



SOURCING CASE STUDY: NESPRESSO

As part of the Nestle Group, Nespresso has built on the principles of Creating Shared Value to develop The Positive Cup, a unique holistic approach to sustainability, quality development and value creation for society. The Positive Cup expresses that Nespresso is dedicated to being part of a sustainable coffee economy and recognizes that the company has a significant role to play in ensuring the social, environmental and economic conditions that are required to achieve it.

Harvest time for AAA farmer, Diego Maria Lopez , Cauca, Colombia

Sourcing Commitment

The Positive Cup program incorporates ambitious goals in the areas of coffee sourcing and social welfare; aluminum sourcing, use and disposal and resilience to climate change. The coffee sourcing specific commitment ensures the resilience of coffee farms and communities by:

- **Sourcing towards 100% of our permanent coffees through the AAA Sustainable Quality(TM) Program,**
- **Increasing the share of certified coffees in the AAA supply**
- **Strengthen coffee landscape resilience through extensive tree planting: 5 million trees.**

TARGET DATE: 2020

Partners in Sustainable Sourcing

Rainforest Alliance, Fairtrade International, Fairtrade USA, Pur Projet.

Business Case

The company understands and respects the responsibility that it has in creating a sustainable coffee economy, while ensuring it can deliver quality coffee to its consumers. Therefore, sustainability is a core part of the way the company does business. Nespresso's approach is to support producers to better manage their farms, their businesses and their land. By doing so, the company is

able to secure the supply of highest quality crops that meet the specific quality and aroma requirements. This not only delivers a better in-cup result for our consumers but also greater income, security and stability for the farmers.

Strategy

In 2003 the Nespresso AAA Sustainable Quality™ Program (AAA) was launched in partnership with Rainforest Alliance. In addition to ensuring farmers comply with the Tool for the Assessment of Sustainable Quality (TASQ™), the company assists farmers in achieving certification standards such as Rainforest Alliance and Fairtrade International.

To make this happen, the company works with a network of agronomists and partners on the ground to provide training and technical assistance on coffee quality, farm productivity and sustainable agriculture to farmers. In short, the program creates favorable conditions for over 75,000 farmers in 12 countries benefiting from premiums, the expert assistance of agronomists, plus a wealth of other pioneering initiatives. Additionally, together with the Colombian Ministry of Labor, the Agudas Coffee Growers Cooperative and Fairtrade International (FLO), Nespresso developed in 2014 the first-ever retirement savings plan for coffee farmers reaching approximately 2,000 participants.



Nespresso also has developed a crop insurance scheme with Blue Marble Microinsurance, Columbia University and Agrilogic to be piloted with 3,000 farmers from Caldas, Colombia during the 2018 harvest. Lastly, to address difficult systemic challenges, Nespresso is involved in a range of coalitions with organizations that bring relevant expertise and strong commitment to transform practices for a more sustainable future: The Manos al Agua platform in Colombia, The Cerrado das Aguas consortium in Brazil and the Sustainable Coffee Challenge.

Progress

Nespresso shares that as of 2017, they have been able to source 90% of their permanent coffees through the AAA Sustainable Quality™ Program. They have also been able to increase the share of certified coffees in AAA to 51% of the total volume, ie +21 pp. vs 2014. To promote the approach of regenerative agriculture, over 2.5 million native trees have been planted in and around coffee farms since 2014, in Colombia, Ethiopia and Java. Since 2014, over MCHF 150 have been invested in the sustainable production of coffee.

Monitoring & Evaluation

Nespresso has been engaged in better understanding the outcome of the AAA Program. In 2015, a comprehensive “Theory of Change” was developed together with the Rainforest Alliance and CRECE, to define the pathway between field activities and long-term impact. To monitor this theory of change, Nespresso consolidates all assessments in a management system named F.A.R.M.S. (Farm Advanced Relationship Management System). Third party verification of adoption of practices as well as insight into the critical drivers of change are also stored in this system.

Key lessons

Systems transformation is a long journey that requires investment from the private sector to start with and the appreciation of consumers to make it viable on the long term.

Advice to Others

- Understand what really matters in your value chain
- Build strong relationship with producers by setting up the processes and the support needed
- Collaborate with a full range of organizations (NGOs, Academics, financial origination) to drive innovation and amplify impact
- Be transparent and welcome external advice
- Integrate sustainability into your value proposition to engage with consumers



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“Our sustainability investments are part of the brand experience and valued by consumers in every cup.”
–Jean Marc Duvoisin,
CEO Nespresso
