



Nespresso Sustainability Advisory Board

Project Backgrounder AAA Farmer Future Program

Partners: Nestlé Nespresso, Fairtrade International, Expocafe (representing AAA cooperatives in Caldas), Cafexport
Location: Caldas, Colombia
Scope: Farmer welfare

The AAA Farmer Future Program is being established to guard against the risks of price volatility and other factors contributing to instability in the coffee growing sector.

General background

The prevailing socio-economic context, combined with adverse climate and productivity conditions have increased the risk to the supply of highest quality coffee and, more broadly, to the well-being of coffee farming communities. Farmers are exposed to the general issue of decreased productivity and additional factors such as price volatility; currency exchange rate fluctuations; a lack of health, disability and accident insurance; and a lack of provisions for retirement.

Overview

The initial focus of the AAA Farmer Future Program will be the Aguadas Cooperative in Caldas, Colombia, which aggregates more than 1,000 farmers. It is FLO certified and has been part of the *Nespresso* AAA Sustainable Quality™ Program since 2004. The AAA Farmer Future Program will eventually be expanded to additional cooperatives in Caldas.

The program aims to introduce social welfare provisions to benefit farmers and their families, including health and accident coverage and retirement planning. The program will collaborate with local partners, including the Colombian Coffee Growers' Federation (FNC), local cooperatives and government bodies, to ensure access to existing financial instruments such as the National Health System and rural pension schemes, and to explore new alternatives.

Through the *Nespresso* AAA Sustainable Quality™ Program, the company currently pays a price premium of 30-40% above the standard market price for coffee and 10%-15% above the price of coffees of similar quality. As part of the AAA Farmer Future program in Caldas, the partners will define a AAA price mechanism for farmers to ensure long term viability of coffee farming in the face of market and currency swings.

As part of the initiative, *Nespresso* will market product containing coffee sourced from the AAA farmer cooperatives in the region and certified by Fairtrade.