

UCHU
THE SPICE SOLUTION

proaji ECUADOR

pizcafoods PERU

2021 SUSTAINABILITY REPORT



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Letter from our Co-Founder



Our UCHU journey began back in the 1960's with the first hot pepper seeds my father-in-law planted in Venezuela. Now at the end of 2021, after more than 50 years of changes and growth, and after one of our most successful years ever, we are sharing with you our first Impact Report.

I firmly believe that challenges force adaptation, which drive growth and creativity. This year has without a doubt brought many challenges, but also delivered a successful year. With the world upside down, our team out-performed expectations and delivered growth based on the values we care for and have been working on for many years. Our 4 Ps; PEPPERS, PLANET, PEOPLE, and PROCESS.

Working with our smallholder farmers and collaborators, we have been able to give more opportunities for sustainable and healthy income in our community. In fact, we have been able to do it more than ever before. We have continued to grow in innovation via new technology and automatization, making our processes more reliable and efficient. We have been guided by our FSSC 22000, Sedex, Kosher, Halal, and Green Business Bureau certifications to continue this focused growth.

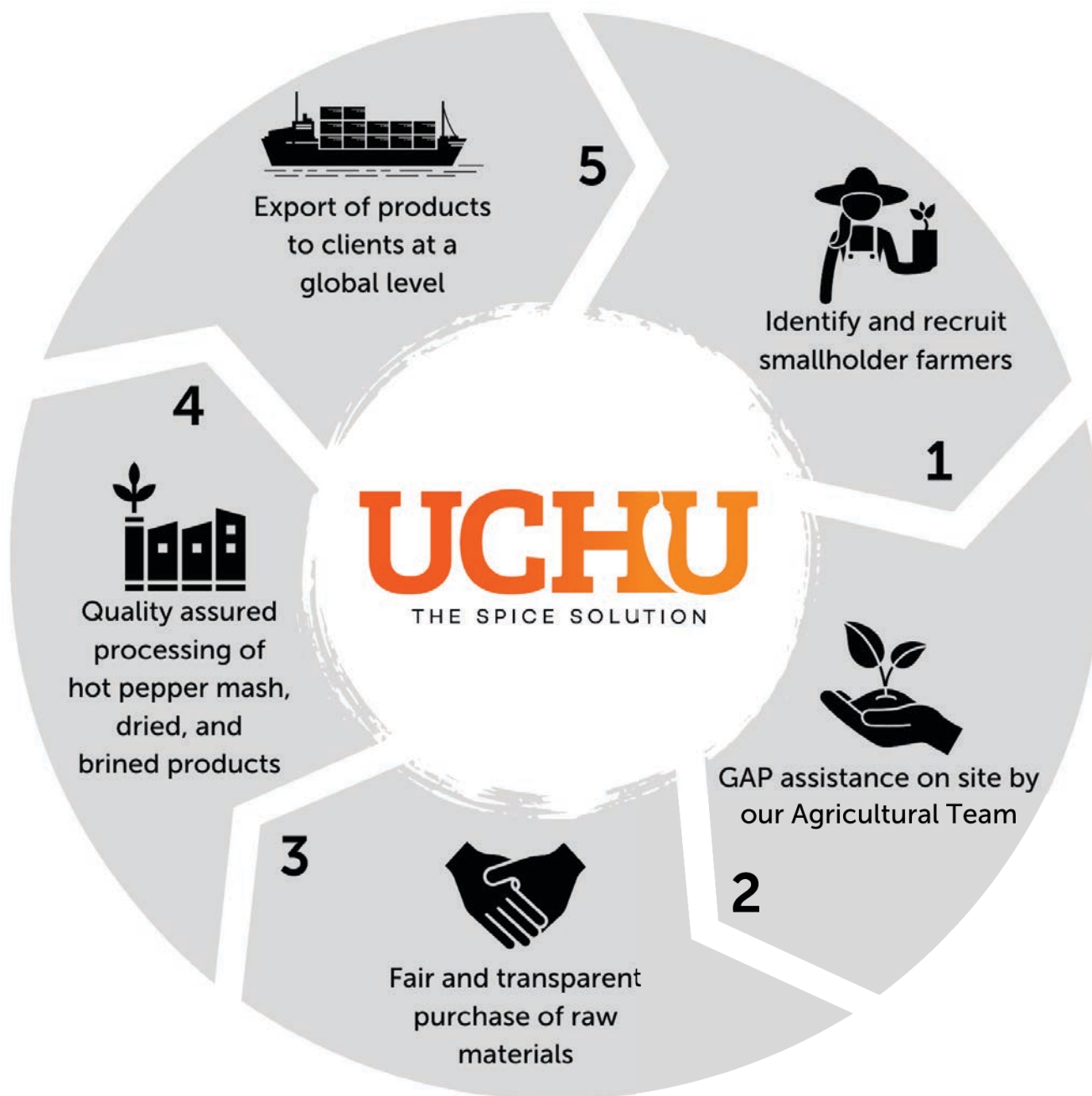
We have made big steps in reducing our environmental footprint. We are focused on reducing our water and energy consumption and finding ways to reuse our production waste. In our fields, the sustainable fertilizer program designed and supported by our team of Agronomists and financed by the company is delivering amazing results.

What else can we ask for? I can only thank our team, our smallholder farmer network, and our clients for helping us have a great 2021, despite everything happening in the world. It would not be possible without this perfect network of supporters!

The biggest takeaway, however, is that we still have a long way to go. The more we learn and grow, the more we see opportunities for improvement. Most importantly, we need to continue finding ways to keep reducing our emissions and water and packaging waste. In our fields, we need to continue improving on the use of agrochemicals and move more and more towards friendlier and friendlier agriculture.

Thank you for your support on this continuous journey!

Imelda Echavarria



OUR MISSION

We are The Spice Solution; the best source for fine flavour hot peppers for our clients.

OUR VISION

To be leaders in the production and processing of fine flavour hot peppers and create prosperity in our community.

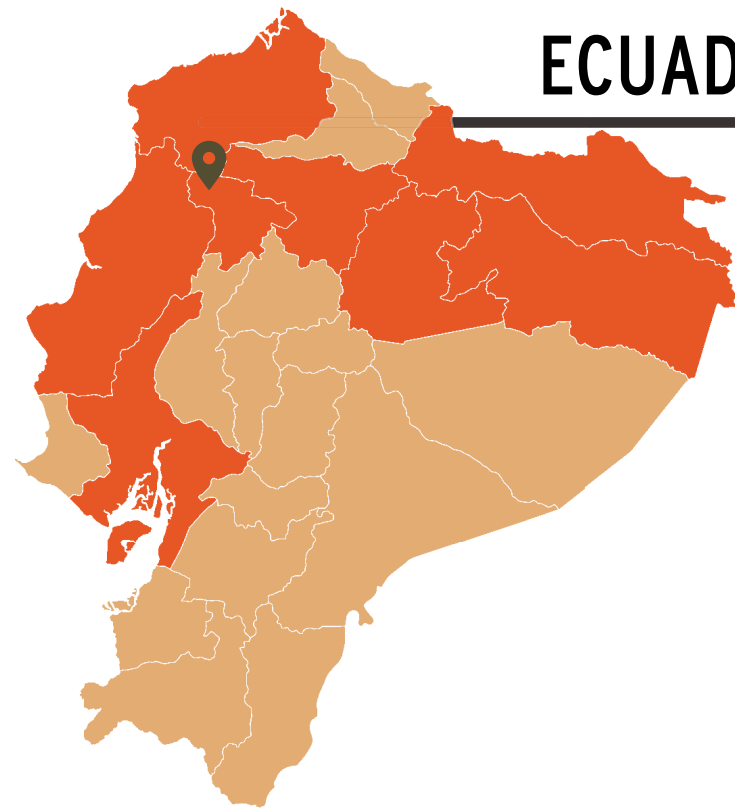
OUR ESSENCE

We love agriculture, from its origin to the community that surrounds it. We produce, adapt, and process hot peppers, allowing for our clients' flexibilities and always ensuring quality and food safety. With this opportunity-based growth model, we strive to have a positive impact on our community and thus become agents of change.

Where We Are

Truly Global Reach

ECUADOR 707 Hectares Farmed



- Population: 17.6 M
- GNI per capita (Atlas): USD \$5,530
- Urban population: 64%
- Population under the Poverty Line: 33%

PERU 371 Hectares Farmed



- Population: 32.9 M
- GNI per capita (Atlas): USD \$6,030
- Urban population: 78%
- Population under the Poverty Line: 21%

- Processing plant
- UCHU Network
- Countries served



*data source: World Bank

By The Numbers



SOCIAL

549 active smallholder farmers

47% of employees throughout organization are women

117 direct collaborators in the organization

Over 3,100 family members directly benefiting from our work

ENVIRONMENTAL

1,077 hectares farmed

Over 19 million seedlings planted

68 heirloom hot pepper varieties preserved in Seed Bank

FINANCIAL

Over \$1.7 million USD paid out to smallholder farmers

100% of smallholder farmers with access to formal bank accounts

\$105,000 USD worth of inputs and fertilizers directly distributed



Peppers



Process



People



Planet

Who We Are

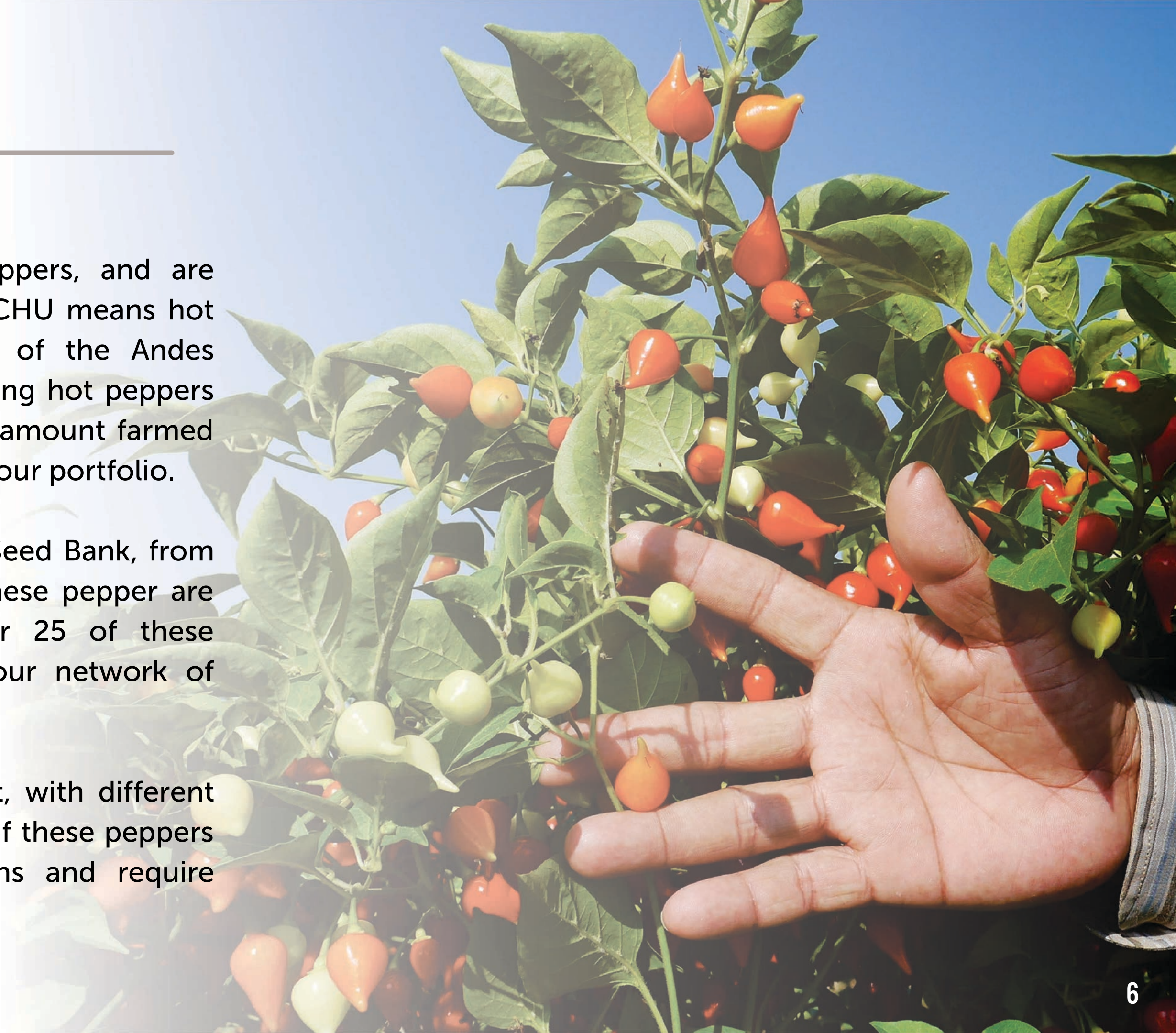
Our Peppers

It Starts Here

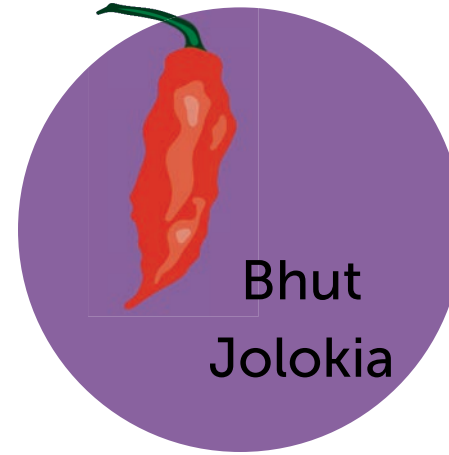
We are located at the cradle of hot peppers, and are extremely proud of this heritage. In fact, UCHU means hot pepper in Quechua, the native language of the Andes Mountains. Since 1969, we have been growing hot peppers in South America. In this time, not only the amount farmed has increased, but the varieties of peppers in our portfolio.

68 varieties of hot peppers are held in our Seed Bank, from all species in the Capsicum genus. All of these pepper are open-pollinated and non-GMO. Just over 25 of these varieties are commercial, and grown by our network of smallholder farmers.

Our peppers range from Mild to Super Hot, with different aromas, taste, and pungency profiles. Each of these peppers also have unique ideal growing conditions and require specific care.

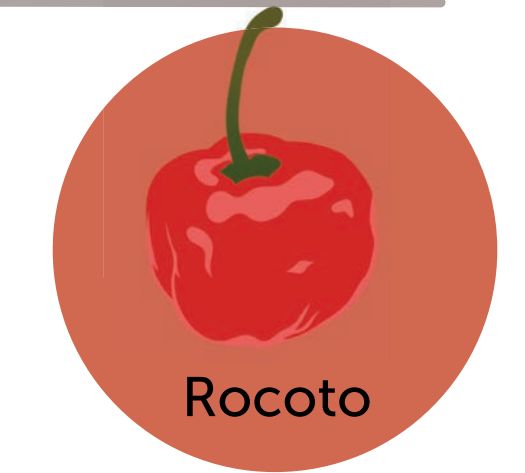
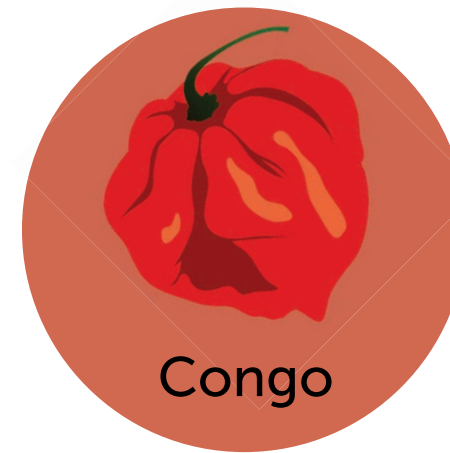
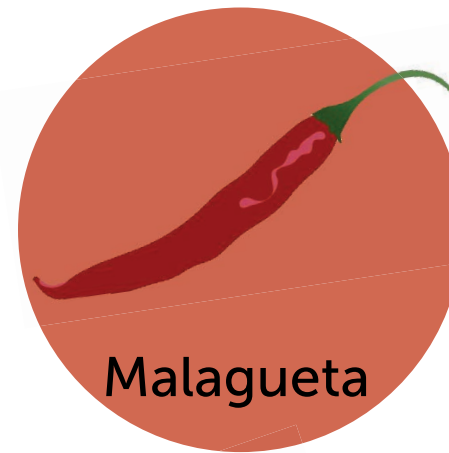


Super Hot

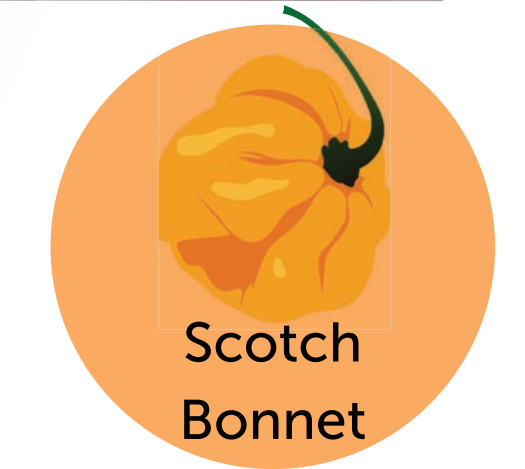
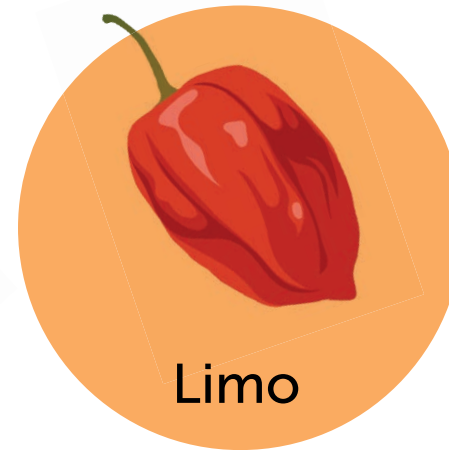
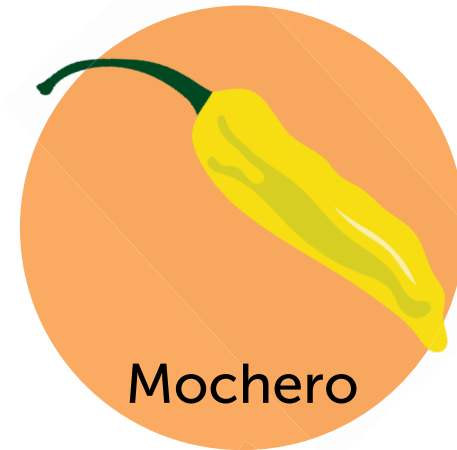
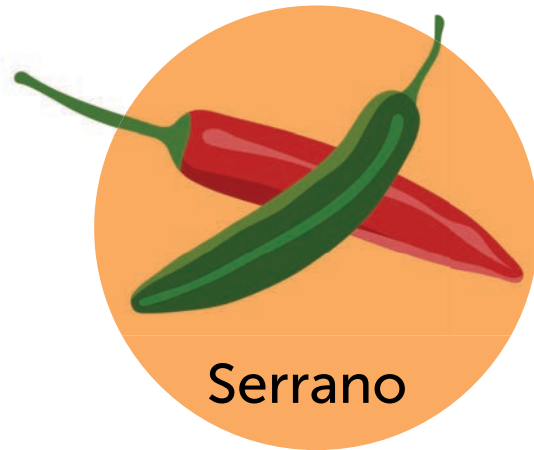


We specialize in heirloom and fine flavor peppers that range widely in their heat, flavor, and aroma

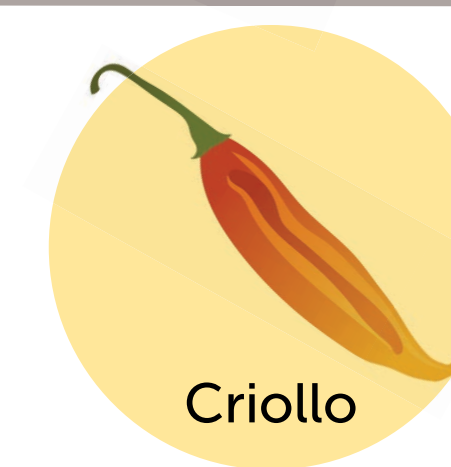
Hot



Medium



Mild



The Seed Lab

Nursery and Agricultural R&D

Located on 30 hts. of land, the Seed Lab is responsible for four crucial parts of our operation.

1. Genotype/phenotype management:

Keeping our open-pollinated peppers true-to-type by preserving the seed, and constantly refreshing the gene pool to prevent degradation.

2. Constant agricultural improvement and transfer of knowledge:

We want to make sure each pepper is grown in the best and friendliest way possible. Through experimental fields, the Seed Lab researches new growing techniques for our farmers to improve yields and better agricultural practices.

3. In-house seedling production:

Naked root planting in field can have a success rate of only about 60%. By growing the seedlings ourselves, farmers can ensure the growth of over 90% of the plants, and thus increase the yields and quality of their crops.

4. Heirloom varieties preservation:

Monoculture is a massive threat for native non-commercial varieties, and it is very important that they do not disappear. In the Seed Lab, we preserve these seeds to ensure they can live on.





Our **P**rocess

Quality Assured and Traceable

Our processing is based on ensuring safe products through "clean label" manufacturing. Using precise, standardized processes we guarantee an allergen-free, quality-focused product.

Our facilities are modern and focused on process hygiene. With our strict Quality and Food Safety processes and certification, we ensure there is no Food Fraud or Adulteration possible.

Traceability is one of our main focusses, and we offer it from seed to final product delivery.

Our Products and Presentations

All our varieties are available in several different types of preparations and packaging

MASHED/PUREED

- Fermented
- Acidified
- Smoked

BRINED

- Whole
- Sliced
- Cubed

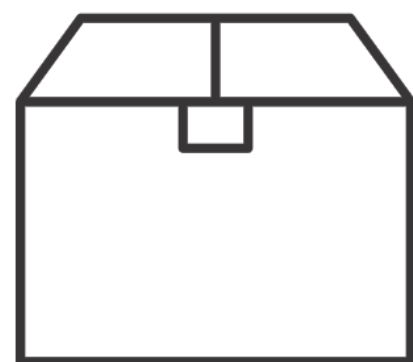
SMOKED

- Dried whole
- Dried flakes
- Dried powder

DEHYDRATED

- Whole
- Flaked
- Powder

CARDBOARD BOX



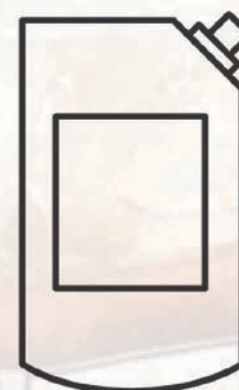
4/10/20 kg

BUCKETS/PAILS



1 gallon
5 gallon

DOYPACKS



500 grs
10/20 kg

BARRELS/DRUMS



220 kg /55 gallon

BIG BAG



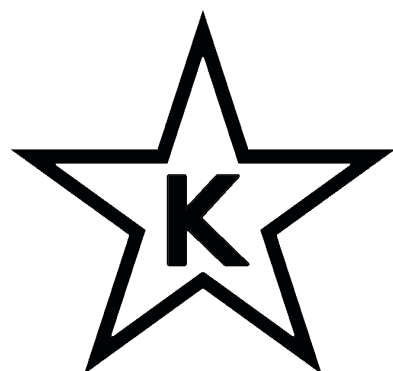
1000 kg bags

Our Standards and Certifications

We work to secure certifications that align with industry standards and benefit our workers, consumers, communities, and the environment.



Certifications



Memberships and Standards



Our People

High Social Impact On and Off the Field

Smallholder farmers:

We work closely with our smallholder farmers, providing support every step of the way, from financing opportunities to agricultural education and support. Our contract model ensures fair prices and minimizes investment risks. Our team of engineers carry out in field visits to address specific issues and carry out general training sessions every week. Through us, smallholder farmers can gain access to approved agricultural chemicals supply and schedules.

Collaborators:

With promising career opportunities within the organization, we provide a long-term employment paths for all our collaborators.

DEI (Diversity, Equality, and Inclusion) training takes place in our organization regularly, and we are committed to equality in all aspects of our reach.

We offer education and healthcare financing plans to promote growth and wellness in the organization.





César

Carolina Reaper farmer

"It has made me feel that I have done something important in the community by giving opportunity to many people; mothers, heads of families have found opportunity here."

Cesar is one of our smallholder farmers. He has a field in the province of Manabí, Ecuador where he grows our heaviest hitter, Carolina Reaper. He says that working with UCHU has pushed him to better farming practices and more responsible use of agricultural fertilizers and pesticides. It has also allowed him to be a positive force in the community by generating economic stability and being a source of employment. The best thing UCHU offers to him is the opportunity to return to working in the fields, as past experiences had been disappointing for him.

Consuelo

Quality Inspection Team

"This is my second home; and that is why I care for it so much. Sometimes, when I am at home, I want to come into Proají."

Consuelo has been with us since 1999. Before beginning her work at Proají she was unemployed, and stayed at home. In her time with us, she has seen every part of our process and knows our products better than anybody. That is why she is part of the one of the most important teams at UCHU: Quality Inspection. Now, her son is part of the Production team! Proají is becoming a family business for her as well! She says the hygiene and Good Practices training at the company has deeply impacted her and has changed the way she does things outside the company as well.



Our Planet

Better Farming; Better World

We are committed to reducing our impact on the environment, from farming to the processing of our products. We begin our impact on the field, by following GAP (Good Agricultural Practices). This way, we reduce the use of agricultural chemicals in the field, and find greener alternatives. Through other friendly practices, like crop rotation, we allow the soil to recuperate after a growth cycle.

The final step of our operations is just as important as the first, and we are always looking for resource optimization opportunities and the reduction of processing byproducts and waste. Through constant implementation of more sustainable technologies, practices and processes, we are forever working on reducing our impact and giving back.

Our Good Agricultural Practices:

Soil Analysis and Crop Rotation

Prior soil analysis allows us to find the best fit between the field and the pepper variety to be planted, to lead to better yields. After harvesting, our crop rotation policy prevents soil depletion and reduces the risk of a specific pest invasion occurring if the same crop is planted too many times over.

Fertilizer Program

We have put a Fertilizer Program in place that aims at always giving back to the earth the nutrients we take during our harvest cycles. Our tailor-made fertilization plans for every plot targets specific needs and keeps the fields as healthy as possible, which also prevent the use of agrochemicals.

Agrochemical Control and Supervision

We reduce and prevent consumer safety risks by complying with all MRL policies. Responsible input use also prevents pest resistance to specific chemicals. 100% of fields in our smallholder farmer network are routinely visited by our Agriculture Team to observe abstinence periods and management.

Friendly Pest Control

We use environmentally friendly practices to control plagues. Pheromones, microorganisms, and adhesive surfaces of differing colors allows us to keep control of specific pests. Buffer areas are observed as another preventive measure.

Impact Indicators

UCHU Indicator	IRIS ID	2021
Smallholder farmers in network (individual)	PI9991	549
Smallholder farmer family members supported with increased family incomes (individual)	PD5752	2745
Full-time employees (individual)	OI8869	117
Representation of women employees (percent)	OI2444	47%
Area of hot pepper under cultivation (hectares)	PI6796	1077
Area in network benefiting from fertilizer/input program (hectares)	PI6796	444
Volume of inputs and fertilizers distributed (kilogram)	PI6796	118,905
Value of inputs and fertilizers distributed (USD)	PI7852	\$105,020
Raw material purchased directly from smallholder farmers (kilogram)	PI7852	1,988,563.38
Raw material purchased from cooperatives and indigenous farmer associations (kilogram)	PI8418	62,128.64
Value of raw material purchased from smallholders (USD)	PI7852	\$1,712,706.63
Value of raw material purchased from cooperatives and indigenous farmer associations (USD)	PI7852	\$67,028.28
Smallholder farmers with bank accounts (individual)	PI2822	549



We monitor, track and report impact indicators published under the IRIS registry, a catalog of metrics used to measure social, environmental, and financial performance.



THE GLOBAL GOALS

We establish goals for responsible corporate governance, as well as positive social and environmental impacts, which help ensure responsible growth and continue to generate benefits.



Provide equal employment and financing opportunities to improve future income.



Healthcare and life insurance plans for all UCHU collaborators. Preventative health policies with hygiene and health training.



Regular training for both collaborators and smallholder farmers. Education co-payment plan for our collaborators.



Promote female entrepreneurship through direct financing. DEI training program in place. Board is 50% female.



Viable enterprises through smallholder farmer financing, support, and training. Safe and secure job opportunities..



Create safe spaces, open to all collaborators, and dedicated to the development and transfer of technology, know-how, and innovation.



Efficient resource management, reduction, and reusage of process waste. Constant GAP training is in place to ensure sustainable farming.



We work with partners dedicated to the growth of companies in developing countries via high impact social and environmental projects.



We are The Spice Solution

