

Project Backgrounder

Protecting, regenerating and improving the coffee ecosystems and communities where *Nespresso* is involved through an extensive agro-forestry program

Partners: Nestlé Nespresso, Rainforest Alliance, Pur Projet
Location: Guatemala, Colombia
Scope: Environmental sustainability, farmer welfare

Background

The impact of climate change and the degradation of natural ecosystems, combined with the volatile socio-economic context, are a threat to the wellbeing of coffee farming communities and the long-term supply of high quality coffee. Equally, coffee agriculture impacts the landscape beyond farm borders and becomes a threat to the global environmental sustainability (soil erosion, water pollution, carbon emissions, etc) if not properly managed.

For over 10 years, thanks to the *Nespresso* AAA Sustainable Quality™ Program, *Nespresso* and Rainforest Alliance have been developing a sustainable coffee production while improving farm ecosystems. The next challenge is to consider the landscape (ecosystems, watersheds, soil) in which the farms operate.

Since 2009, *Nespresso* has been reducing its carbon footprint per cup of coffee by 20% across its business. Coffee agriculture is the next critical area to further minimise carbon emissions. Agricultural practices, specifically agroforestry management, offer solutions to compensate the company's carbon footprint by planting trees within its own value chain. The approach is known as *insetting**.

About the *Nespresso* agro-forestry program

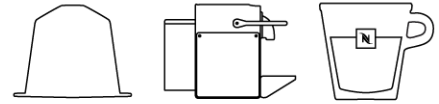
Originally, coffee comes from forest ecosystems and the agroforestry approach enables to regenerate the native environment of coffee while enabling agricultural output.

Agro-forestry is based on the fundamental observation that trees and crops interact and create positive benefits for the farmers and more generally the landscape, such as creating more diverse, productive, profitable, healthy land-use systems aligned with natural cycles.

Equally, trees capture carbon, acting as a powerful asset for compensating carbon emissions. By reintroducing or maintaining trees in and around the AAA coffee farms, *Nespresso*, together with its partners Rainforest Alliance and Pur Projet, seeks to strengthen the resilience of farmers and farming areas to the above mentioned threats as well as to address landscape impacts of coffee agriculture.

The program will offer farmers multiple advantages:

- a personalised technical assistance to implement agroforestry practices
- free plantlets produced locally
- a cash incentive per tree planted



Ultimately, this agroforestry program will help to:

- Protect and restore natural ecosystems
- Regulate water availability by limiting evaporation and soil erosion, as well as preserving soil humidity
- Improve water quality and reduce soil pollution
- Enhance soil fertility and limit chemical input
- Absorb carbon from the air to generate biomass
- Generate economic benefits for the farmers thanks to crop diversification and carbon certification.

Agroforestry practices will also contribute to reinforce the specific sensory profiles of shade grown coffees that *Nespresso* requires for its Grands Crus, while improving productivity. Indeed, evidence suggests that such an approach can increase coffee production by 30 to 200%.

Progress and achievements

A first pilot started in 2013 in the Huehuetenango AAA cluster in Guatemala, which is 100% Rainforest Alliance certified, after discussing it in details with local coffee cooperatives to ensure their interest in carrying it out. *Nespresso* and its partners have devised a specific agro-forestry strategy, by selecting different tree varieties, in order to improve farmer income, farms' biodiversity and optimize carbon impact.

Two on-the-ground technicians have started providing assistance to approximately 150 farmers and planting 50,000 timber and fruit trees that were delivered in June 2014. *Nespresso* is investing about CHF 150'000 in this first pilot.

Next steps

Nespresso will expand its pilot program to Colombia, in the Cauca region, during the second semester 2014 to benefit about 200 farmers. The company will invest over CHF 230'000 to plant 80'000 trees.

Building on the pilot learnings, the company aims to roll-out this program on a broader scale by planting around 10 million trees in the AAA value chain by 2020. This will also provide the framework to inset the company's residual operational carbon footprint and become 100% carbon neutral.

Over the next 10 years, *Nespresso* will monitor and record as part of its AAA database the impact related to coffee quality, socio-economic conditions, such as farmers' income, and environmental criteria, such as soil, water quality, land use, biomass and pollination. Key performance indicators and geo-localisation of trees will enable to follow the evolution and impacts of the program.

***Definition of inseting:** unlike "offsetting" traditional carbon compensation where compensation takes place in a different location using uncorrelated actors and technical activities, "insetting" integrates socio-environmental commitments at the heart of the companies' business activities and networks.