



ANNUAL CACAO SOURCING TRANSPARENCY REPORT

SEPTEMBER 2011



Trinitario cacao pods from the Reserva Científica
Loma Guaconejo
Photo by Michael Piazza

TAZA CHOCOLATE DIRECT TRADE

Our Direct Trade philosophy has been a key component of our mission since we began making chocolate in 2006. As our company grows, the number of cacao sources and the depth of these trade relationships have also grown. Our cacao sourcing program is central to our mission and business practices, and with this report we aim to make the program more robust and transparent. At the core of this philosophy is our Direct Trade Cacao Certification program, detailed here in our first Annual Cacao Sourcing Transparency Report.

So, why Direct Trade? In our early days, we learned that the only way to acquire high-quality, organic cacao was to establish direct sources. Also, as a company dedicated to social responsibility, we did not want our participation in the cacao trade to reinforce the many problems facing cacao farmers. The financial and environmental strains that come with the pressure to produce high volumes for commodity markets did not align with our mission. We are committed to our community of producer partners, and to supporting trade practices that compensate them fairly for the high-quality cacao they provide us.

In November of 2010, we further established this commitment by developing the Taza Chocolate Direct Trade Certified Cacao program, which ensures our trade practices are third-party verified. We achieved this certification through Quality Certification Services, a USDA-accredited organic certifier based in Gainesville, Florida. This certification verifies three important claims:

First, that we maintain direct relationships with cacao producers. We are committed to visiting our producers at least once a year. This claim is verified by travel documents of the visiting Taza employee(s) to demonstrate that the visit has occurred, as well as the contact information for the cacao producers.

Second, that we are committed to paying a price premium of at least \$500 per metric ton above the New York Board of Trade (NYBOT) price for cacao beans. This claim is verified by the actual invoices from the cacao producer, indicating the agreed upon price paid for cacao beans.

And third, that we will only source the highest-quality cacao beans. To verify that our cacao beans are of a specific quality (95% fermentation rates or more, and dried to 7% moisture or less), the Sourcing Director conducts quality assessments upon receipt of each shipment.

This Annual Cacao Sourcing Transparency Report is formatted to include detailed descriptions and histories of each of our cacao sources and a table of supplementary statistics. We are committed to being closely connected to our cacao producers, and we want our customers to be as well.

Sincerely,



Alex Whitmore,
Taza Chocolate Co-Founder & Sourcing Director



Members of the administrative crew at La Red Guaconejo: (left to right) Danisa, Maria Elena, Carlos, and former Peace Corps volunteer Kate
Photo by Michael Piazza

LA COOPERATIVA RED GUACONEJO

Country: **Republica Dominicana**

Provincia: **María Trinidad Sánchez**

Municipality: **El Factor**

Area: **Reserva Científica Loma Guacanejo**

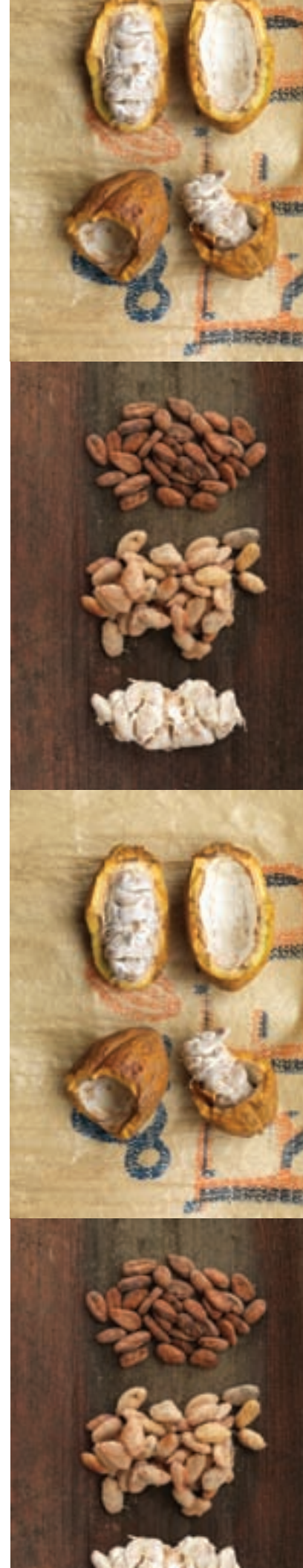
Fermentery Location: Lat. **19.293363**, Long. **-69.904128**

Our relationship with La Red began in 2006, when Joe Blotnick, a Peace Corps volunteer, contacted us about working with a small but fledgling producer group in the Dominican Republic. Taza co-founder Larry Slotnick set up a visit that spring to determine if it would be a good fit for our chocolate.

In the beginning we purchased one to two tons of cacao at a time and shipped it to our factory via air freight. We made a low-interest loan to the group to help alleviate oppressive debt burdens to other cocoa-buying organizations and to help La Red build necessary infrastructure. In 2009, Taza introduced Root Capital, a Cambridge-based rural financing organization, to the relationship, which has allowed for advances on payment for future shipments. This enabled the cooperative to grow at a quicker pace. Thanks to their continued hard work, and the support of Peace Corp volunteers like Kate Cavallin (pictured), La Red has continued to improve productivity and the quality of their cacao. They are now the primary source of cacao for Taza Chocolate. From September 2010 to September 2011, we purchased 29.3 tons of cacao from La Red—64% of the total cacao we sourced for the year.

Over the past year several significant changes have taken place at La Red. They constructed a new fermenting facility adjacent to their existing fermentary, and installed a solar drier for slow and gentle drying of the fermented cacao. Additionally, they constructed a sorting device to separate out debris, flats, and corazóns from the dried cacao before sacking so they can receive a higher price for their crop. In October 2010 they inaugurated this new facility and celebrated their anniversary with a party. Taza co-founder Kathleen Fulton attended and painted her newly designed La Red logo on the side of their freshly stuccoed and painted storage building. In May, Taza co-founder Alex Whitmore made his annual visit to see the new facilities and other changes.

Cacao production across the Dominican Republic decreased from February through May 2011 as a result of an unusual sustained drought during a season that is normally rainy. Due to these conditions, farmers were forced to increase the price of their cacao to the cooperative. During Alex's visit he discussed what changes were needed for the cooperative to be effective and continue to provide a positive outcome for the members. It was determined that a significant price increase for cacao would be necessary to sustain buying volumes in the field. To support this change, Taza Chocolate agreed to pay an additional \$250 per metric ton above our usual \$500 + New York Board of Trade (NYBOT) price premium. This would secure a higher volume of production and greater yield for the cooperative. As a result, La Red remained competitive during the drought period. Taza is looking forward toward a productive secondary harvest this coming fall to help make up for the shortfalls.



Top Photo: Cacao pods.

Bottom Photo: Dry cacao, fermenting cacao, and ripe cacao.

Photos by Michael Piazza



**Farm worker sitting on an empty cacao sorting table
at Finca El Vesia**

Photo by Alex Whitmore

FINCA EL VESIA

Country: **Republica Dominicana**

Provincia: **Arroyo Arroyón**

Municipality: **El Valle**

Fermentery Location:

Lat. **18.967297**, Long. **-69.41617**

Our relationship with Finca ElVesia began in 2009, when Joe Locandro called Taza to talk about his cacao farm in the Dominican Republic. We were immediately interested in learning more, especially after receiving a sample of his cacao.

In 2009 we purchased two tons of cacao from Finca El Vesia and shipped it to our factory via air freight. We crafted excellent chocolate with their cacao, which inspired us to commit to purchasing a ten-ton shipment, which was shipped in a container with our other Dominican producer group, La Red. From September 2010 to September 2011, we purchased 13.7 tons of cacao from El Vesia—30% of the total cacao we sourced for the year.

ElVesia is a sizable operation. The farm employs several people from the surrounding communities, and is run by Samuel and his assistant, Marco. It spans 105 hectares, is Rain Forest Alliance Certified, and USDA Organic Certified. The farm has fantastic sorting, fermenting, and drying facilities, and consistently turns out a high-quality product. ElVesia specializes in a five-day fermentation—a shorter fermentation than La Red—which produces a unique flavor.

The drought that hit the Dominican Republic in the spring of 2011 was tough on the farm and resulted in a 40-50% decrease in production. This is challenging for independent farmers like Joe, who have higher costs than individual cooperative farmers, because the farm employs several people and has fermentation facilities and other infrastructure to maintain. Alex spent a few days at El Vesia in May 2011 and witnessed the impact of the drought firsthand. Water levels in the rivers were low and there was a dearth of fruit and flowers on the trees. The fermentation boxes were largely empty and the toll on the farm workers and the surrounding community was evident. Taza looks forward to ElVesia recovering from the drought and increasing production in 2012.



Moving cacao between fermentation boxes at Finca El Vesia
Photo by Alex Whitmore



Small-holder cacao farmer in the Alto Beni, Bolivia
Photo by Alex Whitmore

CENTRAL INTEGRAL AGROECOLOGICA DE ALTO BENI (CIAAB)

Country: **Bolivia**

Provincia: **Alto Bení**

Municipality: **Palos Blancos**

Fermentery Location: Lat. **-15.57758**, Long. **-67.248402**

This year the new addition to the Taza line up was the 87% Dark Bolivian Stone Ground Chocolate Bar. Taza co-founder Alex Whitmore visited cacao producers in the Alto Bení region of Bolivia in March 2010. With the help of Invalsa Coffee, a Bolivian coffee exporter, he developed a relationship with the Central Integral Agroecológica de Alto Beni (CIAAB) Cooperative and arranged the first commercial shipment of cacao beans from Bolivia to the United States.

The CIAAB's mission is "to collaborate without prejudice, as a unified organization of agricultural producers that promotes the diversity of the bountiful potential of the organization." Their cacao is grown in the Palos Blancos, Sapecho, Popoi, San Antonio, and Litoral municipalities. From September 2010 to September 2011, we purchased 2.6 tons of cacao from CIABB—5% of the total cacao we sourced for the year. Before selling cacao to Taza, the CIAAB Cooperative's only market was El Ceibo, another cocoa cooperative in the Alto Beni region.

The altitude of the CIAAB Cooperative is about 1,500 feet above sea level, which is low for Bolivia, but high for cacao. The climate is perfect for cacao farming: hot and damp with lots of rain. The cacao produced in this region is expertly fermented, dried, and hand-sorted, ensuring that only the best, plump cacao beans are placed in sacks for shipment to our factory. In order to protect the cacao in transit in these wet weather conditions, we use GrainPro hermetically sealed storage bags to line the burlap sacks that cacao normally travels in. This protects the fantastic flavor of the cacao and keeps moisture levels low.

Our partnership with Jorge and Nelson Valverde of Invalsa Coffee made our work with CIAAB possible. The Valverde brothers, who have a coffee shop in Salem, MA, and a coffee export business in La Paz, Bolivia, facilitated our relationship with CIABB. Nelson manages the sales operation, while Jorge handles sourcing and buying. Our relationship with Invalsa is entirely transparent. We decide together on the price we pay to the CIABB, as written in our Direct Trade principles, of at least \$500 US premium above the New York Board of Trade (NYBOT) price.

Alex visited the farms in Litoral five months before the first shipment to Taza, as required by the principles of our Direct Trade program. Our next visit will be in March 2012, when we hope to work on improving the fermentation and drying facilities in this very rainy region.



Sapecho River in the Alto Beni, Bolivia.

Photo by Alex Whitmore

CACAO SOURCE INFORMATION

	LA RED GUACONEJO, DOMINICAN REPUBLIC	FINCA ELVESIA, DOMINICAN REPUBLIC	CIAAB, BOLIVIA
Purchased Since	May 2007	January 2010	September 2010
Most Recent Visit	May 2011	May 2011	March 2010
Visit Made By	Alex Whitmore	Alex Whitmore	Alex Whitmore
Latest FOB Price (per ton)	\$ 3800	\$ 3973	\$ 3472
Tons purchased past 12 months	29.3	13.7	2.6
Cut Test Scores	97% Fermented, <6% moisture, no mold/insect damage	97% Fermented, <6% moisture, no mold/insect damage	97.5% Fermented, <6% moisture, no mold/insect damage
Bean Count (beans per pound)	453	471	382



Small-holder cacao farmer in the Alto Beni, Bolivia
Photo by Alex Whitmore



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Cover photo: **Cacao pods in Reserva**
Científica Loma Guacanejo
Photo by Michael Piazza