



2
0
1
7



SUSTAINABILITY
REPORT
COSTA RICA

2017

SUSTAINABILITY REPORT

CONTENTS

Letter from Founder and CEO	1
About Nahua 3 Pillars	2
Our Value Chain	3
Nahua Approach to Impact	5
Impact Indicators	7
Cacao Renovation Program Overview	8
Nahua in Costa Rica.....	9
Nahua in the Field	10
Nahua Awards	11
Ethical and Sustainable Cacao	12



LETTER FROM THE FOUNDER AND CEO

Nahua is pleased to present its second annual Sustainability Report for 2017. Nahua's mission is to produce cacao and fine chocolates, of select single-origin quality, that have a positive impact on people and the planet.

At the end of 2016 Hurricane Otto swept through Northern Costa Rica, directly affecting the cocoa producing areas in Upala where most of our farming families are located.

The storm's destruction was unprecedented and had a detrimental impact on the season's cacao harvest. During 2017 we played a leading role in working alongside farmers to help recover cacao forests and ensure that farmers had the basic supplies needed to help survive the storm's destructive aftereffects.

Our belief in the resilience of our farmer network was affirmed as families rallied together to help Nahua distribute provisions and provide assistance during the recovery effort.

In 2017 Nahua's cacao was recognized by the International Cacao Awards as one of the top 50 cacao varieties in the world. Nahua also supplies award-winning cacao to chocolatiers around the

globe, helping them win gold and silver medals at the International Chocolate Awards.

Our Cacao Renovation Program continues to train farmers in sustainable cacao farming practices to, help them manage more resilient cacao farms and grow their own income from increased cacao production. As a result of our partnership, we strive to grow equitably alongside our network of smallholder cacao farming families.

Nahua is a Certified B Corporation. This rating demonstrates our commitment to higher standards of social and environmental performance, transparency, and accountability. In 2017 we also became part of the Essential Costa Rica country network, a group of select companies that uphold Costa Rican sustainability and environmental values.

Nahua's team looks forward to further expanding its positive social and environmental impact among smallholder cacao farmers and welcomes you to learn more about our important work.

Juan Pablo Büchert
Founder and CEO



ABOUT NAHUA 3 PILLARS



QUALITY

Superior high quality fine flavored cacao

Nahua is Costa Rica's leading fine flavor cacao and chocolate bar producer supplying leading chocolatiers and cacao buyers around the world. Grown in the fertile soils of Costa Rica, our singleorigin Trinitario cacao beans are nurtured to their full-bodied flavor potential through a meticulous post-harvest process.



ORIGIN

Unique single-origin offerings

Working directly with select local farmers, we procure our beans fresh and manage the entire post-harvest process. Our controlled fermentation facility guarantees transparency and traceability in all of our products.

Nahua also implements its social mission through its Cacao Renovation Program, which seeks to improve the lives of smallholder farmers through technical training programs and community engagement activities.



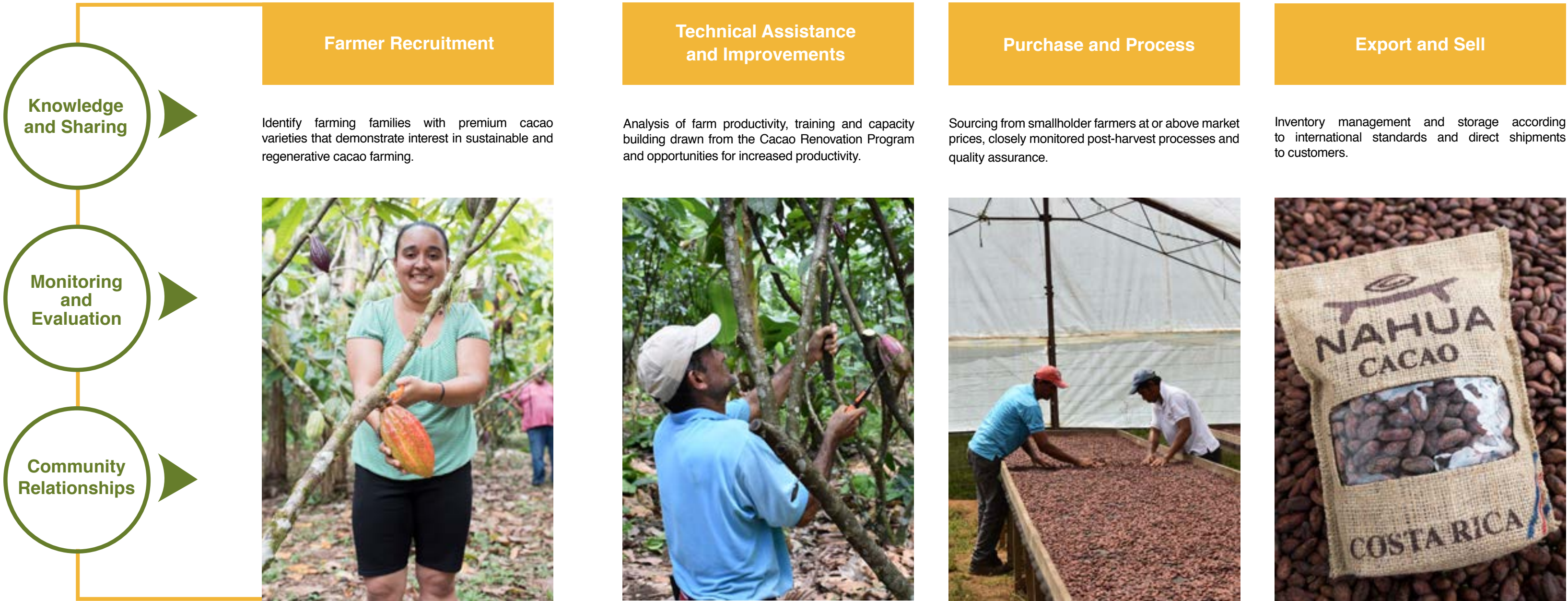
SOCIAL IMPACT

Support smallholder farmers and sustainability

Our Cacao Renovation Program focuses on the environment by promoting sustainable and regenerative farming practices to ensure the conservation of natural ecosystems. As a result, Nahua is able to source premium quality, singleorigin cacao to share with the rest of the world. At Nahua, we work constantly to make a positive impact on our communities and the environment, one cacao bean at a time.

OUR VALUE CHAIN

Nahua’s team works alongside smallholder farmers to receive raw material, adding value to create a premium finished product for customers.



NAHUA'S APPROACH TO IMPACT

Nahua's Approach to Impact

Our approach to impact enables us to monitor activities with smallholder cacao farmers and actively seek program improvements. It also enables us to:

- monitor and assess the progress made toward our goals;
- evaluate and improve farm productivity;
- increase farm management efficiencies;
- improve upon the sustainable cacao industry's best practices.



How We Align with Sustainable Development Goals

As part of our business model, we are committed to addressing the United Nation Sustainable Development Goals (SDGs), and focus on the following goals:



IMPACT INDICATORS

Nahua draws from the IRIS catalog to track and report impact and performance indicators to monitor program activities with smallholder farming communities. The table below summarizes Nahua’s key impact indicators.

Area	Nahua Indicator	IRIS ID	2015	2016	2017
Social	Smallholder farmers within network (individual)	PI16371	242	199	205
	Smallholder farmers within network that are female (individual)	PI1728	46	45	54
	Total full-time employees (individual)	OI8869	5	11	10
Environmental	Area under cacao cultivation and protected from deforestation (hectares)	PI7403	460	378	390
	Sustainably produced raw material purchased directly from smallholder farmers (kilograms)	PI7852	169,194	138,671	108,316
	Volume of raw material produced (kilograms/hectare/year)	PI7852	368	367	278
Financial	Smallholder farmer family members supported with increased family income levels (individual)	PD5752	968	796	820
	Average payments made to smallholder farmers per hectare (USD/hectare/year)	PI7852	348	343	251
	Total value of raw material purchased from smallholder farmers (USD)	PI7852	159,994	129,774	97,673

*2016 and 2017 raw material purchase numbers decreased as a result of the types of impact felt from Hurricane Otto.

CACAO RENOVATION PROGRAM OVERVIEW



Nahua Cacao Renovation Program

Nahua’s Cacao Renovation Program is designed to provide smallholder farming families with the tools and resources they need to renew their underproductive cacao forests, increase long-term cacao productivity and improve livelihoods. In 2017 the program played an active role in helping farmers prune over 10,000 trees across 10 hectares of overgrown cacao forest. The table below is a summary of how the program responds to cacao farmer needs.

		
Technical Assistance and Training	Pruning, Grafting and Nurseries	Soil Nutrition
<ul style="list-style-type: none">• Lack of knowledge and training• Outdated farming practices with low productivity	<ul style="list-style-type: none">• Inefficient pruning methods• Poor grafting techniques• No access to quality genetic material	<ul style="list-style-type: none">• Difficulty accessing quality inputs• Deficiencies in soil nutrition
Identify and empower smallholder farming community leaders and provide workshops on sustainable cacao farming.	Access to improved cacao varieties, tools and training on proper pruning and grafting techniques.	Soil sampling to identify regional nutrient baselines and financing for quality fertilizers.



NAHUA IN COSTA RICA

Country Summary

According to the World Bank, from 2014 to 2016, Costa Rica managed to reduce total poverty from 22.3% to 20.5%. During the same period, rural poverty decreased from 30.3% to 25.7%. About 6.3% of households live in extreme poverty and the country continues to struggle with high rates of inequality. Nahua’s field program and smallholder farmer network are located in the Upala and Guatuso cantons in the Province of Alajuela. Once some of the most productive farm land in the region, they now represent two of the poorest cantons in the country.

Description	Costa Rica
Population Size	4.85 million
% of Population Below National Poverty Line	20.5%
GINI Coefficient	48.2%
Average GDP per Capita (USD)	\$10,800

Source: World Bank

Sustainable Cacao in Costa Rica

Cacao forests are an oasis of biodiversity. In Costa Rica, cacao competes with monoculture activities such as pineapple, sugarcane and livestock. In sharp contrast to monoculture activities, cacao forests serve as ecological corridors that help connect jungle canopies ensuring that habitats are preserved.

Regenerative Farming

Nahua applies a holistic approach to cacao cultivation with an emphasis on tracking social, environmental and economic indicators. Nahua’s team in the field leads workshops to teach individual smallholder farmers how to better manage their farms by using improved sustainable farming techniques including cacao renovation activities and soil regeneration practices.



NAHUA IN THE FIELD



The Nahua Field Team

Nahua has a dedicated team of technicians and community leaders focused on strengthening relationships with smallholder farmers to ensure quality productivity, certifications and a consistent, transparent purchase process. The field team is in constant interaction with the famers and oversees Nahua’s Cacao Renovation Program, assessing its value in relation to providing knowledge and resources for improvements to underproductive cacao farms.

The program actively monitors performance indicators and focuses largely on identifying areas for improvement and providing the framework to achieve more productive yields. These efforts result in increased income and improved livelihoods for smallholder farming families.



Foto tomada de Corono ca su Canton

Hurricane Otto Recovery

On November 24, 2016, Hurricane Otto damaged the cacao growing communities of Upala in northern Costa Rica where Nahua operates. The historically unprecedented storm registered wind speeds of over 170km/hr and resulted in heavy flooding. This affected hundreds of smallholder cacao farming families and put their forests at risk of disease and infection. In response, Nahua mobilized its Cacao Renovation Program to provide proactive assistance to renovate smallholder farmer cacao plantations. In addition, the company’s field team continues to work alongside community leaders to ensure that cacao farming families are able to protect their cacao forests.

NAHUA AWARDS

Our Products

Nahua works alongside smallholder farmers to purchase the highest quality cacao available.

Cacao

Working directly with top selected farmers, we procure our beans fresh and manage a meticulous post-harvest process in Costa Rica to consistently achieve award winning cacao.

Chocolate Bars and Couvertures

Our chocolates are produced with unique single-origin Trinitario cacao beans that have been nurtured to their full-bodied flavor potential.

We then add a rich variety of natural ingredients to our bars to provide a unique gourmet experience.

In 2017 Nahua was selected as one of the world's top 50 fine flavor cacao varieties at the International Cocoa Awards



Awards and Recognitions

Nahua's single-origin cacao has received numerous international awards and continues to garner attention as one of the world's finest cacaos.



70% Dark Chocolate
and Lemongrass

39% Milk Chocolate
and Chai



90% Dark Chocolate
70% Dark Chocolate
70% Dark Chocolate
and Nibs



70% Dark Chocolate
and Caramel



ETHICAL AND SUSTAINABLE CACAO



What Does Sustainable Cacao Mean to Nahua?

Nahua applies a holistic approach to cacao cultivation with an emphasis on tracking social, environmental and economic indicators. Nahua's field team leads workshops to teach individual smallholder farmers how to better manage their farms. The team emphasizes improved sustainable farming techniques including cacao renovation activities and soil regeneration practices.

Working to Reduce Child Labor in the Supply Chain

Nahua has zero tolerance to the use of child labor in its supply chain as defined by the International Labor Organization Conventions 138 and 182. Our presence in the field and hands-on approach to community development, training and capacity building help prevent this industry-wide challenge



Essential Costa Rica

Nahua is proud to form part of Essential COSTA RICA, a country network comprised of select companies that promote Costa Rican values such as sustainability and environmental awareness at the international level.



BCorp

Nahua's B Corp certification status reflects a commitment to rigorous standards of social and environmental performance, accountability and transparency.



IRIS

The Nahua indicators are published under the IRIS registry, a catalog of metrics used to measure social, environmental and financial performance.



CONTACT NAHUA

Juan Pablo Büchert
Plaza Los Arcos, Suite 2
Cariari, Heredia, Costa Rica

+506 4702-7402
www.nahuacacao.com
email info@nahuacacao.com