations in production or demand and when natural disasters reduce available supply elsewhere.

Ecuador has nearly doubled its export volume over the last ten years, while exports from other Latin American countries have grown by less than 15%. Ecuador’s expansion has been fueled by lower labor, social, and environmental standards than are generally present in the rest of Latin America.



We hear different opinions about our sourcing from Ecuador. Critics who decry a “race to the bottom” in the industry argue that we shouldn’t source any bananas from Ecuador. Others argue that our sourcing could strengthen the long-term development of the country, which is in the depths of financial crisis and suffers from widespread rural poverty. Shareholders concerned with short-term profits may argue that we should shift more sourcing to Ecuador.

Our approach has been to choose our Ecuadorian growers carefully and to work toward continuous improvement in their practices over time. Over the past four years, virtually all of our purchases from Ecuador have come from the local grower and exporter we judge to be the most environmentally and socially responsible in the country. Like Chiquita, all of this grower’s owned farms have achieved third-party certification under the Rainforest Alliance’s Better Banana Project. They also provide social benefits including primary schooling, health and dental care for workers and their children up to age 15, and wage adjustments every six months to keep up with inflation. We have worked successfully with this supplier to adopt progressively more responsible practices, particularly related to environmental management and pesticide use.

“In addition to loss of markets, the other root of the crisis is Ecuador, according to both the companies and the unions. Ecuador is the world’s largest exporter of bananas and has been increasing its market share by selling bananas at a significantly lower price than exporters in Central America. It is able to do so in large part because of much lower wages. (Virtually all the banana worker unions in Ecuador were destroyed 20 years ago.) Ecuadorian banana workers are paid about \$2 to \$3 a day, often with no benefits, in contrast to unionized plantations in Guatemala and Costa Rica, where workers have been earning closer to \$10 a day, plus being provided with housing, health care and education for their children.”

– U.S./Labor Education Project in the Americas, “Banana Update”, posted 12/13/99

Guatemala and Nicaragua – Similar Issues

Suppliers in other countries from which we source bananas, particularly in Guatemala and Nicaragua, present similar challenges. We began export operations from the South Coast of Guatemala in the late 1990s as a more efficient means of providing bananas to the U.S. West Coast market. In Nicaragua, we began buying fruit and EU banana import licenses from various growers in 1999. Both areas where these farms are located are rural, suffer from high poverty, and have very limited infrastructure. We have issues to address with these suppliers particularly in the areas of wages and benefits, health and safety, and, in Guatemala, freedom of association.

Leading Change through Assessments, Contracts, and Certification Programs

For many years, contracts with our independent growers have addressed environmental management issues, committed our growers to use only pesticides approved for use on bananas by the U.S. EPA and the EU, and allowed us the freedom to inspect farms as needed. Four years ago, we began introducing into our long-term contracts a requirement that growers achieve certification under the Better Banana Project over time. Additionally, as contracts come up for renewal, we are adding language that provides for the evaluation of growers' social performance in relation to our Code of Conduct and requires the establishment of priorities and action plans for improvement over time. We will continue to honor our contracts with these growers while we work to resolve concerns, although we recognize that some contentious issues, such as freedom of association, may take years to resolve, for reasons of local culture and history.

We believe that by demonstrating the benefits of compliance in our owned operations, by objectively assessing performance, and by overseeing progress over time, we will be successful in fulfilling our social responsibilities in our growers' farms as well as our own. Our success to date with the Better Banana Project gives us reason for confidence; by the time we got the last of our owned farms certified, our suppliers had already achieved certification on 30% of the volume they supply to Chiquita.

As we gather more systematic and credible data, we will expand this Report to include more detailed performance information about our suppliers, including their efforts to achieve certification under the Better Banana Project and SA8000.

Background

Society is in the midst of a complex debate about whether advances in biotechnology, and in particular its use in the development of food products, represent a potential benefit to society or a threat to human health and the environment. In recent years, scientists and research companies have developed technology to modify the genetic structure of plants in an effort to improve plant disease resistance, increase productivity, enhance nutritional content, or improve other plant characteristics. Some scientists believe that the development of genetically modified (GM) food crops could decrease reliance on potentially harmful agrichemicals, increase yields, limit the conversion of more lands to farm use, and provide nutritional and other benefits to consumers.

Stakeholder Concerns

Many consumers and non-governmental organizations express environmental, social, ethical and political concerns about the introduction of GM foods into the world's food supply, and some argue for an outright ban on their introduction. Concerns often relate to the preservation of biodiversity and food security, the ability of consumers to make informed choices about the foods they eat, the rigor and adequacy of safety testing, and the framework of national and international legislation and regulatory oversight. In response to these concerns, some food manufacturers and retailers have adopted policies that limit the production or sale of GM foods.

Chiquita's Involvement in the Debate

To date, our involvement in the GM debate has been minimal. We have been responsive to customers whenever they have asked about our policies and practices, but we have not taken public positions on the issue. Instead, we have watched the scientific and social debate unfold over the last several years. We are open-minded about the potential use of this technology, but we recognize that some members of the public have reservations about its use. Although we are not marketing GM products, we have begun to explore how GM technology might be applied in the future to develop plant disease resistance to Black Sigatoka, a leaf fungus that threatens our banana operations (*see pg. 66*).

Avoiding GM Ingredients in Our Products

We do not sell any genetically modified bananas, of which no commercially viable varieties currently exist, nor do we market any other genetically modified fresh fruits or vegetables.

At present, we also do not knowingly market any canned vegetable products containing genetically modified ingredients. We take precautions to keep GM products out of our vegetable and ingredient supplies. We work closely with our seed and raw product suppliers to ensure that all of our vegetable products are developed by conventional plant breeding methods, not GM technology. As part of our grower contracts, we provide, designate, or approve the conventional seeds to be used in production of raw products for the Company. We require our sweet corn growers to ensure their crops are not contaminated by GM corn varieties through cross-pollination or handling. We also specify GM-free ingredients, such as starches and sugars, for use in processing our raw vegetable products.

We do market, however, a number of more highly formulated canned products such as soups, chilis and stews that contain seasonings or other minor ingredients that may have themselves been formulated from GM products.

We take precautions to avoid GM ingredients in our products, not because we think GM foods are inherently bad, but because some of our customers prefer non-GM food products.

Cautious Approach

Rooted in Our Core Values

Our Core Values, our business purpose, and the integrity of our brand compel us to provide healthy, safe food products that meet the needs and address the concerns of our customers and consumers. As an agricultural company, we are dependent on and committed to protecting and preserving the health of the natural environment, and continuously improving the sustainability of our food production methods.

Roles and Responsibilities of Regulators and Technology Companies

We believe that concerns about GM foods should be evaluated and addressed as regulators continue to review appropriate national and international legislation and methods of oversight governing the health and safety of food products and the environment. We believe it is the duty of companies introducing GM technology to the marketplace, notably biotechnology and agricultural research firms, to prove the safety of their products to the satisfaction of regulators, and we support the development of transparent, effective, legal, and internationally compatible regulatory systems.

Our approach to this issue reflects our commitments to safe and healthy foods, customer satisfaction, environmental protection, sustainable agriculture, appropriate regulation, scientific integrity, and transparency.

Satisfying the Needs of Customers and Consumers

We take pride in supplying healthy, safe and nutritious food products and in satisfying the needs of our customers and consumers. We believe that both customers and consumers should have access to important information about the foods they buy. We believe that regulators, as part of their duties to balance the needs of the various parties interested in safe quality foods, are in the best place to develop and implement clear, fair, and informative product labeling standards for foods. We encourage the continuous review of such standards, and we will continue to fully comply with them.

Continuing To Learn

We recognize that advances in biotechnology are occurring rapidly. We will continue to monitor the evolving scientific and public debate about GM food products, and we will respond to concerns expressed by our stakeholders about our policies and practices. Although we do not supply GM products today, we may choose to do so in the future.

The Value of Research

Throughout much of the last century, we supported agricultural research into plant varieties that could improve the sustainability of our production practices and the value of our products. We believe that genetic technology could provide important environmental, health, worker safety and productivity benefits in agriculture.

One trait of particular interest to us would be genetically induced resistance in banana plants to the fungal disease Black Sigatoka, which at present can only be controlled through aerial applications of fungicides (*see Case Study on pg. 66*). Because it can spread quickly and wipe out banana farms in a matter of weeks if left uncontrolled, Black Sigatoka is a real risk to the livelihoods of the communities around our farms, as well as to our Company. Genetically induced resistance to Black Sigatoka could significantly limit the need for fungicide applications, which introduce low-toxicity pesticides into the environment, are of concern to workers and social activists, and represent about 20% of our pre-harvest costs for banana production.

Genetic technology may also help us respond to possible new plant diseases, which have damaged the Company, its workers, and the industry throughout the last century (*see Our Complex History on pg. 92, and in particular the years 1900, 1927, 1935, and 1963*). The introduction of genetic resistance to serious plant diseases and further opportunities to reduce the use of pesticides could improve the sustainability of commercial banana cultivation, to the long-term benefit of workers, farm communities, governments, and the Company.

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To investigate the potential of this new technology, we are currently engaged in a partnership with a private agricultural research company to study the possibility of inducing resistance to Black Sigatoka in banana plants. This research includes very small field trials of GM plants for evaluation of possible disease resistance. We have undertaken a host of precautions to ensure that this research is designed and conducted in a way that dramatically limits any risk to the environment:

- Banana plants do not reproduce sexually; therefore, they do not present any threat to plants through potential cross-pollination or to animals through exposure to altered pollen.
- We are using only genes from other plant species to test for potential resistance to Sigatoka disease.
- We have undertaken research in accordance with all laws, with all required government permits, and after thorough and public review by the National Biosafety Committee of the Ministry of Agriculture in Costa Rica, the only location of the limited trials.
- We are restricting our current trials of GM plants to include only the vegetative stage, and not the fruit production stage, of plant growth.

Even if successful, we would expect that our current research and the related regulatory oversight processes would extend any commercial introduction of GM bananas by Chiquita for more than five years. Any plants that are promising in early stage trials would have to demonstrate appropriate characteristics over at least three plant generations (about two years) before we might seek regulatory approval for commercial introduction. Final approval would likely take several more years, after which extensive replanting would have to occur prior to large-scale introduction of a disease-resistant variety. Our decision to introduce genetically modified bananas would of course also depend on our customers and consumers having sufficient confidence at that time in the health and safety of this technology.



OVERVIEW

At Chiquita, we define Corporate Responsibility as “our commitment to fairly balance the legitimate needs of our stakeholders.” These stakeholders include our employees, consumers, customers, investors, business partners, competitors, governments, civil society organizations and communities, as described in the chart on the next two pages.

The section following Our Stakeholders chart outlines the steps we have taken in the last few years along the path toward Corporate Responsibility. The process we outline is not particularly unique to Chiquita. In fact, we’ve learned from other leading companies as well as from membership organizations such as Business for Social Responsibility and the Prince of Wales International Business Leaders Forum. We intend to continue learning and to address our own Corporate Responsibility issues in a thoughtful, systematic, and straightforward manner.

OUR STAKEHOLDERS

We are mindful of our many stakeholders – all those who impact, are impacted by, or have a legitimate interest in the Company’s actions and performance. We believe that fairly balancing the expectations of our stakeholders is essential to building a stronger and more financially successful Company.

As expectations evolve and our understanding grows, we will continue to deepen our relationships with these stakeholders in ways that both meet their needs and improve our social, environmental and financial performance.

	Employees and Their Families	Consumers	Customers	Investors
STAKEHOLDER BACKGROUND	<ul style="list-style-type: none"> – Chiquita has 26,000¹ full-time employees, including 21,500 working in Latin America, where more than 70% are unionized and 10% are female. – In Latin America, Chiquita’s wages and benefits are significantly higher than average agricultural wages. 	<ul style="list-style-type: none"> – Eat bananas at annual per capita rates of more than 26 pounds (12 kilos) in the U.S., 9.5 kilos (21 pounds) in the EU, and 6.5 kilos (14 pounds) in Japan. – Eat higher amounts of bananas at ages under two and over 45. – Females make about 80% of all grocery store purchases. 	<ul style="list-style-type: none"> – Chiquita’s main customers are retailers, wholesalers, distributors and ripeners in more than 60 countries around the world. – Chiquita is the largest supplier of private label (store brand) canned vegetable products in the U.S. 	<p><i>(As of December 31, 2000)</i></p> <ul style="list-style-type: none"> – Bondholders own \$862 million face amount of the Company’s public debt. – Shareholders own 72 million common and preferred shares of equity in the Company. – American Financial Group, controlled by the Lindner family, holds 36% of the Company’s common equity.
OUR UNDERSTANDING OF THEIR PRIMARY EXPECTATIONS²	<ul style="list-style-type: none"> – Fair compensation and good working conditions – A workplace culture of respect, integrity and ethics – Honest and open communication – Recognition for their contributions to the Company’s success – Opportunities for growth and development – Freedom of association 	<ul style="list-style-type: none"> – Product quality including social and environmental responsibility – Food safety – Healthy and nutritious products – Fair value – Honest advertising 	<ul style="list-style-type: none"> – Consistently high food safety, quality, volume availability, customer service, and competitive pricing – Integrity – Increasing demand for proof of social and environmental responsibility – Some customers rely on our expertise to improve their sales and earnings from fresh produce 	<ul style="list-style-type: none"> – Appropriate financial returns – Integrity – Sound financial management – Satisfaction of financial obligations – Transparency – Board accountability – Social and environmental responsibility
THEIR STRATEGIC VALUE	<ul style="list-style-type: none"> – Employee productivity, innovation, and loyalty are keys to our performance and success. 	<ul style="list-style-type: none"> – The strength of the Chiquita brand is linked to consumer perceptions of our product quality, including our social and environmental performance. 	<ul style="list-style-type: none"> – Strong partnerships allow us to understand our customers’ needs, improve their business performance, and demonstrate our value. – Grocery retail customers, who often select single suppliers for produce items, are the gateways to consumers. 	<ul style="list-style-type: none"> – The confidence of financial markets is critical to the availability of capital that sustains the Company. – As a for-profit company, Chiquita’s primary purpose is to provide a fair return to investors, in a responsible manner.

¹ Excludes about 3,000 employed during seasonal vegetable canning operations.

² Our understanding is based on our continuing dialogue with stakeholders throughout our business. This summary of expectations is not the product of a formal stakeholder survey.

“As an independent non-profit that has been active in supporting workers in Central America for over a decade, we can attest that Chiquita has made a remarkable turnaround from a pretty closed company a few years ago to one that is now involved in constructive engagement with a wide constituency of stakeholders.”

– Stephen Coats, Executive Director, U.S./Labor Education in the Americas Project

Business Partners	Competitors	Governments	Civil Society	Communities	The Environment
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- Chiquita's main business partners are joint ventures and suppliers.
- Independent producers grow 51% of all bananas we sell worldwide.
- Joint ventures form the core of our operations in Asia and Chile.
- We purchase more than 45% of our strategic materials (paper, packaging, fuel, agrichemicals, etc.) from our top 20 suppliers.

- Primary competitors of Chiquita Fresh are Dole, Del Monte Fresh, Fyffes, and Noboa.
- Primary competitors of Chiquita Processed Foods are Seneca and Del Monte Foods.

- Chiquita has operations in more than 40 countries around the globe.

- Chiquita has developed relationships with many non-governmental organizations (NGOs) representing environmental, labor and social concerns.

- Chiquita is:
- The largest private employer in many rural communities in Latin America.
 - An important seasonal employer in 15 farm communities in the U.S.
 - A major purchaser of products and services.

- We recognize a duty to protect the health and safety of the natural environment.

- Integrity and fair dealing
- Commitment to mutual benefits
- Reasonable performance expectations
- Strong market performance of the Chiquita brand
- A well-run company with sound financial performance

- Mutual respect
- Ethical conduct
- Integrity
- Fair and lawful competition

- Lawful conduct
- Continuing economic activity and employment opportunities
- Employee health and safety
- Environmental protection
- Food safety
- Integrity
- Fair lobbying

- Standards, operating practices and decision-making that take into account social and environmental impacts
- Independent verification of compliance with environmental and social standards
- Openness
- Industry leadership
- Integrity
- Compliance with laws

- Respect for local cultures and the environment
- Jobs that sustain communities
- Opportunities for community members to build a better future for themselves
- Integrity

- Compliance with all environmental laws, rules and regulations
- Adherence to respected international standards that exceed local laws
- Conduct that minimizes environmental harm

- Chiquita's success is linked to the quality, dependability, trustworthiness, performance and innovation of our suppliers.

- Fair competition motivates continuous improvement in performance.

- Governments are potential partners for social investment.
- Engagement encourages governments to enforce the rule of law, protect property rights, and foster free trade and investment.

- Responsible NGOs can offer expertise and practical ideas to help improve our social, environmental, marketplace, and financial performance.
- NGOs are potential partners for social investment.

- Our employees and their families benefit when they live within healthy, sustainable communities.
- Community social and economic development fosters self-determination and reduces dependence on the Company.

- Our productivity and long-term success as an agricultural company depends on our respect for the health of soil, water and other natural resources.
- Environmental performance influences the decisions of many of our stakeholders.

Begin to engage more systematically with stakeholders by hosting a forum for dialogue about Corporate Responsibility issues and the Company's performance.

NEXT STEP

#8

We believe that Corporate Responsibility makes bottom-line business sense. It leads to better management, greater efficiency, lower costs, the ability to attract the best employees, and stronger relationships with our stakeholders.

STEPS TOWARD GOVERNANCE AND ACCOUNTABILITY

Strong Motivation - Clear Conviction

Over the last several years, we have deliberately undertaken a process to examine our own values, to understand the expectations of stakeholders, to evaluate best practices and external standards, to develop appropriate policies and management systems, and to begin developing a culture committed to Corporate Responsibility. A number of factors motivated us.

First, we recognized the importance of environmentally sound business practices to our long-term sustainability. As an agricultural company, we are fundamentally dependent on the environment. We began in the early 1990s to seriously evaluate our environmental impacts, and we have since dramatically improved the environmental performance of our owned banana farms in Latin America by achieving certification to the Better Banana Project of the Rainforest Alliance.

Second, our senior managers recognized that Corporate Responsibility was an opportunity to establish a common philosophy for managing the business. Although elements of our Core Values and Code of Conduct, such as our commitment to quality and customer satisfaction, were already embedded in the organization, others were not formally recognized or consistently reinforced. Corporate Responsibility provided a practical framework for aligning the organization, building an inclusive approach to management, and holding people accountable for their actions.

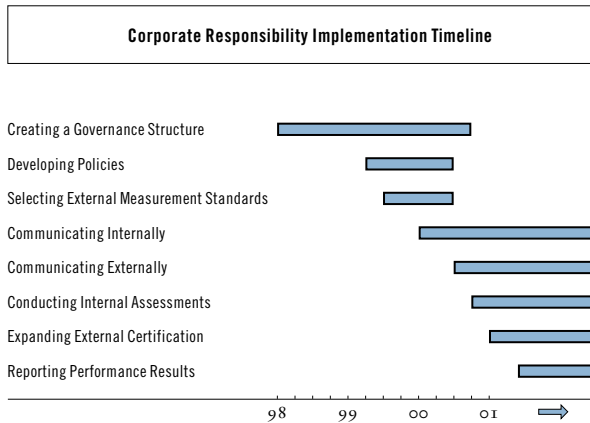
Third, we recognized that Corporate Responsibility offers a real competitive and bottom-line advantage. We believe that achieving high standards and having open decision-making leads to more consistent and better management, greater efficiency, lower costs, the ability to attract the best employees, and stronger relationships with our consumers, customers, suppliers, business partners, and investors. The Company's clear convictions about what it stands for also help give confidence to stakeholders and sustain the organization during difficult periods such as our current financial restructuring.

And finally, Corporate Responsibility provided a helpful framework within which to respond to concerns about the Company's social and environmental practices and to engage in meaningful and productive dialogue with our stakeholders.

Long-Term Approach Involving All Employees

Corporate Responsibility can only be successful in the long term if it is supported and rewarded as an essential part of our Company culture. Any significant culture change in large companies takes enormous effort and consistent leadership, based on real alignment and understanding of expectations. To achieve such alignment, we sought from the beginning to involve employees from all levels of the organization in our definition of Corporate Responsibility and our planning of improvements. Although we sought input along the way from outside stakeholders, we have focused most of our effort to date on developing employee understanding of and commitment to Corporate Responsibility, and on making it a living reality within the Company.

We describe in the following pages the major steps in our implementation efforts, which began with our establishment of a Corporate Responsibility Steering Committee in October 1998. Our future goals, highlighted throughout this Report, reflect our commitment to continuous improvement over time.



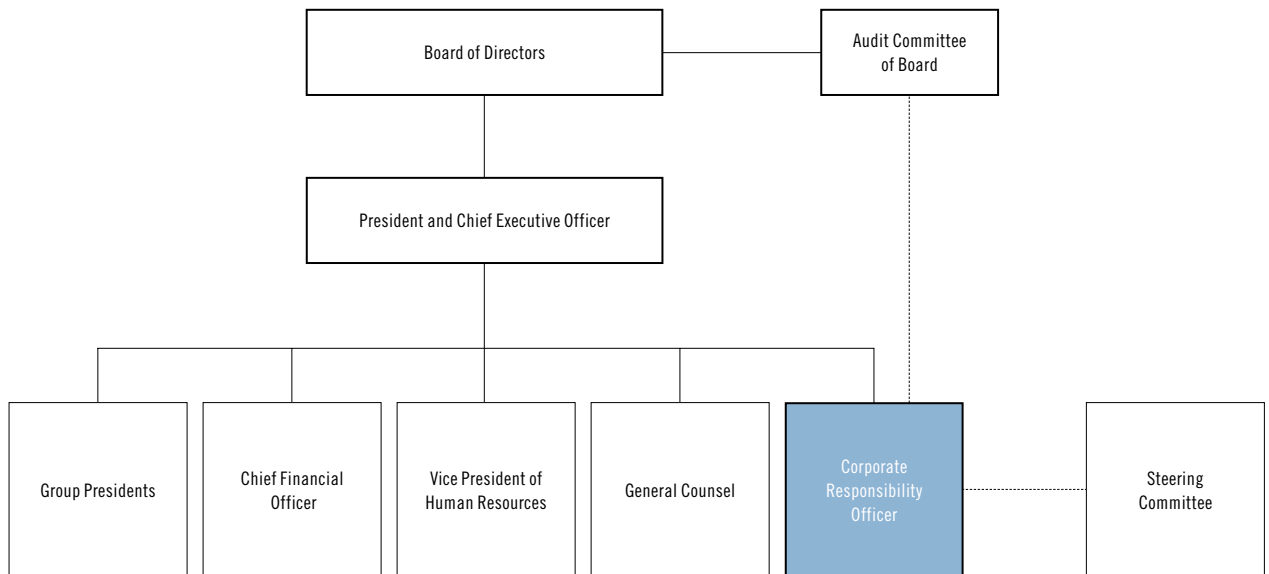
Creating Governance: Support and Accountability

Governance Structure

Chiquita's commitment to Corporate Responsibility begins at the top of the organization and is supported by a governance structure designed to provide guidance, resources, and accountability for the responsible conduct of employees in their everyday jobs.

Audit Committee

In 2000, we expanded the role of the Audit Committee of the Company's Board of Directors to include oversight of whether the Company has the right people, policies and programs in place to properly manage Corporate Responsibility. The Audit Committee has three members, all of whom are outside directors. The Company's Corporate Responsibility Officer has open access to Audit Committee members and reports to them periodically as part of regularly scheduled Committee meetings.



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Senior Management Group for Corporate Responsibility

The effective achievement of our standards is the responsibility of our senior management. Twelve top operating and administrative managers of our worldwide businesses have been meeting about every two months since October 1998 specifically to discuss our Corporate Responsibility strategy and performance. These senior managers are responsible for providing vision and effective leadership for Corporate Responsibility, modeling our Core Values in their personal behavior, and holding the organization accountable for achieving credible progress toward our objectives.

Corporate Responsibility Officer

In May 2000, Chiquita appointed a full-time Vice President and Corporate Responsibility Officer. The role of the Corporate Responsibility Officer is to oversee the design, implementation, management, and improvement of Corporate Responsibility practices throughout the Company. He is also responsible for the development of measurement, verification, accountability, communication, and reporting systems. He serves as an internal resource for best practices in Corporate Responsibility, communicates with stakeholders about the Company’s performance, and tracks emerging issues of importance to the Company and its stakeholders. He reports to the President and Chief Executive Officer.

Jeff Zalla is a ten-year Chiquita employee and has led our Corporate Responsibility Steering Committee since its inception in 1998.



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<p>Dennis Doyle <i>President, Far and Middle East, Austral/Asia Region</i></p>	<p>Peter Horekens <i>President and Chief Operating Officer, Chiquita Fresh Europe</i></p>	<p>Charles Keiser <i>Sr. V.P., North American Banana Sourcing, Chiquita Fresh</i></p>
<p>Robert Kistingner <i>President and Chief Operating Officer, Chiquita Fresh</i></p>	<p>Barry Morris <i>V.P., Human Resources, Chiquita Brands International, Inc.</i></p>	<p>David Ockleshaw <i>President and Chief Operating Officer, Chiquita Processed Foods</i></p>
<p>Robert Olson, Sr. <i>Sr. V.P., Secretary and General Counsel, Chiquita Brands International, Inc.</i></p>	<p>John Ordman, Sr. <i>Sr. V.P., European Banana Sourcing, Chiquita Fresh</i></p>	<p>Jim Riley <i>Sr. V.P. and Chief Financial Officer, Chiquita Brands International, Inc.</i></p>
<p>Craig Stephen <i>V.P., Far and Middle East, Austral/Asia Region</i></p>	<p>Steve Warshaw <i>President and Chief Executive Officer, Chiquita Brands International, Inc.</i></p>	<p>Jim Wiley <i>V.P., Non-Banana Sourcing, Chiquita Fresh</i></p>

Corporate Responsibility Steering Committee

The Senior Management group is currently supported by a Corporate Responsibility Steering Committee, which includes the Corporate Responsibility Officer, the Vice President of Human Resources, five directors and managers from representative Chiquita business units, and one rotating member of Senior Management. This group has met monthly since October 1998 and has contributed enormously to the design and implementation of our Corporate Responsibility efforts. The Steering Committee has worked to ensure that our strategies and objectives are appropriate and that our tools for assessment and planning are effective for all business units. It has also engaged other corporate functions such as Legal, Human Resources and our environmental group in efforts to integrate Corporate Responsibility into our everyday management practices. Over time, as we strengthen our management and accountability systems, we expect to phase out the Steering Committee and rely on the leadership of our Senior Management group to ensure that, in each of our business units, our operating practices live up to our Core Values.

Developing Policies: Essential Documents

Our Core Values

In August 1999, after nearly a year of discussion at the Senior Management level and with input from almost 1,000 employees throughout the organization, Chiquita adopted a set of Core Values (*see pg. 52*). These Values are intended to guide the daily actions and decisions of all our employees and to provide the context for strategic business decisions.

Our Code of Conduct

Our Code of Conduct translates our Core Values into everyday behaviors. For decades, Chiquita has had a Code of Conduct that dealt with ethical and legal behavior and compliance with Company policies. In May 2000, after months of development and review, we updated and expanded our Code of Conduct to include the social responsibilities to which we hold ourselves accountable. We sought to develop a credible and appropriate Code of Conduct that would serve as a leadership example, especially within agriculture. Our Code of Conduct now embodies standards in the areas of food safety, labor standards, employee health and safety, community involvement, environmental protection, ethical behavior, and legal compliance. In developing the Code of Conduct, we evaluated a host of third-party standards, including emerging international standards as well as industry and company codes.

The Core Values and Code of Conduct provide context for our business strategy and decision-making (*see chart on next page*).

(To obtain a copy of our printed Code of Conduct, return the Feedback Card at the back of this Report or download it from www.chiquita.com.)



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Organization
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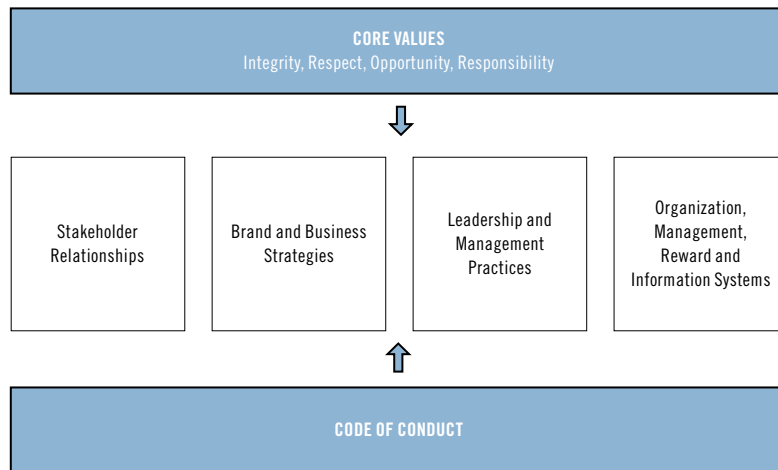
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Development
Director,
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Selecting External Measurement Standards: Credible and Verifiable

We partnered with outside organizations both in developing our policies and determining appropriate measurement standards to assess our performance. The standards that we chose – Social Accountability International’s SA8000 labor standard and the Rainforest Alliance’s Better Banana Project – are ones that we believe are the most appropriate for our business and the most credible, rigorous, and verifiable (see pg. 4).

Communicating Internally: Education at All Levels

After we completed the Code of Conduct, we broadened our efforts to educate employees about our Core Values, Code of Conduct standards, and approach to implementation. During 2000, we conducted a cascading series of communication and training sessions throughout the organization, from top management down to farm, plant, or facility managers in each major business unit. These sessions focused on what Corporate Responsibility and the Core Values mean in each business and the skills needed to effectively lead implementation.

We communicated key messages through face-to-face meetings, formal communications from senior managers, Core Values posters, a bi-monthly Corporate Responsibility newsletter, and a variety of informal communication methods.

As we worked to extend our communication and training to farm and packing station workers, we faced a challenge in developing appropriate communication materials. We recognized a need to simplify our messages and materials so workers with limited formal education could understand both the intent and the workplace benefits of our Core Values and Code of Conduct. With assistance from employees, union leaders and educators, we began to develop a Spanish-language pamphlet with easy-to-understand text and drawings that illustrate the key messages of our Core Values and Code of Conduct. The completed pamphlet will serve as the basis for training sessions we will conduct with all of our banana division employees in Latin America beginning in 2001.

Communicating Externally: Stronger Relationships

During the last several years, Chiquita has been increasingly willing to engage in dialogue with outside stakeholders who are critical of the Company's social and environmental performance. This dialogue has helped us to share information and facts about our performance and to better understand stakeholder concerns.

We have communicated our commitment to Corporate Responsibility and our policies to our major customers, many of whom have received them with great enthusiasm and encouragement. We have shared our standards and discussed our expectations with many of the independent growers who supply us fruit, and we are planning a process of dialogue and assessment with our materials suppliers.

We routinely share our experience in Corporate Responsibility with other companies at conferences, such as those sponsored by Business for Social Responsibility, the Conference Board, Empresa, the Prince of Wales International Business Leaders Forum, and Social Accountability International. We publish widely our Core Values and Code of Conduct, and we strive to respond thoughtfully to concerns raised about our performance.

We are also currently engaged in dialogue and relationship-building with labor organizations such as the International Union of Food Workers (IUF), the Coalition of Latin American Banana Workers' Unions (COLSIBA), the U.S./ Labor Education in the Americas Project (U.S./LEAP), and other non-governmental organizations. Our commitment to Corporate Responsibility has only encouraged us to deepen these relationships. We strive in particular to develop relationships with influential groups that are well-respected and have a desire to understand our business and to find balanced solutions. We seek partners who are willing to base decisions and actions on facts, seek to be constructive, encourage continuous improvement over time, and are willing to collaborate for mutual benefit.

Develop greater collaboration with regional and international banana labor unions in seeking opportunities to improve the Company's social, environmental and financial performance.

NEXT STEP

#10

Integrate social and environmental performance criteria into our selection and evaluation processes for strategic materials suppliers.

NEXT STEP

#11

Conducting Internal Assessments: Baseline Data

To assess compliance with our Core Values and the Social Responsibilities in our Code of Conduct, 32 externally trained Chiquita assessors conducted formal assessments during 2000 of our social responsibility performance in 14 business units, including our seven Latin American banana divisions. We summarized the results of our internal assessments in the Social Performance section of this Report (see pgs. 36-51).

We believe that our internal assessments have been rigorous and provide an important baseline for future progress. We also believe that using skilled internal assessors has helped us build stronger understanding and commitment to our Core Values and Code of Conduct within the Company.

Achieving External Certification: Major Milestone

All of our owned farms in Latin America have achieved certification to the standards of the Rainforest Alliance’s Better Banana Project, but have not yet achieved SA8000 certification.

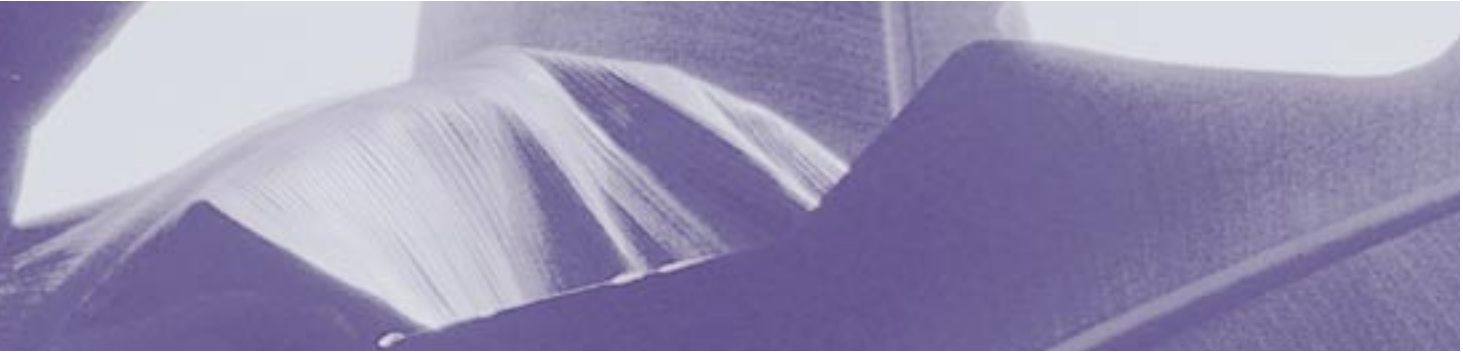
The areas of social performance addressed in our internal assessments and by the Better Banana Project and SA8000 are:

SOCIAL PERFORMANCE	Internal Assessments	Better Banana Project	SA8000
Core Values	■		
Food Safety	■		
Labor Standards	■	■	■
Health & Safety	■	■	■
Environmental Protection	■	■	
Community Involvement	■	■	

Reporting Performance Results: Always Improving

This Report is Chiquita’s first formal report on our social and environmental performance. We believe that the process of reporting strengthens our accountability and clarifies our strategy, and we intend to publish our performance results regularly. We plan to broaden reporting across our various business units over time, but have not made firm decisions yet about the timing or form of future reports, whether print or Internet-based. We are eager to learn from and participate in the development of best practices in reporting, and we welcome input about this Report.

(Please send your comments to CR@chiquita.com or mail the Feedback Card at the back of this Report.)



OVERVIEW

Chiquita has seven banana divisions in Latin America (*see map on next page*). A banana division includes farms and support operations such as packing stations. Some divisions also include Company-operated ports, railways, medical facilities, schools, and other infrastructure. Chiquita employs about 20,500 full-time workers in production, harvesting, packing, and other operations on its 26,500 hectares (65,500 acres) of banana farms in Latin America.

The Company's exports are often a significant part of the foreign trade of the Latin American countries in which it operates. All of these countries are ranked in the "Middle Development" group of countries by the United Nations Development Program. Partly due to the agricultural nature of our business and the rural locations of our farms, the communities from which we source bananas struggle to varying degrees with issues of poverty, literacy, access to health care, and other basic social and infrastructure needs, as indicated in the chart on the next page. Chiquita has played a primary role in developing infrastructure within these communities and seeks to play a constructive role in their social and economic development.

CHIQUITA'S LATIN AMERICAN BANANA OPERATIONS

	OWNED DIVISIONS ¹							PURCHASED FRUIT ONLY				
	Santa Marta, Colombia	Turbo, Colombia	Costa Rica	Guate- mala	Honduras	Armuelles, Panama	Bocas, Panama	TOTAL	Ecuador	Mexico	Nicaragua	TOTAL
CHIQUITA LATIN AMERICAN BANANA DIVISIONS, 2000												
Total employees	1,100	2,800	2,400	2,700	3,500	3,800	4,200	20,500	30	10	10	20,550
Owned volume as % of division exports	54%	88%	41%	36%	76%	84%	81%	61%	0%	0%	0%	56%
Total boxes shipped including purchased fruit (in millions)	5.5	10.9	25.6	16.3	9.7	9.8	17.2	95.0	5.7	1.8	1.6	104.1
Chiquita exports as % of country or region banana exports	28%	18%	25%	40%	46%	68%	100%	34%	3%	40%	99%	21%
Total payroll (in millions)	\$ 4.2	\$ 13.7	\$ 22.8	\$ 12.4	\$ 18.9	\$ 16.7	\$ 17.6	\$ 106.3	–	–	–	–
HOST COUNTRY ENVIRONMENTS												
Agriculture as % of total FOB export value, 1999 ²	27.2		28.9	60.1	57.3		44.9		35.9	5.1	67.4	
Total population (in millions) 1998 ³	40.8		3.8	10.8	6.1		2.8		12.2	95.8	4.8	
GDP per capita (Purchasing Power Parity US\$) 1998 ³	6,006		5,987	3,505	2,433		5,249		3,003	7,704	2,142	
Rural % as defined in each country, 2000 ²	26.3		49.6	60.6	51.8		42.4		37.3	25.0	45.0	
Rural % of poor households, 1997 ^{2,4}	54		23	72	80		34		50	53	66	
Adult illiteracy rate (% age 15 and above) 1998 ³	8.8		4.7	32.7	26.6		8.6		9.4	9.2	32.1	
Rural population without access to safe water (%) ⁵	68		1	52	34		27		90	43	72	
Rural population without access to sanitation facilities (%) ⁶	44		5	50	29		19		74	71	72	
Population without access to health services (%) ³	13		3	40	38		18		20	9	NA ⁷	

1 Includes fruit produced on owned farms and purchased from independent growers.

2 As reported by the Economic Commission for Latin America and the Caribbean (www.eclac.org).

3 As reported in the 2000 Human Development Report of the United Nations Development Programme (average urban and rural statistics).

4 Percent of households with incomes less than twice the cost of a basic food basket. In Ecuador and Nicaragua, where rural figures are not available, percentages are for total poor households.

5 Lack of potable water hook-ups or ready access. Pan American Health Organization, Health Conditions in the Americas, 1998.

6 Lack of sewage disposal services. Pan American Health Organization, Health Conditions in the Americas, 1998.

7 No information was reported for Nicaragua.

Chiquita's Owned Banana Divisions in Latin America



BANANA PRODUCTION PROCESS



Plant Growth

- Cultivation of bananas for export is only successful in what is known as the ‘Banana Belt,’ a band that extends 15 degrees to the North and South of the Earth’s equator.
- Banana plants are the largest herb in the world and grow from rhizomes that send up several shoots to form plants.
- Once leaves have developed after 6 to 8 months, a flowering stem emerges with a large bud.
- Within the bud are tiny flowers that develop into bananas.



Fruit Protection

- Approximately 14 days after the stem has emerged, a worker removes leaves that may damage the fruit, and bags the fruit to protect it from insect and sun damage. At the top of each stem, a bag is tied with a colored ribbon that identifies the scheduled harvest week.
- Due to the plant’s shallow root system, a worker supports each plant with twine to protect it from being blown down by wind.
- Pesticides are applied during various stages of plant growth (*see Environmental Performance section on pg. 19*).



Harvest

- About 12 weeks after bagging, specialized teams harvest the fruit according to its age and maturity.
- Workers cut stems and hang them on aerial cableways that transport the fruit to packing stations.
- Harvested plants are cut down, which allows selected follower plants to flourish.



Cleaning and Packing

- Bananas are cut off the stems and placed in water tanks for cleaning.
- Workers select and cut the bananas into smaller clusters, which are washed a second time.
- Clusters are placed on trays for packing.
- Workers apply Chiquita stickers by hand.
- Workers pack, weigh and load the boxes onto pallets, then into containers or railcars.



Shipping

- Trucks or trains transport the fruit to port, where it is loaded onto a refrigerated ship, usually within 24 hours of harvest.
- Depending on the destination, it takes between 3 and 11 days for the fruit to arrive in the market, where it is ripened and distributed.

OUR COMPLEX HISTORY

It is often interesting to look back at a company's history, to understand its roots and how it has evolved. In Chiquita's case, that look back is both inspiring and humbling.

The Company has spurred much economic and social progress in rural communities in Latin America, where it has consistently been a leader and innovator in the development of the banana industry. But its predecessor companies, including the United Fruit Company, also made a number of mistakes – including the use of improper government influence, antagonism toward organized labor, and disregard for the environment. These actions clearly would not live up to the Core Values we hold today or to the expectations of our stakeholders.

Today, we are a different Company. But we acknowledge our complex past as a way to begin an honest dialogue about our present and our future. It is humbling to consider the impacts – both positive and negative – that a corporation can have. At the same time, it is uplifting to note the distance a company can travel.

1870

Captain Lorenzo Dow Baker started importing bananas from Jamaica for sale in the United States.

1872

Minor C. Keith began planting bananas alongside a railroad he was constructing in Costa Rica.

1885

Captain Baker and Jesse H. Freeman established the Boston Fruit Company.

1899

Merger of Keith's railroad and banana companies with Boston Fruit created the United Fruit Company. Bought Snyder Brothers banana operations in Panama. Ships used for hauling bananas, painted white to reflect the sun, became known as the Great White Fleet. Company established first hospital for banana workers in Central America.

1900

Panama disease, a soil-borne fungus, rapidly destroyed banana farms in Latin America.

1903

Company built first refrigerated ships, revolutionizing transportation of perishable foods. Company listed on New York Stock Exchange.

1904

Great White Fleet became major carrier of materials for building the Panama Canal. Began introducing radio communication to allow farms, ports, ships and markets to communicate and coordinate shipments.

1906

Guatemala added as banana-producing operation.

1913

Began operations in Honduras.

1918

At the end of World War I, 13 Company ships had been lost, most commissioned by allied forces for the war effort.

1922

Initiated first scientific studies on bananas at Changuinola Research Station in Panama.

1926

Company established still-famous Lancetilla Botanical Gardens and Research Station in Honduras.

1927

Panama disease led to the expansion of banana production on the Pacific coast of Panama, and a decade later, in Costa Rica.

1928

Colombian army killed an undetermined number of employees and others during labor protests.

1935

Sigatoka disease, a leaf fungus, arrived from the western Pacific and spread throughout the American tropics.



The Company's Great White Fleet was used to transport bananas, tourists, and U.S. postal service mail. Company ships were also used at the request of the U.S. government in both World Wars, in the 1954 overthrow of the Guatemalan government, and in the failed 1961 U.S. invasion of Cuba.

1941

World War II allied forces commissioned Company ships for the war effort and virtually shut down the banana industry. United Fruit founded prestigious Zamorano Agricultural College (EAP) in Honduras.

1944

Introduced the Chiquita brand, Miss Chiquita character, and jingle.

1945

By end of World War II, 27 ships, operating under Company administration, and 275 men were lost while serving allied forces.

1950

Company began massive post-war banana replanting projects.

1954

United Fruit ships were used in U.S. government-backed overthrow of the Guatemalan government.

1957

Ended popular luxury-service passenger cruises on Great White Fleet.

1958

U.S. antitrust decision forced United Fruit to sell an operating division; sold a portion of Company holdings in Guatemala to Standard Fruit and local entrepreneurs.

1960

The Republic of Cuba expropriated the Company's sugar cane operations in that country.

1961

Company ships provided support for failed U.S. invasion of Cuba. Initiated sale of bananas in Japan.

1963

Began largest-ever branding program for produce and pioneered banana stickers with Chiquita label. Most farms began conversion to Valery variety of bananas due to its resistance to Panama disease and windstorm losses.

1970

United Fruit merged with Eli Black's AMK Corporation and became the United Brands Company.

1973

Introduced the first refrigerated container ships for transport of bananas. Sold remaining Guatemalan holdings to Del Monte to comply with antitrust ruling.

1975

Involvement of United Brands in Honduran bribery scandal led to the enactment of the U.S. Foreign Corrupt Practices Act. Company stock plunged and Chairman and Chief Executive Eli Black committed suicide.

1990

Changed name to Chiquita Brands International, Inc. and launched Chiquita Brands South Pacific.

1992

European Union banana regime cut Chiquita's European market share by more than 50%. Entered U.S. private label vegetable canning business through acquisition. Began working with Rainforest Alliance on the Better Banana Project.

1997

Launched Chiquita-DeNadai joint venture in Asia and shipped first Chiquita bananas to China.

1998

Became through acquisitions the largest U.S. private label vegetable canner. Became first major company to meet with COLSIBA, an affiliation of Latin American banana labor unions, concerning social responsibility issues. Hurricane Mitch wiped out Honduran division and damaged Guatemalan operations; Company provided over \$3 million in immediate relief.

1999

Began \$94 million farm rebuilding effort in Honduras and Guatemala.

2000

Adopted Core Values and expanded Code of Conduct. All 127 Chiquita-owned farms in Latin America achieved certification to the standards of the Rainforest Alliance's Better Banana Project.

2001

Announced a major debt restructuring effort (January). U.S. and EU settled banana dispute (April).

Over the years, Miss Chiquita has become the famous symbol of one of the world's most recognized premium quality brands.

1947



1963



1986



1998



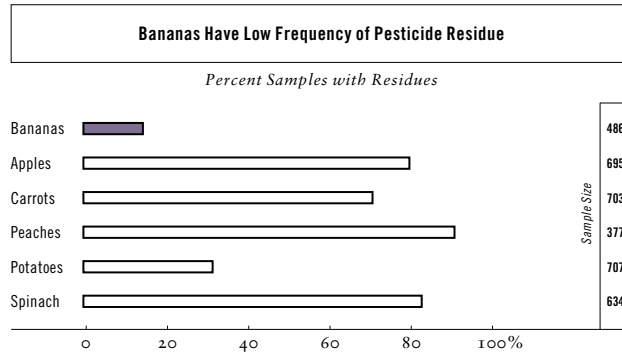
FOOD SAFETY AND QUALITY

Food safety and quality are critically important to Chiquita. Our policy is to provide safe and healthy fresh and prepared food products that meet high quality standards. We comply with all relevant food and product safety laws in the countries where we operate. We work to ensure that our products are free of pesticide residues and that we have systems in place to trace products.

No Detectable Residues on Chiquita Bananas

Pesticide residues are generally not present in any detectable levels on Chiquita bananas. The only pesticides applied directly to the fruit are post-harvest fungicides used to prevent rots and molds during transport to market. In part because of the protection the peel provides, bananas have significantly fewer residues than other fruits and vegetables (*see chart*).

We regularly conduct pesticide residue testing in the European market, and in 2000 detected no residue problems. Any residue levels of post-harvest fungicides are always significantly below safety tolerance levels established by government food safety regulators. In 1998, we discontinued our testing program in North America, due to its expense and the fact that our bananas had always met the “no detectable residue” level established by the U.S. Food and Drug Administration.



Source: Pesticide Data Program residue study conducted by the U.S. Department of Agriculture (USDA) on bananas from 1993 to 1995. The USDA rotates the crops included in the study, and will include bananas again in 2001.

We Can Trace the Origin of Each Box of Bananas

An additional food safety concern is the ability to trace a product back to its source in the event of any problem with food products sold in the market. All our boxes can be identified by source division, date packed, packing station number, and in some cases the individual who packed the box. We intend to upgrade and standardize our tracking systems even more in the future.

Although we have not experienced any problems in the marketplace with bacteria or other microorganisms, we recognize that this possibility is also of concern to some customers. We are working with the International Banana Association and the United Fresh Fruit and Vegetable Association to develop industry guidelines that will address microbial and other food safety issues.

As part of our overall review of management systems, we will also conduct a HACCP (Hazard Analysis and Critical Control Points) analysis of our major processes from a food safety perspective, and add any appropriate monitoring programs to assure the continuing high degree of food safety in Chiquita bananas.



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HELPFUL RESOURCES



Chiquita Brands International, Inc.
www.chiquita.com



Prince of Wales International Business Leaders Forum
www.iblf.org



Business for Social Responsibility
www.bsr.org



Rainforest Alliance and Conservation Agriculture Network
www.rainforest-alliance.org



CARE Internacional Honduras
www.care.org



Social Accountability International
www.sa-intl.org



Ethics Resource Center
www.ethics.org



SustainAbility
www.sustainability.co.uk

Global Reporting Initiative
www.globalreporting.org



United Nations Development Programme
www.undp.org



Institute for Social and Ethical Accountability
www.accountability.org.uk



U.S. Labor Education in the Americas Project
www.usleap.org



International Labour Organization
www.ilo.org
Organización Internacional del Trabajo
www.oit.or.cr



Tropical Science Center
www.cct.or.cr



World Business Council for Sustainable Development
www.wbcds.org



International Union of Foodworkers
www.iuf.org

**CROSS-REFERENCE TO GLOBAL REPORTING
INITIATIVE INDICATORS**

Following is a cross-reference to the indicators recommended by the Global Reporting Initiative Sustainability Reporting Guidelines, June 2000, and the pages where they can be found in this Report.

GRI Indicator	Page	Topic
1.0	2	President and CEO Statement
2.1	Cover	Company Name
2.3,2.4, 2.5, 2.7, 2.8	8	Company Profile
2.6	7, 97	Report Contact Information
2.10, 2.12	Cover, 6	Scope of the Report
2.15	95	Helpful Resources
4.0	6, 79-88, 98	Vision and Strategy
5.1, 5.2, 5.3	4, 5, 6, 13, 36, 52, 53	Social and Environmental Policies
5.4	82-85	Organizational Structure
5.5	5, 13, 36, 53	Status of Social and Environmental Standards
5.6	87	Business Association Memberships
5.7	15, 36, 37, 51, 82-85	Programs and Procedures
5.11	80, 81	Stakeholder Relationships
6.8	27	Packaging Materials
6.9	19-24	Agrichemical Use
6.10	20, 67	Agrichemical Policy
6.17, 6.18, 6.20	25-27	Waste Management
6.23	28	Water Bodies Affected by Operations
6.25	13, 72	Supplier Environmental Performance
6.32	17	Land Use
6.33	17, 18	Protection of Habitats
6.34	17, 18	Ecosystem Conservation Standards
6.37, 6.42	8, 57	Financial Performance Measures
6.44	32, 33, 41, 84	Employee and Community Investments
6.46	13	Capital Investments
6.48, 6.49	90	Wages and Benefits
6.53	32-34	Philanthropy/Charitable Donations
6.56	90	Outsourced Operations
6.64	54	Employee Satisfaction Measures
6.67	41	Injuries and Days Lost
6.69, 6.71	47-49	Wages and Benefits
6.72	44	Non-Discrimination
6.78	39	Child Labor
6.82	43, 69	Freedom of Association

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NEXT STEPS

By the end of 2002, we intend to take the following steps to further improve our Corporate Responsibility performance.

- #1** Broaden the scope of our Corporate Responsibility reporting to include additional business units and locations.
- #2** Continue to influence our independent banana growers in Latin America and our joint venture partner in the Philippines to establish target dates for third-party certification to the Better Banana Project and SA8000 standards.
- #3** Define a global community involvement strategy that reflects the priority needs of our communities and provides opportunities to reinforce the Chiquita brand and to foster the professional growth and development of our employees.
- #4** Establish target dates for SA8000 certification in all of our owned banana divisions in Latin America and achieve certification in some divisions.
- #5** Complete the installation of a new Occupational Health and Environmental Management System in all of our Latin American banana divisions.
- #6** Strengthen management and accountability systems that govern our Corporate Responsibility performance.
- #7** Conduct assessments in our North American and European Sales and Marketing groups of our Core Values and Social Responsibility performance.
- #8** Begin to engage more systematically with stakeholders by hosting a forum for dialogue about Corporate Responsibility issues and the Company's performance.
- #9** Complete a new Spanish-language training pamphlet and educate all of our employees in Latin America about our Core Values and Code of Conduct.
- #10** Develop greater collaboration with regional and international banana labor unions in seeking opportunities to improve the Company's social, environmental and financial performance.
- #11** Integrate social and environmental performance criteria into our selection and evaluation processes for strategic materials suppliers.