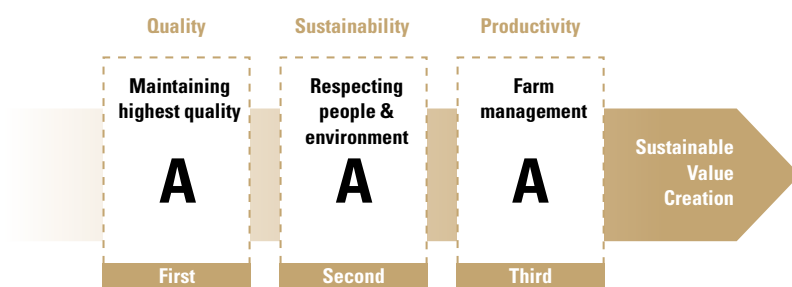


HISTORY OF THE *NESPRESSO* AAA SUSTAINABLE QUALITY™ PROGRAM



The *Nespresso* AAA Sustainable Quality™ Program is the unique *Nespresso* sourcing approach, developed to secure the highest quality green coffee required to produce the *Nespresso* Grand Cru coffees, while protecting the environment and enhancing farmer welfare. The program, launched in 2003 in collaboration with the environmental NGO the Rainforest Alliance, combines *Nespresso* coffee and quality expertise with the Rainforest Alliance's sustainability know-how.



The AAA Program is distinctive in that it adds a quality dimension to the sustainability principles and also helps farmers improve farm management and productivity. It incorporates a number of practices that are part of existing sustainability schemes, such as the proximity to buyers and prices that allow for fair labour practices. The program is also unique in the long term direct relationships that we build with farmers, allowing us to purchase year after year the same aroma profiles and quality coffee from the same farmers.

As part of the Program, *Nespresso* works with a network of agronomists and partners on the ground to provide training and technical assistance on coffee quality, sustainable agriculture practices and farm productivity to farmers. This support is delivered through the Tool for the Assessment of Sustainable Quality (TASQ™), a unique methodology developed with the Rainforest Alliance and the *Nespresso* experts.

In 2009, *Nespresso* committed to source 80% of its coffee from the AAA Program by the end of 2013. At the end of 2012, *Nespresso* was sourcing 68% of its coffee from the program.



2003

- The *Nespresso* AAA Sustainable Quality™ Program is launched in collaboration with the leading environmental NGO Rainforest Alliance during the Sintercafé Convention in Costa Rica.



2004

NUMBER OF:
Farmers: N/A
Clusters: 2
Countries: 2

- The *Nespresso* AAA Sustainable Quality™ Program is implemented in a first cluster in Costa Rica, called La Giorgia, as well as in the Caldas – Antioquia cluster in Colombia. A cluster is a geographic area where farmers produce specific coffee aroma profiles that will be used in the *Nespresso* Grands Crus.
- The first infrastructure renovation plan is carried out in Caldas, Colombia, leading to the renewal of 67 pulpers, 53 fermentation tanks and 66 drying facilities on 158 farms.



Plantlets, Caldas, Colombia

2005

NUMBER OF:
Farmers: 572
Clusters: 5
Countries: 4

- The Grand Cru *Volluto* becomes the first 100% AAA sourced coffee blend in the *Nespresso* B2C Grand Cru range.
- The ‘One bag, one tree’ initiative, focusing on water diagnostic, native tree planting and community involvement, is launched in La Giorgia, together with the Costa Rican Environment and Education Ministries. Through the project, 405 water samples are collected in 135 coffee farms to run a comprehensive study on waters, 10,000 native trees are planted and an awareness drive to establish the importance of protecting the environment is organised within the community.
- The AAA Program is implemented in Mexico and Guatemala.



Volluto : the first 100% AAA sourced Nespresso Grand Cru

2006

NUMBER OF:
Farmers: 2,425
Clusters: 9
Countries: 5

- The B2B Grand Cru Cafe Forte (Lungo) becomes the second 100% AAA sourced blend.
- *Nespresso* launches a two-year effort with the NGO Technoserve to integrate small-scale growers into the AAA Program in Caldas, Colombia. Building on the 2004 Caldas renovation project, this new initiative includes farm productivity, wet milling and quality improvement programs.
- The AAA Program is implemented in Brazil.



2007

NUMBER OF:
Farmers: 6,225
Clusters: 12
Countries: 5

- Nespresso wins the Corporate Green Globe Award from the Rainforest Alliance and the Leadership Medal of Merit Award by the Coffee Quality Institute for its AAA Sustainable Quality™ Program.
- Nespresso, along with coffee supplier ECOM and the International Finance Corporation (IFC), starts a training program in sustainability and productivity best practices for around 5,000 farmers in Mexico, Guatemala and Costa Rica. The project will later be implemented in Nicaragua.
- Three new AAA clusters, Fraijanes in Guatemala, San Diego in Costa Rica, and Mogyana in Brazil, are launched.



Training program for farmers based on the TASQ™

2008

NUMBER OF:
Farmers: 23,096
Clusters: 13
Countries: 5

- INCAE, the leading business school in Latin America, begins an independent study of the Nespresso AAA Sustainable Quality™ Program to understand its impact on farmers' income in seven clusters in Costa Rica, Guatemala, Nicaragua, Colombia and Brazil.
- Nespresso launches a first public-private partnership with the Colombian Coffee Growers Federation (FNC) to improve the sustainable quality coffee production in Cauca and Nariño through training and technical assistance. By 2010, over 7,700 fermentation tanks, 15,000 solar dryers, 6,700 waste handling equipment and 2,600 waste water treatment systems are installed.
- The AAA Program is implemented in Huila, the second largest coffee producing area in Colombia.



Solar dryer

2009

NUMBER OF:
Farmers: 26,467
Clusters: 16
Countries: 6

- Nespresso launches the Ecolaboration™ program, a framework defining the company's sustainability approach and vision. Through Ecolaboration™, Nespresso commits to source 80% of its coffee from the AAA Program by 2013.
- Rosabaya de Colombia becomes the first Nespresso Pure Origin to be sourced 100% from the AAA Program.
- Farmers taking part in the AAA Program in Huila, Colombia, start the process leading to Rainforest Alliance certification with support from coffee supplier SKN Caribe Café.
- Nespresso creates its AAA farmers' database. This tool includes information on each farm taking part in the AAA Program and enables the traceability of coffee beans back to individual farms, tracking quality, progress on sustainable agriculture practices and improvements to farm management based on the sustainability and quality criteria from the TASQ™.
- The AAA Program is launched in Nicaragua.



Rosabaya : the first 100% AAA sourced Nespresso Pure Origin Grand Cru

2010

NUMBER OF:

Farmers: 40,688

Clusters: 16

Countries: 6

- *Nespresso* invests over USD 47 millions in the AAA Program in Cauca-Nariño, Colombia, as part of a private-public partnership with the FNC, Rainforest Alliance and Fundación Natura that will run until 2015.
- The Real Farmer Income™ Impact study conducted by INCAE Business School, and launched in 2008, shows that real drivers of farmers' net income are sales, productivity, price premium as well as technical and business benefits of a relationship with *Nespresso*.
- The International Finance Corporation (IFC) reveals the impacts of the sustainability and productivity training initiated in 2007. The study conducted in two clusters in Mexico and Guatemala shows that improvements in farm productivity and sustainability were accompanied by incomes 27% higher for farms in the AAA Program compared to non-AAA farms.
- Together with local partners, *Nespresso* starts the construction of an innovative Central Mill in Jardín, Antioquia, Colombia to ensure a more efficient coffee process, increased volume of quality coffee and improved water management.
- *Nespresso* launches an integrated crop management program for over 150 farmers in Caldas, Antioquia to increase productivity through optimised use of fertilisers.
- *Nespresso* funds a 12-month project to provide business training, conducted by the non-profit social investment fund Root Capital, to six cooperatives, with over 250 farmers in Huehuetenango, Guatemala.



Central Mill in Jardín, Colombia

2011

NUMBER OF:

Farmers: 44,605

Clusters: 20

Countries: 7

- The AAA Program is launched in India.
- Thanks to its quality, economic and social success, extension works on the Central Mill in Jardín, Colombia start to increase its processing capacity from 150 to 450 tons of coffee per year and benefit additional farmers. The extension will be running in 2012.
- *Nespresso* partners with coffee supplier Expocafe and the FNC to renovate aged coffee trees and plant more resistant coffee varieties in 225 AAA farmers in order to ensure the future supply of quality coffee while increasing farmers' net income.
- *Nespresso* extends for a further 12-month period the Root Capital financial training.
- *Dhjana*, the first 100% AAA sourced Limited Edition Grand Cru combining coffee from Brazil, Colombia, Costa Rica and India, is launched.



*Dhjana : the first 100%
AAA sourced Limited Edition
Nespresso Grand Cru*

2012

NUMBER OF:
Farmers: 52,854
Clusters: 25
Countries: 8

- Nespresso and the FNC gather for the first time 800 Colombian AAA farmers and agronomists from five coffee producing regions to celebrate their work together in Popayán.
- Nespresso announces its commitment to invest USD 10 million per year over five years to strengthen the AAA Program in Colombia, as part of an overall public-private investment of approximately USD 17 million per year for projects to secure quality, sustainability and productivity in coffee producing regions.
- Nespresso builds on its 2011 renovation plan with coffee supplier Expocafé and the FNC to renovate additional coffee plantations and plant 200 hectares of coffee trees benefiting 400 AAA farms in the departments of Caldas and Antioquia, Colombia.
- Three Colombian AAA farmers receive the Rainforest Alliance Sustainable Standard-Setters Award during the Rainforest Alliance gala in New York.
- Farmers in Ethiopia conclude the TASQ™ self-assessment process, which marks the beginning of the AAA Program in Ethiopia.



Celebration in Popayán

2013

- A study conducted by the independent monitoring organisation CRECE among over 1,000 AAA Colombian farms, demonstrates that AAA farms have 22.6% better social conditions, 52% better environmental conditions and 41% better economic conditions than non-AAA farms.

The Nespresso AAA Sustainable Quality™ Program over the years at a glance

	Number of farmers	Number of clusters	Number of countries	Number of agronomists	Coffee sourced through the AAA Program	Number of hectares in the AAA Program
2004	N/A	2	2	0	0%	0
2005	572	5	4	2	24%	> 10,000
2006	2,425	9	5	5	30%	> 25,000
2007	6,225	12	5	14	35%	> 50,000
2008	23,096	13	5	26	43%	> 95,000
2009	26,467	16	6	101	47%	> 130,000
2010	40,688	16	6	143	60%	> 165,000
2011	44,605	20	7	169	61%	> 200,000
2012	52,854	25	8	214	68%	> 240,000