

Nespresso is committed to delivering the highest quality coffee to its Club Members and to ensuring that the coffee farmers and their communities benefit from a shared commitment to ultimate quality. The N Magazine provides an insight into the Nespresso AAA Sustainable Quality Program.



QUALITY
& MORE



Everyone benefits from quality.

Farmers who produce beans that meet Nespresso's exacting standards of quality are rewarded not only with higher remuneration but with membership in the Nespresso community, via the offer of a long-term partnership. Indeed, helping farmers to achieve harvests of distinction is the best way for Nespresso to succeed in its founding mission to deliver only coffees of supreme quality.

The Art of Coffee

Qahwa. The Arabic word for 'wine'. Adopted half a millennium ago by Yemenite monks to name a hot drink brewed from the beans of a wild tree, it gave us our modern word, 'coffee'. The etymology is a fitting one. For, as with fine wines, the creation of exquisite coffees requires devotion and care: of the soil and the trees, of farms and their ecologies, of the farmers and farm workers who dedicate their life's energies to the cultivation and harvest of the finest beans.

Just as Nespresso club members know how to enjoy coffee of incomparable quality, cup by cup, so Nespresso knows how to attain that quality, cultivating relationships with skilled farmers and encouraging them, with material and technical resources and financial incentives, to produce high grade, gourmet yields through sustainable agricultural methods. For within each and every capsule of Nespresso lies a cherished secret: that love and attention lavished on each bean ripening on the tree is paid back manifold in the aroma, body and taste of truly exquisite coffee. If the art of good wine is in the grape, the art of great coffee is in the bean.

The Best Beans

Today, coffee is the second most traded commodity on global markets after oil. But because of an over-emphasis on high volume sales, only a fraction of global coffee production represents harvests of outstanding quality, so called Specialty or Gourmet coffee. According to a World Bank survey, just 10 percent is devoted to gourmet beans. Of this, no more than 10–20 percent satisfies Nespresso's exacting standards. More than rich soil, coffee trees require a delicate combination of geography and climate, if they're ever to nurture a crop of true distinction. "Premium quality coffee grows only in the highlands, for example above 1,400 metres in Colombia or up to 2,100 metres above sea level in Kenya in an ideal ratio of light and shade," says Alexis Rodriguez of Colombia, one of Nespresso's 'Green Coffee Experts' (former head of quality control for the Federacion de Cafeteros de Columbia) whose responsibility it is to select and acquire the world's choicest beans. "It takes a high degree of precipitation and wide fluctuations between night and day temperatures if the taste of the coffee is to develop fully."



Juan Diego Roman, one of Nespresso's agronomists, and Marino Restrepo, an Expocafe agronomist standing on coffee patios in Riosucio, Colombia.

From the coffee tree to your drinking pleasure: Every step along the way is dedicated to meeting Nespresso's high quality standards.

THE PURSUIT OF SUSTAINABLE QUALITY: STEPS ALONG THE WAY

For farms that grow beans of the quality and profile required for our Grands Crus, we have developed a step by step plan together with our partners, the green coffee suppliers and the Rainforest Alliance, a leading NGO dedicated to improving the sustainability of agricultural production.

Step One:

Farm assessors and agronomists in any new region for assessment are trained by Nespresso and Rainforest Alliance in the use and application of the Tool for the Assessment of Sustainable Quality (TASQ)

Step Two:

Prior to formal assessments farmers and growers are given an easy-to-use self assessment check list to see how they are doing against the criteria of the TASQ and offered help and advice in understanding how assessment works

Step Three:

The farms are assessed against all of the indicators in the TASQ tool, covering quality aspects such as strain of coffee plant, soil type, harvesting practices, environmental aspects including use of fertilisers, bio-diversity and water conservation, social practices such as adequate housing and access to education and health care as well as economic issues such as yields, productivity and pricing

Step Four:

If farms are found to be falling short on certain practices such as improper child labour, deforestation and the misuse of dangerous agrochemicals they will not qualify for the program. For other farms a clear plan will be drawn up together with the grower towards the pursuit of sustainable quality and these farmers will become partners of our AAA Program and supply Nespresso with their coffee

The launch of the Nespresso AAA Sustainable Quality Program

Three years ago we embarked on a program to ensure that the growers around the world who produce such treasure benefit from their commitment to ultimate quality. We call this new program the Nespresso AAA Sustainable Quality Program. For us, 'sustainable quality' is about ensuring farm practices that lead to quality produce and economic vitality, whilst respecting the environment and contributing to the social wellbeing of farmers and their communities.

The program has a number of different aspects. To start with, we work closely with green coffee suppliers. These companies provide a valuable service in helping us to locate the coffees we require, often in remote, mountainous regions where hundreds if not thousands of smallholders produce small amounts of highest quality coffee. The collaboration with suppliers guarantees that for our AAA coffees we can trace the beans back to individual farms allowing us to ensure that farmers receive a significant proportion of the premium price we pay for their crop. We can now be sure that no less than 75% of the export value of the coffee we buy finds its way directly to the grower. In the words of one of our main coffee suppliers, Juan Carlos Ardila of the Expocafe Coffee Cooperative in Colombia: "Nespresso offers higher prices and in turn demands absolute transparency. We know the origin of every single bean, the farm it comes from, the farmer, the soil conditions and the production process."

The next stage of the AAA Program has been the development of the Tool for the Assessment of Sustainable Quality, or TASQ, the first farm assessment program to integrate quality and sustainability. As part of the Nestlé group of companies, Nespresso has benefited from Nestlé's experience in farm assessments and sustainability in the development of TASQ. In addition we have been working with The Rainforest Alliance, the leading tropical agriculture NGO, our agronomists in the field, and our suppliers of green coffee.

See the side panel 'The Pursuit of Sustainable Quality: Steps Along The Way' for more information



Sustainability

"The coffee beans we buy and use in the creation of our finest Grands Crus coffees are not easy to come by. They are among the rarest beans in the world, possessing the outstanding characteristics of gourmet or specialty coffees as well as matching our specific aroma and taste profiles. That is why, unsurprisingly, we are committed to developing lasting and mutually beneficial relationships with the farmers who produce these beans. As is generally known, the past few years have been difficult for coffee farmers due to the instability of coffee prices in world markets. We at Nespresso are committed to ensuring that those farmers who produce coffee for us benefit from the excellence of their crop."

Gerhard Berssenbrügge, CEO of Nespresso



From left to right: **The El Socorro School** in Costa Rica. **CEO of Nespresso, Gerhard Berssenbrügge** in talks with the governor of Vera Cruz, Mexico at the inauguration of the school in Ixhuatlán del Café. **Olivier Brunswick, President of Nespresso USA**, plants a tree for Nespresso's project in Costa Rica.

Chris Wille is a member of the Rainforest Alliance, whose mission is to protect ecosystems, the people and the wildlife that depend on them by transforming land-use practices, business practices and consumer behaviour. Wille is chief of their Sustainable Agriculture Programme. Based in Costa Rica, he is also a biologist and journalist.

Projects to improve the quality of life for farmers and their communities

Where TASQ has been used, we have a clear plan for improving performance towards sustainability, independently verified by Rainforest Alliance to ensure compliance with their best practices in farm assessments. As we make these improvements we will see that the environmental and social impact of cultivating AAA coffees will be significantly improved: soils will be conserved, forests preserved and replanted, rivers and wildlife habitats protected, and workers provided a good standard of living. But the greatest result of the whole program is the pride we feel when we hear what they say about Nespresso, for example in the words of Evaristo Sanchez, one of the farmers who grows AAA coffee in San Ramon, Costa Rica. "Since I have been selling my coffee to Nespresso I began to understand the sustainability concepts. Day by day I have worked to improve the quality of my coffee using the concepts learned. I understand now the importance of being sustainable (economically and environmentally) because in the future my sons should enjoy the benefits."

In the past months I have been excited to see the tangible results of our first phase of projects investing in improvements to farms and communities. In North Caldas in Colombia for example, with financial support from Nespresso, farmers have been able to acquire modern processing equipment, resulting in improvements in the quality of their harvest and in their economic outlook. In the San Ramón region of Costa Rica, the many small brooks on which coffee cultivation relied used to dry up in the hot summers; but now some 10,000 trees have been planted to shade the brooks and guarantee the farms' water supply as well as encourage higher levels of bio-diversity. In the community of Ixhuatlán del Café in Vera Cruz, Mexico, Nespresso has enabled the building of brand new, fully equipped classrooms so that the weather would no longer prevent regular teaching.

Quality and more

NESPRESSO AAA SUSTAINABLE QUALITY PROGRAM



Volluto: The first 100% AAA Sustainable Quality Grand Cru

This month Volluto, one of our most popular varieties, becomes the first Nespresso 100% AAA Sustainable Quality coffee, independently verified by Rainforest Alliance. This represents a significant milestone in our pursuit of sustainable quality, and our ability to ensure that the farmers who produce these beans benefit from the quality of their produce.

Volluto is lightly roasted and medium-bodied, with a round and fresh flavour with a cereal hint, reinforced by a touch of acidity. A fine aromatic balance of fruity and woody tones, Volluto is created by combining mostly unwashed Brazilian Arabica coffee (with its mild character and biscuit tone) with washed Arabica coffee from Colombia (with its fruity character). This Grand Cru delivers a light, velvety coffee with the consistency of liquid silk.

"Nespresso's AAA Sustainable Quality Program is an exceptional and innovative concept."

The Rainforest Alliance is a non-governmental organisation (NGO) that specialises in developing tropical agriculture in tandem with environmental protection. Chris Wille is head of their 'Sustainable Agriculture Programme', which supports Nespresso's development of standards for excellence and sustainability in coffee production.

What persuaded your organisation to cooperate with Nespresso?

Nespresso's idea appealed to us. We know we have to support farmers in producing a superior quality crop. If we can encourage environmentally sound approaches and at the same time improve farmers' and workers' living conditions, we'll have achieved something remarkable. The combination of quality and sustainability in coffee cultivation is an exceptional and innovative concept.

How does the Rainforest Alliance support Nespresso's AAA Sustainable Quality Programme?

The Rainforest Alliance has long been working with the Sustainable Agriculture Network, a group of NGOs in Latin America, to develop standards for sustainable farm management in many sectors, starting with the banana trade back in 1990. We combined our experience with the accumulated data of the Nestlé corporate group, which had long been conducting surveys of the sustainability of farms, to help Nespresso develop a system by which each farm is rated with respect to sustainability.

What does a coffee farm managed along sustainable lines look like?

Coffee is one of the very few plants that can actually be cultivated in harmony with the tropical rainforest. That's what makes this such an exciting topic for conservationists. A farm run along sustainable lines has almost the same biological diversity as a natural forest.

What role does the coffee market and its surplus production play?

Higher prices alone don't lead to better environmental compatibility, nor do they automatically improve farmers' and workers' living conditions. To bring about improvement here, the farmers need guidelines that tell them how best to approach social and ecological issues and how best to manage their farms with respect to sustainability. It's in this area, precisely, that Nespresso's evaluation criteria and the Rainforest Alliance's efforts set new standards.

What do the farmers make of the AAA Sustainable Quality Programme?

The farmers are very interested in it. Nespresso is a renowned company and one that pays very good prices. All farmers would like to sell their crops to Nespresso.



You have questions about Nespresso and coffee. Nespresso's coffee experts have the answers.

What really decides the quality of green coffee?

Coffee qualities vary according to where they are grown. Nespresso coffee experts look for particular taste and aromatic qualities in every bean, to combine these attributes into one of their Grands Crus blends. Differing soil type, climate, and altitudes determine the regional quality characteristics of a coffee bean; for example, the rich peaty soils and lush rainforests of Java deliver a soft, large bean bursting with body; whereas the volcanic soils of Colombia give the bean more fruity, flowery overtones. Coffee grown at higher altitudes (above 1,400 m), where night and day temperature variations are more extreme, will further influence the quality of Nespresso's preferred harvests. Secondly, but by no means less important, careful harvesting of coffee cherries only when they're ripe is very important. Coffee ripens four different times on a single tree each year. Hand picking is therefore the only way a choice can be made between red cherries ready to be harvested, and the green cherries yet to ripen. Of course, quality control of Nespresso coffee quality continues incessantly during the coffee cleaning process (soft cherry hulls washed off the bean), drying (where the beans are laid out in the sun), and before shipment – the final "in-country" quality check.

How does Nespresso select the green coffee beans they buy?

Nespresso coffee buyers engage in exhaustive tasting of samples. This involves "cupping" sessions by expert panels, who are supported by tailor-made software to help them evaluate



each coffee quality and ensure that the green coffee matches the exact aromatic profiles every time. The green coffee samples are roasted before being infused with water for cupping. Then many of the roasted samples that make the grade are specially filled into Nespresso capsules and machine extracted for another cupping to assess how the coffee and the blend behave in a real-life Nespresso situation. During all of these cuppings, Nespresso experts judge the coffee by: Sight – evaluating the colour, fineness and smoothness of the crema (for those coffees that are machine-extracted); Aroma – as it contributes to flavour via the nose; Taste – this of course being the most important sense for gauging the

experience of the coffee in the mouth; and Touch – which evaluates the body of the coffee, the creaminess of the texture and its smoothness on the tongue.

What kind of coffees does Nespresso buy?

Nespresso sources only the highest quality green coffee from the exclusive and limited supply of Specialty or Gourmet coffee. Only the best grades are selected. Nespresso coffees are only cultivated in certain regions of South and Central America, Africa and Asia where a unique combination of altitude, climatic and soil conditions delivers the character which matches the specific aroma profiles required for our Grands Crus coffees.

What makes Specialty or Gourmet coffees so special?

Gourmet or Specialty coffees are coffees of superior quality and unique flavour characteristics, grown in ideal coffee-producing conditions that are only available in limited quantities. According to the World Bank report "Coffee Markets, New Paradigms in Global Supply and Demand", Specialty or Gourmet coffees represent around 10% of total global production. Of this only 10% – 20% meet Nespresso's highest quality standards.

What does this mean in terms of the price Nespresso pays for its coffee?

Based on the simple rules of supply and demand, higher quality, limited availability, Specialty coffees cost more than mainstream grade coffees in general. Nespresso sources only coffees of the highest quality – and their scarcity usually equates to higher value and therefore higher prices. Quality coffees of the grade

QUESTIONS

required by Nespresso ('AA', 'Supremo' or higher, depending on where in the world it comes from, rather than 'B' or 'C' grade commodity coffees) command an even higher premium on the world market. For example, when the world market price in N.Y. is at around 220 USD per 100kg, Nespresso quality coffee costs on average 325 USD per 100kg.

Nowadays one hears a lot about sustainability – what does it stand for?

According to the United Nations World Commission on Environment and Development (1987), sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". According to the World Bank, sustainable development includes economic, environmental, and social sustainability, which can be achieved by rationally managing physical, natural and human resources.

What does Nespresso do in terms of sustainable development?

Nespresso has announced the launch of its "AAA" Sustainable Quality Program and signed a Memorandum of Understanding with all of its main coffee suppliers, thus committing all parties to sourcing green coffee according to defined sustainability and quality criteria. The program's name derives from the "AA" tag that stands for premium quality coffee from Kenya. The third "A", added by Nespresso, stands for sustainability.

What's special about the Nespresso AAA Sustainable Quality Program?

The Nespresso AAA Sustainable Quality

ANSWERS

for coffee growers and their communities by pursuing the highest possible quality and paying a premium price. The development of a tailor made farm assessment process called TASQ (Tool for the Assessment of Sustainable Quality) is the key element of the Nespresso AAA Sustainable Quality Program. In assisting growers in technical agricultural practices and investing in field projects, Nespresso is making a real contribution to improving the quality of life in coffee growing communities. Moreover, Nespresso is committed to ensuring that its coffees are cultivated in an environmentally sustainable way.

Who has developed this program?

Nespresso has developed the AAA Sustainable Quality Program in close collaboration with agricultural and sustainability professionals within Nestlé, key suppliers and in partnership with Rainforest Alliance, the leading non-governmental organisation (NGO) operating in the sphere of sustainable tropical agriculture – specifically in the areas of farm assessment, i.e. the development of the TASQ evaluation system.

How does Nespresso make sure it works with the right coffee farmers?

Nespresso assesses both large and smallholder coffee growers around the world, providing them with the necessary expertise and resources to help guide the individual farmers through the evaluation. Based on the TASQ evaluation system, Nespresso works with growers and agronomists to identify the necessary measures to help them meet the requirements in terms of quality and sustainability.



Program innovatively combines the principles of practical sustainability – traceability, economic value, social equity and environmental stewardship – with high quality in order to achieve the perfection of Nespresso. In striving to ensure the consistent supply of highest quality coffee to our Club Members now and into the future, Nespresso is establishing long-term relationships with growers and suppliers who can provide us with premium quality coffee and sustain these supplies over the long term.

What impact does the program have on farmers?

Nespresso contributes to quality of life