

To Whom It May Concern

Ancaster, 18.04.2018

Subject: Sustainability Report

Products:

- Cacao XP Product line (Note: “Cacao XP Powder BLEND” also contains Cacao from Africa)

UHTCO Corporation is always working with fair trade and sustainability in mind. One approach to achieve it is to respect the independence of every member of the production chain. Especially in Peru, there is a very big, small scale farmer structure which we strongly support. This guarantees a self-controlled life for the farmers who have always the option to sell to somebody else or to plant other crops. Farmers are typically organized in groups which further improves their position for negotiation. While this can be a challenge for us, the manufacturer, it makes it necessary to closely work together with the farmers and to keep a good relationship with them – a relationship of trust and respect which forms the basis of a continuous business.

UHTCO Corporation receives its cacao beans from the same area and mostly the same farmers since the beginning of our project.

Our operation in Peru is handled together with our partner for production. Following we will provide an insight into our organic certified Cacao XP project. A fair and sustainable way to produce the best quality cacao.

Sincerely,

Jorge L. Urena
Founder & CEO

OUR COMMITMENT WITH THE FARMERS

We are committed to maintain a cocoa supply chain that guarantees social and environmentally responsible practices, encouraging the conservation of biodiversity and sustainable rural development and giving equal weigh to our two pillars: Economic development and an Environmental responsible agriculture. The strategy is to provide free technical assistance and training to encourage farmers to adopt environmentally friendly practices. We are taking further steps towards greening our operations to mitigate our environmental impact.









Collection Area	Region
San Jose de Sisa	San Martín
Tabalosos	San Martín
Juanjui	San Martín
Tarapoto	San Martín

Building an end-to-end sustainable supply chain demands a full understanding of all our activities and those of our farmers, communities and suppliers. We use a network of collection centres and buying offices close to the cocoa growing areas, guaranteeing our year-long supply of beans. Coupled with state-of-the-art facilities and years of experience, we have the capacity, the expertise and the 'know-how' to manufacture the highest quality range of cacao products - Cacao XP.

In our supply chain we have segmented this into four distinctive areas: farmer aptitudes, plantations care, sourcing and processing. Our Development and Sustainability Program stands upon our two pillars:

Environmental responsible agriculture		Economic development	
			
Farmer aptitudes	Plantations care	Sourcing	Processing
<p>We aim to increase farmer's agricultural abilities lining up its practices with the organic and sustainable requirements of the organic certification. This assures our cocoa farmers have sustainable agricultural practices to maximize yields.</p>	<p>We give theoretical and technical assistance in harvest, breakage, fermentation, drying and storage and assure that all farmers follow our standards for a uniform and continuous product quality. We are encouraging the use of natural hedges, hedgerows, thinning, sanitary pruning, ...</p>	<p>Our primary goal in the small-scale cocoa farmer network is to increase their incomes and to improve their quality of life by paying a good price for their production and giving them an additional bonus for the organic and sustainable cocoa.</p>	<p>Manufacturing is done according to our careful and strict production policies and standards. A HACCP system is implemented, and constant audits are done. These tools ensure a safe workplace and measure our environmental impact.</p>

Our Development and Sustainability Program is a rural initiative designed to help improve productivity and quality of life of organic and sustainable smallholder farmers. Its main objective is to "Increase the quality and quantity of organic and sustainable production in order to improve the standard of living of small farmers" having as target audience farmers with an average of 1 or 1 ½ acres of cocoa crops.



Acquisition of certification

Achieving the organic certification is a big challenge for most individual producers as this demands an annual payment. Through the Development and Sustainable Program, we are committed to acquiring and maintaining the certification.



Capacity building and training

Agriculture is the basic economic activity in these areas. Our farmers receive counselling and free training in the subjects of cocoa crop management and organic production standards.



Pre-Financing

Small-scale farmers often lack the money upfront to buy necessary supplies or contract agricultural work for the growing season in order to get a good production during the year. Our cocoa farmers have access to a zero-interest loan and prepayment program.



The tool bank

In order to contribute to the development of those producers who choose not to purchase a loan or cannot acquire it, they have access to a free tool bank. At our cacao collection centres, they can request a tool or machinery for a certain time.





Financial support

As the economic income of a cocoa farmer family is variable, our farmers can sell their cacao to us throughout the year. This gives more stability to their business. In addition, if any family member of one of our farmers passes away, all their funeral expenses will be covered.



Incentives

Premium payments are offered to our farmers based on the quality of their cocoa bean. Annually all farmers who have achieved premium quality receive an extra amount for each kilogram of organic bean.



Entertainment activities

Between the months of November and December social activities are offered. One activity is a sport championship to celebrate the end of the year and to thank the farmers. Also, every year a Christmas activity is celebrated together with the farmers. It is accompanied by gifts for the farmers children.

OVERVIEW OF ALL ACTIVITIES

