

MASIENDA

SOURCING REPORT
2022



ONE FOR THE BOOKS

In an environment in which companies are constantly trying to find the next big thing, this year **we've cemented our commitment to a traditional food that endures: heirloom corn.** We are excited to be living in an era in which this ancient ingredient is in higher demand than ever. I've always known there was a cultural connection to this food that transcends any commercial enterprise, and when MASA was published in September, it was a chance to see this connection and movement come to life. Never did I dream nine years ago when I started Masienda that I would have the opportunity to meet so many people who are so passionate about masa, so invested in spreading knowledge and preserving ancestral cooking traditions. When I founded the company, my ambition was to help sustain a conversation around corn and culture, and so it has been truly amazing to watch that conversation continue to unfold with increasing interest, nuance, and sensitivity. I feel honored to play a part in supporting access to and enjoyment of this food.

To help meet high levels of demand for whole-kernel heirloom corn, heirloom corn masa harina, and complementary cookware like tortilla presses, we have expanded our partnerships with farming communities, artisans, and suppliers across Mexico, as well as devoted ourselves to deepening and strengthening the existing relationships that have enabled our growth to date. We are proud to continue to create stability for our partner suppliers by way of an equitable supply chain that reflects the true costs of production. Through our long-term, mutually beneficial partnerships, we ensure the longevity of these traditions and continue to provide our customers with the best tools and ingredients for making high quality masa, whether it's at a restaurant or at home.

Now, without further ado, we present our 2022 report. If you would like a refresher or are reading our reports for the first time, we encourage you to take a look at our 2019 and 2020–2021 publications, which provide additional context around the uniqueness of our supply chain.

Thank you for your interest and support in all that we do.

Jorge Gaviria
Founder, Masienda



"We are proud to continue to create stability for our partner suppliers by way of an equitable supply chain that reflects the true costs of production."



OUR SOURCING VALUES

We believe that the best-tasting food is achieved through genuine hospitality, enriching context, and a relentless support of agricultural biodiversity, sustainability, and independent farmers. From the beginning, this has been the prism through which Masienda makes each and every sourcing decision. Read more about the values that shape our supply chain.

1

PRESERVING COMMUNITY ACCESS TO HEIRLOOM CORN

This is why we only buy surplus inventory. Our pricing model is created so as not to destabilize local markets, which are fundamental to the social, economic, and nutritional well-being of these communities.

2

PAYING RETAIL PRICES UP FRONT

Guaranteeing advance payment limits a farmer's exposure to risk, freeing them to further invest in their next planting cycle and balance their interests accordingly. The risk is thereby transferred to Masienda, who holds the inventory until we are able to sell it (or not sell, in which case it may become a loss).

3

PROTECTING INTELLECTUAL PROPERTY

We work with farmers who have preserved and improved their corn through natural selection over hundreds of years. Our role is not to dictate what is grown, but rather to open up market opportunities for those who would otherwise lack options for their available surpluses.

4

EMBRACING ENVIRONMENTAL SUSTAINABILITY

We do not source materials that are treated with pesticides, and we maintain chemical-free post-harvest handling practices.

5

INVESTING IN LOCAL COMMUNITIES

For us, impact goes beyond paying a premium price to farmers. We also hire and train teams in local communities to lead operations.

6

CREATING A KNOWLEDGE-SHARING CULTURE

We aim to create this culture amongst our partner suppliers in Mexico as well as our community of cooks and chefs in the United States and abroad as we work toward a common goal of preserving and celebrating the rich culture that surrounds heirloom corn and masa.

DEFINING OUR SUPPLY CHAIN

Words matter. At Masienda, we pay special attention to the vocabulary we use to describe our products and our process because not only does our word choice speak to the uniqueness and subtleties of our supply chain, but we believe language has a role in advancing the values we stand for: equity and transparency.



Pictured: Doña Martina from Tiltepec, Oaxaca.

HEIRLOOM CORN:

Heirloom corn comes from farmer-preserved seeds that have been hand selected for the best flavor and maintained for hundreds (even thousands) of years. It is 100% farmer owned and exists outside of the large-scale value chains that we associate with the hybrid corn grown in the US.

COMMODITY CORN:

Commodity field corn — that is, corn intended for trade — is grown for a variety of purposes, such as animal feed, ethanol, plastics and processed corn products like high fructose corn syrup. In the United States, commodity corn makes up approximately 98% of the total corn grown each year.

LANDRACE CORN:

The terms 'heirloom' and 'landrace' are often used interchangeably, but landrace is a more specific designation that means a locally adapted, traditional variety of domesticated species that has developed over time to reflect its natural environment of origin.

FARM GATE:

This term refers to the price of goods as if they were purchased directly from a farmer ("at the gate") without added markup by processors, distributors, or retailers/wholesalers and excluding any separately incurred transport or delivery charges.

FARMING COMMUNITIES:

We refer to our suppliers of heirloom corn as 'farming communities' because of the collective nature of their work and our sourcing method, which entails creating centralized points of aggregation. While many of our farmers are smallholder farmers who grow what they eat on plots of 10 hectares or less, some of our farmers grow on a slightly larger scale.

SUPPLIER PARTNER:

The suppliers we work with to source specialty ingredients and/or fabricate artisan cookware are more than suppliers to us — they are our partners. If they win, we win and vice versa. They set the prices for their own goods, and we have a no-negotiation policy. We trust them to establish a pricing model that is beneficial to their business as we work together to create additional market opportunities for their goods.

VERTICALLY COORDINATED SUPPLY CHAIN:

We have created and now manage a long, complex value chain that makes better masa possible. We work with growers to source premium ingredients, test, and safely process those ingredients and ultimately distribute them to the cooks who turn heirloom corn into masa. We use the word 'coordinated' as opposed to 'integrated' because we don't own the farms, production facilities, and tortillerias that make up our supply chain.

HOW IT WORKS

Commodity vs. Masienda

The Mexican heirloom corn market was lacking in, if not completely devoid of, formal infrastructure nearly ten years ago when we got our start, which was certainly not the case for commodities such as coffee and cacao. We have since established a new type of sourcing model for heirloom corn that helps preserve the long-term viability of farming this indispensable crop.

	COMMODITY	MASIENDA
Mean Price per Pound (Non-GMO Corn) The price Masienda pays to farmers, based on conversations with the producers themselves prior to the season's harvest. Yields and current market price are factors that play into these conversations. Commodity prices are determined by the Chicago Board of Trade (driven by market forces including supply and demand).	~ \$0.13/lb - \$0.14/lb	\$0.25/lb - \$0.51/lb Farm Gate*
Farmer Storage Risk Protection Buyer assumes the risks of storing corn over time (e.g. pests, aflatoxins, and other quality control issues).	✗	✓
Upfront Payment Immediate, in-full payment to farmers for large volumes (in contrast to purchasing smaller amounts more frequently, which can otherwise increase risk for farmer).	✗	✓
Traceable Lots Sourcing can be traced back/attributed to a specific farmer lot and/or harvest.	✗	✓
Reusable Seed Heirloom, farmer-owned, open-pollinated seed versus commodity, seed company-owned hybrid seed.	✗	✓
Average Product Risk Carry Average number of months inventory is held.	3-6 months	Up to 15 months
Pest Protection Chemical-free methods to ensure protection from damage prior to export/movement (at cost to buyer) including ultra-hermetic bags and manual cleaning (vs fumigation).	✗	✓

*See Defining Our Supply Chain on page 3 for a definition of Farm Gate

IMPACT ANALYSIS SNAPSHOT



TOTAL INVESTMENT

We're proud of the impact our investments have made in Mexico this year, a total of **\$1.2 million USD toward supporting small-scale agriculture and family-owned businesses**, up from \$600,000 USD, representing a doubling of our total annual investment year over year.

AREA OF INVESTMENT	AMOUNT (USD)
Independent Farmers	\$754,171
Artisans	\$359,797
Local Communities	\$130,585
TOTAL 2022 INVESTMENT	\$1,244,553

IMPACT ANALYSIS SNAPSHOT

HEIRLOOM CORN

Investment, tonnage, landraces, and locations of product sourced (amounts rounded to the nearest dollar and ton).

HARVEST YEAR	TOTAL INVESTMENT (USD)	TOTAL TONNAGE (MT 2,200 LBS)	LANDRACES	LOCATIONS
2021-2022	\$658,989	1,033 tons	Bolita, Cacahuazintle, Chalqueño, Cónico, Mushito, Olotillo, Tuxpeño, Xocoyul	Oaxaca, Michoacán, Estado de México, Chiapas, Tlaxcala
2020-2021	\$342,040	588 tons	Bolita, Chalqueño, Cónico, Olotillo, Chac Chob, Dzitbacal, Eh Hub, Naal Xoy, Nal Tel, Xnuk Naal, Xmejen Naal	Oaxaca, Estado de México, Tlaxcala, Yucatán
2019-2020	\$349,628	617 tons	Bolita, Cacahuazintle, Chalqueño, Cónico, Mushito, Olotillo, Tuxpeño, Xocoyul, Naal Xoy, Xnuk Naal, San Pableño	Oaxaca, Michoacán, Estado de México, Chiapas, Tlaxcala, Yucatán
2018 - 2019	\$88,432	133 tons	Bolita, Olotillo, Chalqueño, Cónico, Mushito	Oaxaca, Michoacán, Estado de México
2017- 2018	\$160,723	301 tons	Bolita, Olotillo, Chalqueño, Comiteco, Tuxpeño, Cónico, Mushito	Oaxaca, Michoacán, Estado de México
2016-2017	\$347,468	657 tons	Bolita, Olotillo, Chalqueño, Comiteco, Tuxpeño, Cónico, Mushito	Oaxaca, Michoacán, Estado de México
2015-2016	\$155,716	340 tons	Bolita, Olotillo, Cónico, Chalqueño, Tuxpeño, Comiteco	Oaxaca, Estado de México
2014-2015	\$43,000	80 tons	Bolita, Cónico, Mushito, Tepecintle, Chalqueño, Tuxpeño, Olotillo, Comiteco, Zapalote Chico	Oaxaca, Michoacán, Estado de México
2014	\$21,778	39 tons	Bolita, Olotillo, Chalqueño, Comiteco, Mushito, Cónico	Oaxaca, Michoacán, Estado de México



IMPACT ANALYSIS SNAPSHOT



Photo: Alex López Pineda

INGREDIENT SPOTLIGHT CHICATANAS

We have the unique privilege of meeting growers, cooks, and artisans who work with ingredients fundamental to indigenous cuisines that don't often get the spotlight in the United States. Insects have been a major part of the Mesoamerican diet for centuries and continue to play an important role in Mexico's foodways. Hormigas chicatanas — or flying ants — are native to the region where our Mexico-based business is headquartered in coastal Oaxaca. This summer, we were able to bring over 400 pounds of this hyper-seasonal ingredient to the US market, to be enjoyed by chefs as well as home cooks. Why do we go to the effort of sourcing an ingredient that is not only delicate but also not inherently scalable? We believe it fits within our mission of building a supply chain that supports local economies, promotes biodiversity, and helps raise awareness around traditional foodways.

COMPANION CROPS

Since 2019, we have sourced companion products from many of the same communities that sell us their heirloom corn. Investment, varieties, and locations of product sourced (amounts rounded to the nearest dollar).

HARVEST YEAR	TOTAL INVESTMENT (USD)	CROPS & INGREDIENTS	LOCATIONS
2021-2022	\$95,182	Hibiscus, Beans, Chicatanas, Chiles, Avocado Leaves	Oaxaca, Tlaxcala, Puebla
2020-2021	\$18,873	Hibiscus, Beans, Chicatanas	Oaxaca, Tlaxcala
2019-2020	\$22,457	Hibiscus, Beans, Chicatanas	Oaxaca

YEAR	TOTAL INVESTMENT (USD)
2021-2022	\$130,585
2020-2021	\$110,498
2019-2020	\$68,529

COMMUNITY INVESTMENT

As in years prior, we continue to support local communities by covering their operational expenses. This includes team salaries and wages, warehouse rent, storage costs, fuel, cleaning and packaging costs, and refreshments and supplies. Depending on the timing of the harvest of corn and beans, and how long these warehouses store our products, Masienda typically covers the expenses from eight months to the full year.

MAPPING OUR GROWTH

When Masienda was founded in 2014, we began with a group of twelve farmers in one region: Oaxaca. Today, our network has expanded to more than 2,000 farmers and artisans across six states.





PARTNER SPOTLIGHT

ENRIQUE JUÁREZ

MOLCAJETE · PUEBLA, MEXICO

This is our first year sourcing molcajetes from Puebla, and our success can be attributed to the wonderful partnership we have with Enrique Juárez. In a short period of time, he's been able to build and train a larger team in order to expand production of this heirloom-worthy collectible.

“Most of my friends who help me used to work in the city of Puebla (100 kilometers away). They would leave everything, for a whole week. I also did, at one time. We missed out on many important moments with our families because we weren't home. Now, we can have breakfast together and enjoy some happy moments. We're grateful to have work right here in the backyard of our house. We all take a break at noon, we sit down and talk about how we're progressing, how we're moving forward with Masienda.”

—ENRIQUE JUÁREZ

Third-Generation Cantero (Stone Artisan)

Pictured: Enrique Juárez photographed by Mónica Godefroy.

PARTNER SPOTLIGHT

VILLANUEVA CASTELLANOS FAMILY

TORTILLA PRESS · OAXACA, MEXICO

We have been working with Doña Rosa and the Villanueva Castellanos family since 2018 to source our best selling tortilla press, which is made of hot-rolled steel and finished with an FDA-grade powder coat in the US. Over the years, the partnership has flourished: Doña Rosa's family has steadily increased output as demand has increased and has been able to increase the revenue per unit to help ensure quality of production and the long-term viability of their business.

“[The relationship with Masienda] has helped us in many ways because we have hired more people, both in the workshop and in the office where we pack the presses, prepare them, and transport them. Masienda has never asked us to lower the cost of the presses because Masienda knows the quality we are selling.”

—ANDRÉS VILLANUEVA

Doña Rosa's Nephew & Executive Director



Pictured: Doña Rosa photographed by Graydon Herriott.



IMPACT SUMMARY

After weathering the storm known as ‘Early Covid’ (which we consider to have spanned 2020 and 2021), we emerged not only intact, but stronger. We have worked to thoughtfully expand our network of farming communities, artisans, and cookware manufacturers while improving the way we pack, fulfill, and distribute these products. This growth is thanks to the resurgence of the hospitality industry as well as a growing global interest in the world of masa and Mexican cooking. What does this mean for our growers and suppliers in Mexico? Through our commitment to purchase more than 2 million pounds of heirloom corn just this year, we have become a reliable and preferred partner in the region, and we are proud of the total investments made within the

communities themselves: \$1.2 million USD in 2022. It’s no secret that the farming industry faces a number of challenges these days — climate change, labor shortages, and marketplace instability, chief among them. As we find ourselves just one year shy of our ten-year anniversary, we see more value than ever in the work that we are doing to help preserve and share this culinary treasure.

With gratitude,
The Masienda Team



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