NESCAFÉ PLAN 2030

PROGRESS REPORT 2024

NESCAFÉ

FROM FARM TO CUP, HELPING MAKE THE WORLD BETTER

At *Nescafé*, a small cup of coffee can make a difference. We work with coffee farmers on practices that help enhance resilience to climate change, improve incomes and build stronger coffee communities. We believe we all need to work together to uplift lives and livelihoods through every cup, and give everyone a chance to

Make your world

NESCAFE.COM/SUSTAINABILITY

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RESPONDING TO THE CHALLENGE

The link between climate resilience and supply assurance is now tangible

AXEL TOUZET

Senior Vice President, Head of Nestlé Coffee Brands Strategic Business Unit

The need for resilient coffee farming has never been clearer than it is today. With several of the leading coffee-producing countries affected by adverse weather, the impact of climate change was strongly felt in the sector, with periods of crop scarcity in the market. This made sourcing of green coffee more challenging and caused global prices to rise to record levels for both arabica and robusta.

While the farmers are receiving higher prices, many have less coffee to sell due to lower yields. That is why building climate resilience is of crucial importance to farmers, coffee companies, and coffee consumers.

Regenerative agriculture is at the heart of the *Nescafé Plan*. We believe farms using regenerative agriculture will be able to better adapt to the effects of climate change, and that regenerative agriculture practices will help increase farmer income and reduce coffee's carbon footprint.

Encouraging data is already emerging on how regenerative agriculture is delivering in these areas in several origins. In 2024, sourcing our coffee from farmer units that were more advanced in adopting regenerative agriculture practices contributed to lowering our greenhouse gas emissions. Emerging data also reveals that in certain origins, farmers implementing regenerative agriculture showed more resilience to challenging climatic conditions.

We do not expect farmers to adopt more regenerative agriculture practices unaided, and in this report you will see how we are supporting them through this pivotal transition. From the rate of adoption, it is clear that the support we are offering is helping farmers to embrace these new approaches.

We have already surpassed our 2025 goal, with 32% of our coffee coming from farms practicing regenerative agriculture practices (up from 25% in 2023). We are now pushing towards our next goal of achieving 50% by 2030.

We are already seeing that regenerative agriculture has the potential to deliver positive outcomes for coffee farmers, the environment and future growth for us as a business. This is the essence of what we call creating shared value, and it shows how we plan to continue working together with our partners, suppliers and farmers to help **make your world** a better one.

GLOSSARY

THE NESCAFÉ PLAN 2030

Helping renew the world of coffee to uplift lives and livelihoods

2030 Vision

An integrated strategy to use regenerative agriculture to help address climate change, aiming to:

- **REDUCE GREENHOUSE GAS EMISSIONS**
- **INCREASE FARMERS' INCOME**
- **CREATE BETTER SOCIAL CONDITIONS**

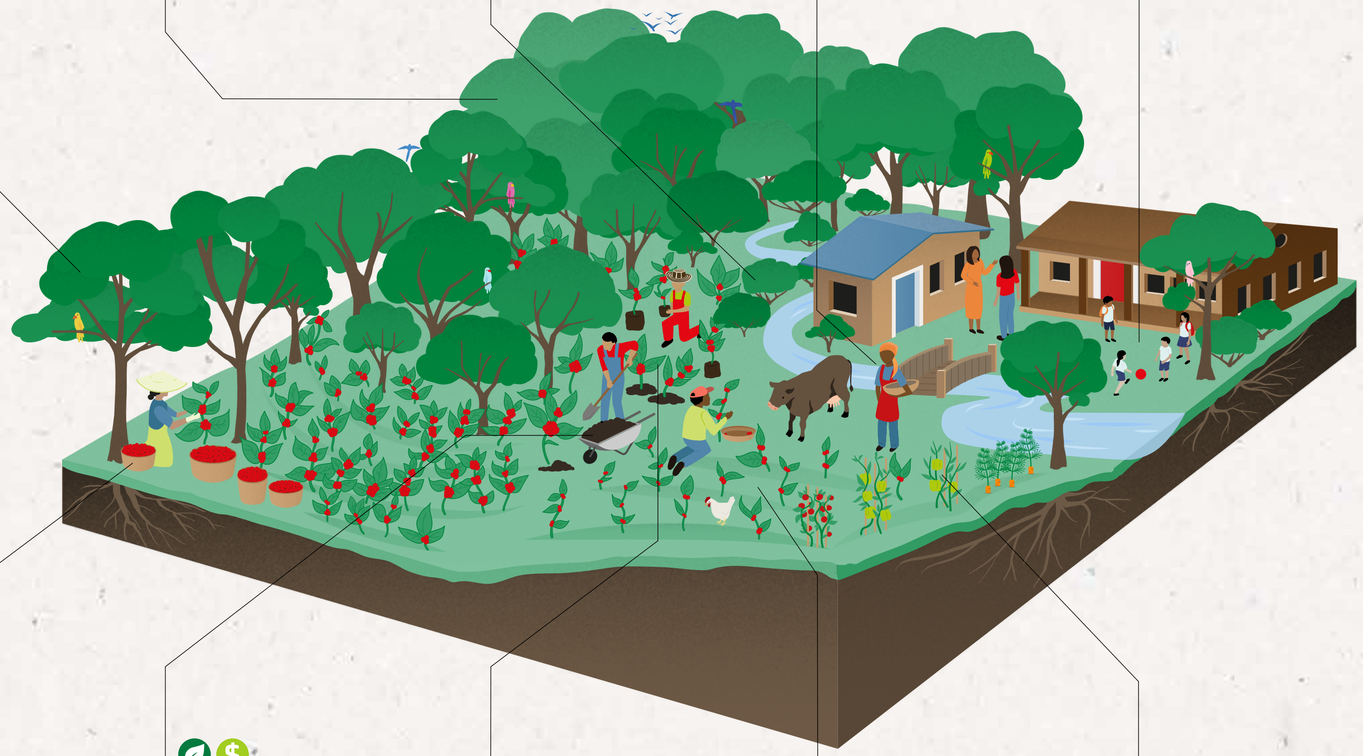
Our goals:

By 2025

- 100% responsibly sourced coffee
- Source 20% of our coffee from farmers adopting regenerative agriculture practices

By 2030

- Source 50% of our coffee from farmers adopting regenerative agriculture practices
- Lower greenhouse gas emissions supporting the Nestlé Net Zero journey



AGROFORESTRY

Help farmers to improve soil health, water management and biodiversity by combining coffee with shade or border trees.

LAND RESTORATION

Support farmers to plant native trees to capture CO_2 in and around coffee farms, helping improve biodiversity and water management.

GREEN BORDERS (RIPARIAN BUFFERS)

Help farmers improve water sources and biodiversity by restoring vegetation along the water margins.

FINANCIAL SUPPORT

Supporting coffee farmers in accelerating their transition to regenerative agriculture practices.

HUMAN RIGHTS AND CHILD PROTECTION

Reinforcing monitoring and improving children and workers' rights across our value chains.

WOMEN AND YOUTH EMPOWERMENT

Enhancing business and financial skills through training, including record keeping and farm management.

OPTIMIZED FERTILIZATION (INCLUDING ORGANIC FERTILIZERS)

Support farmers to improve productivity and quality, helping reduce CO_2 and improve soil health by tailoring the fertilizer to the soil needs.

FARM RENOVATION

Support farmers to improve yield and quality, and to reduce CO_2, while aiming to improve income through pruning and/or the introduction of new and improved coffee varieties.

COVER CROPS

Help farmers to improve soil health and biodiversity, while reducing agrochemical usage.

INCOME DIVERSIFICATION (INCLUDING INTERCROPPING)

Promoting different crops within the coffee farm to enhance income diversification, soil health and biodiversity.

PROGRESS & HIGHLIGHTS 2024

CULTIVATING POSITIVE CHANGE

ACTIONS

200,000+
coffee farmers in 16 countries trained in regenerative agriculture in 2024

1,400+
field staff (including agronomists) working with coffee farmers in *Nescafé Plan* field programs

400,000+
hectares covered by *Nescafé Plan* farmer field programs

4.4 MILLION
trees planted by the Nestlé Global Reforestation Program in our coffee value chains in 2024 (and with a cumulative total of over 9 million since 2022)

6
countries (Côte d'Ivoire, Mexico, Honduras, Indonesia, Vietnam, and the Philippines) benefiting from reinforced Human Rights Program in our value chains by partnering with the ILO[1], ICI[2], MDFI[3], and Save the Children

4,000+
smallholder farmers reached with conditional financial incentives to support the transition to regenerative agriculture across Côte d'Ivoire, Indonesia, Mexico and Honduras

4,900+
farmers reached with Agrinest, a social media platform for farmer-to-farmer connections and agricultural learning across our field programs in Indonesia, the Philippines, Thailand and Vietnam

21 MILLION
coffee plantlets distributed in 2024 (and with a cumulative total of about 315 million since 2010) to support better yields and climate adaptation

[1] International Labour Organization
[2] International Cocoa Initiative
[3] Maguindanaon Development Foundation, Inc

IMPACTS

93%
of coffee supplies Responsibly Sourced (excluding *Nespresso*)

32%
of our green coffee came from farmers implementing regenerative agriculture practices (up from 25% in 2023)

20-40+%
lower GHG emissions per kg of green coffee assessed for most origins in which primary data of GHG farming emissions was monitored, representing more than 30% of our green coffee supplies

GLOSSARY

THE NESCAFÉ PLAN 2030 IN ACTION

How the *Nescafé Plan 2030* integrated strategy uses regenerative agriculture to help drive positive change for farmers in their communities and their environment.

Regenerative agriculture is the engine of change for *Nescafé Plan 2030*. It encompasses a range of interrelated actions that we expect will help address complex challenges and achieve our 2030 goals. The following pages provide updates on how we are deploying regenerative agriculture across our farmer field programs and supporting farmers to make the transition to it. In this year's report, we are also focusing on how we are helping farmers renovate their farms to increase yields and have greater resilience.

Reduce greenhouse gas emissions
Increase farmers' income
Create better social conditions

IMPLEMENTING REGENERATIVE AGRICULTURE

Regenerative agriculture is an approach to farming that aims to improve soil health and soil fertility while protecting water resources and biodiversity.

SUPPORTING FARMERS' TRANSITION TO REGENERATIVE AGRICULTURE

We provide on-the-ground support to enable coffee farmers to accelerate their transition to regenerative agriculture.

ENABLING FARM RENOVATION

We help farmers renovate their coffee trees with pruning, stumping and grafting, or introducing new and improved varieties, with the aim of increasing yield and resilience.

GLOSSARY

IMPLEMENTING REGENERATIVE AGRICULTURE

Regenerative agriculture has the potential to improve productivity and farmers' incomes. It can enhance climate change resilience, reduce our carbon footprint, and support biodiversity.

That's why we're so committed.

- Reduce greenhouse gas emissions
- Increase farmers' income
- Create better social conditions

Growing regenerative agriculture

Regenerative agriculture in coffee encompasses a wide variety of techniques such as soil protection, integrated fertilizer management, and farm renovation (see page 10). These approaches are ultimately aimed at supporting soil health, biodiversity and water management.

Awareness of the potential benefits of regenerative agriculture is growing among farmers. These include improved yield, income diversification and lower input costs. The uptake rate of regenerative farming among farmers in our value chain is testimony to this. It means we have been able to increase our share of coffee sourced from farmers adopting these practices to 32% of our total green coffee supplies in 2024.

The *Nescafé Plan* now has more than 1,400 field staff, including agronomists, working in *Nescafé Plan* programs with coffee farmers. They are reaching more than 200,000 farmers – helping them with topics such as controlling soil erosion and runoff, managing organic matter, limiting pesticide use and optimizing nutrient management.

For example, we have noticed in certain origins that agroforestry, in particular, is linked to better moisture retention in the soils. During droughts in recent years, farms with established agroforestry practices in place saw yields falling less than farms without the critical shade that such trees provide.

Third party assessment

The Rainforest Alliance monitors and evaluates our field programs. This includes the adoption rate and effectiveness of regenerative agriculture practices, such as the presence and maintenance of natural habitats and riparian buffers.

2024 insights from the field

Vietnam: We are introducing cover crops, mulching and allowing the appropriate vegetation to grow. Farmers were surprised but pleased by this recommendation – it saves time while preventing soil erosion.

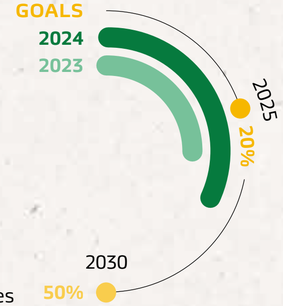
Uganda: Model farms have been set up to showcase the regenerative agriculture practices we recommend and are used as a farmer field school.

Brazil: We have been demonstrating to farmers how to integrate composting into their fertilization plans and improve soil cover management, offsetting higher costs with more efficient use of inputs.

32%
25%

% OF GREEN COFFEE

coming from farmers implementing regenerative agriculture practices



OUTLOOK

Our goal was to source 20% of our coffee from farmer units implementing regenerative agriculture practices by 2025. Having already surpassed this goal, we are focussing on reaching the 2030 goal of having 50% of our coffee supply coming from farmers implementing regenerative agriculture practices.

GLOSSARY

SUPPORTING FARMERS' TRANSITION TO REGENERATIVE AGRICULTURE

We recognize that the transition to regenerative agriculture might be challenging for coffee farmers. That's why, through the *Nescafé Plan 2030*, we are implementing multiple ways to support them.

- Increase farmers' income
- Create better social conditions

Supporting smallholders

The shift to regenerative agriculture must be accompanied with a just transition. This means working closely with partners and suppliers to empower the farmers in our value chain, equipping them with the knowledge and resources to implement regenerative agriculture practices. What this looks like varies depending on the specific needs of the region. However, the most meaningful form of support we offer farmers is the design, financing, implementation and monitoring of agricultural field programs aimed at enabling higher farmer income through efficiencies like higher productivity, optimized production costs and diversified income sources.

Farming efficiency and income improvement

One of our priorities is to help increase farmer household incomes through improved farming practices. The data from the monitoring and evaluation of our field programs, conducted by the Rainforest Alliance, highlights the importance of efficient farming models in driving income growth. Both large-scale and efficient Brazilian farmers and efficient, diversified smallholders in Vietnam are examples of how effective practices can lead to increased financial stability and economic resilience. Our field programs in those countries focus on maintaining those economic return while enhancing environmental practices through regenerative agriculture.

Actions to improve income

In Indonesia, Honduras, Mexico and Côte d'Ivoire, many farmers face challenges related to low productivity levels that affect their household income. Our regenerative agriculture field programs in those countries aim to improve farming practices, boost productivity and reduce production cost. Additionally, we support farmers in developing new income sources to increase their household earnings while minimizing environmental impact. The enabled practices range from farm renovation (Mexico, Indonesia, Côte d'Ivoire), to optimized fertilization and composting (Mexico, Honduras, Indonesia, Côte d'Ivoire), and soil cover and mulching (Côte d'Ivoire, Indonesia, Honduras). We also deploy complementary actions with partners like GIZ (see page 12) for farmers to have better business skills, and we continue to test conditional cash incentives to accelerate the adoption of regenerative agriculture practices and help fund the transition.

Agrinest

In 2023, Nescafé established the Agrinest digital learning platform to promote peer-to-peer learning among farmers on the topic of regenerative agriculture. Participation is growing fast. With over 1,600 new users in year one, the platform has expanded to close to 5,000 active users in 2024 in Indonesia, the Philippines, Thailand and Vietnam. The tool also acts as a repository of useful information and training materials.

2024 insights from the field

Indonesia: To promote income diversification, we have introduced goat keeping and beekeeping. In addition, the goats provide manure that is used as fertilizer, while the bees offer pollination benefits for coffee trees.

OUTLOOK

We continue our commitment to improve and expand our agricultural field programs and other actions, focused on effective and scalable solutions that bring higher income and other benefits to the farmers supplying our green coffee.

GLOSSARY

ENABLING FARM RENOVATION

Farm renovation helps maintain and improve a farm's long-term productivity, lowering CO_2 emissions while enhancing yield resilience and supporting farmers' incomes.

- Reduce greenhouse gas emissions
- Increase farmers' income

Farm renovation

As coffee trees age past a certain point, they naturally become less productive. They may also become more susceptible to the effects of climate change, further reducing yield. On the other hand, young coffee trees take up to three years to produce a significant amount of coffee cherries. Therefore, renovating coffee farms requires careful planning to avoid an abrupt yield loss and reduced income for farmers.

Farmers can renovate their coffee trees in a number of ways (see page 11). They can replace old coffee trees with new ones, or add new coffee trees to increase tree density. Alternatively, they can work with existing coffee trees and rejuvenate their productive tissue through grafting, pruning or stumping.

Coffee breeding and plantlet distribution

One of the first steps in the renovation process is selecting the right coffee varieties to deliver high-productivity, high-quality beans that are best adapted to each country's local growing conditions. Nestlé Research & Development has multiple collaboration agreements with coffee research institutions around the world, and its own breeding program for both arabica and robusta coffee. This breeding program, which started in the 1990s, aims to create new coffee varieties that deliver superior quality, productivity and flavor profile, along with characteristics such as drought and disease resistance.

The *Nescafé Plan* has distributed about 315 million coffee plantlets since 2010 across 10 countries and continues to distribute over 20 million plantlets per year. We are careful to select the best available variety for each region, irrespective of whether it is from our own breeding program or another research institution. Our aim is to maximize the benefits to the farmers and improve the resilience of their production.

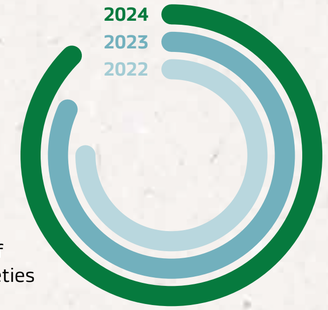
Deployment strategy

Ideally, farm renovation should be a cyclical process, perhaps replacing or rejuvenating 10-25% of a farm's coffee trees every year over a four- to ten-year period. The perfect scenario is for the younger (or grafted) trees to become productive as the older trees are replaced. But things are not always that simple. As every coffee farm has its own topography, coffee varieties, tree age and density, the agronomist has to work with the farmer to weigh all these factors together to recommend the best strategy, balancing short-term income with long-term results.

2024 insights from the field

Vietnam: We are helping to renovate farms with higher-quality coffee trees, provided by the local WASI research institute. This will support farmers to increase yields. We are also assisting farmers in planting different crops alongside coffee trees to diversify and grow their household income.

315 million plantlets distributed (cumulative) of improved varieties since 2010



OUTLOOK

A significant part of our regenerative agriculture approach is continuing to support the renovation of coffee farms by applying the appropriate methods and providing agronomy support. This is likely to become more relevant as climate change impacts become more commonplace.

GLOSSARY

FARM RENOVATION METHODS

Over time, farms can become less productive as coffee trees age and yields naturally fall. Farm renovation maintains or improves long-term productivity. Renovating or rejuvenating coffee farms may involve several methods, like pruning, stumping, grafting or replacing old trees with plantlets of improved varieties.

Pruning

Cutting back non-productive branches allows the coffee tree to put energy into growing new productive branches. The *Nescafé Plan* presently promotes this method in all its farmer field programs.

Grafting

Rejuvenating existing trees by fusing an older and well-developed root system, with a younger and more productive tree variety. The *Nescafé Plan* presently promotes this method in India, Indonesia, the Philippines, Thailand and Vietnam.

Stumping

A more drastic form of pruning, where entire tree stems are cut to concentrate the tree's energy on the remaining stems or to promote the re-growth of an entire stem. The *Nescafé Plan* promotes this method in China, Colombia, Côte d'Ivoire, Mexico, the Philippines, Thailand and Uganda.

Planting

Replacing old trees with plantlets of new and improved varieties or adding the new plantlets to existing tree stock to improve density. The *Nescafé Plan* presently promotes this method in Mexico, the Philippines, Thailand, and Vietnam. We will soon start in Côte d'Ivoire.

PARTNERING TO EMPOWER FARMERS

GIZ AND NESTLÉ ARE WORKING TOGETHER TO HELP SMALLHOLDER COFFEE GROWERS TRANSFORM THEIR FARMS INTO RESILIENT BUSINESSES

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) – working on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) – has been partnering with Nestlé since 2018 to help improve the livelihoods of smallholder coffee farmers as part of the *Nescafé Plan*.

ALESSANDRA FIEDLER

BENJAMIN MOHR

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

GIZ and Nestlé have forged a long-term partnership, working together throughout Southeast Asia and West Africa. What brought us together was a shared interest in helping farmers build coffee farming resilience, increase yields and improve household income towards a living income. From the start, this collaboration was built on leveraging each other's complementary strengths, sharing expertise, and exploring new and innovative ways to benefit smallholder coffee farmers.

Coffee+ and Coffee++ projects

Many smallholder coffee farmers lack the business skills and financial literacy to manage their farms as small businesses. To address these gaps, we worked with Nestlé to create the Coffee++ project, equipping coffee farmers with the knowledge and skills to increase their yields and household incomes.

The original Coffee+ project ran throughout Indonesia, Thailand and the Philippines until 2022. Its aim was to improve coffee farmers' technical know-how, while diversifying agricultural production and strengthening relationships with local governments and producers.

In 2023, we updated Coffee++ with a stronger focus on regenerative agriculture practices, women's empowerment, and living income

GLOSSARY

ABOUT GIZ

GIZ is a service provider and collaborator on projects around the world designed to offer people better prospects and improve living conditions.

As a public-benefit federal enterprise, GIZ supports both the German government and public and private sector clients in a variety of areas. These fields of focus include economic development and employment; energy and the environment; and peace and security.

schemes. The project grew to reach over 20,000 smallholder farms in Thailand, Indonesia, the Philippines and Côte d'Ivoire.

The Farmer Business School

Producing coffee is a business. Farmers need to take decisions on varieties, qualities, production systems, investments in their farms, market access or farm labor. Why then should farmers not be seen as business owners, and supported in their professional development? The Coffee++ project aims to do just that with the Farmer Business School (FBS).

Ahmad Zamzuri's Coffee Nursery, Tanggamus, Lampung, Indonesia

FBS empowers smallholder farmers by enhancing their business and financial skills, such as record keeping and farm management. Other key topics include the "money-in, money-out" methodology, where farmers learn how to optimize production costs while improving their incomes.

Making record keeping easier

Record keeping is crucial in helping smallholder farmers. By maintaining accurate records of their activities, farmers can better plan their usage of agricultural inputs, measure efficiency, and track progress. We have piloted different record-keeping tools for different locations. These tools are designed to be farmer-centric, ranging from wall calendars with "money-in and money-out" sections, to a record-keeping mobile app. They are being well-received. For example, the number of FBS-trained farmers in Indonesia who maintain at least one financial document has increased from 11% in 2018 to 90% in 2024.

Understanding the benefits of regenerative agriculture

Adopting regenerative agriculture practices is also integral to the FBS philosophy. Farmers who apply the "money-in, money-out" methodology can calculate the costs and benefits of adopting these regenerative agriculture methods. For example, earnings from selling cover crops, or the cost of fertilizing a plantation with compost. In 2024, more than 17,000 farmers received FBS training with a focus on regenerative agriculture and are already implementing these practices.

Local anchoring and peer learning

One reason for this success is that FBS trainers adapt the course content to the local context, as well as adjusting for the language and literacy levels of the farmers. A 'master trainer' trains the local trainers, allowing for stronger ownership. It also means that farmers receive ongoing support long after the initial 5-day FBS training. Every farmer becomes part of a peer-learning group,

"[As a farmer supported by GIZ through the *Nescafé Plan*] I've learned so much, especially about record-keeping, which I now do regularly. I saw real changes in my farming practices. With the knowledge I gained, I started a coffee nursery to meet the demand from other farmers, producing 1,000 plantlets each year and increasing my income. I've also begun making organic compost from coffee husks—proof that regenerative agriculture works."

AHMAD ZAMZURI

Tanggamus, Lampung, Indonesia

GLOSSARY

"The Nestlé-GIZ training gives us more knowledge on good regenerative agriculture practices that can be applied to our farm and increase our production. As experienced in FBS-record keeping, our learning is not to spend more than what we earn. It also shows us as farmers whether we gain or lose in our production per year. Above all, farmers become financially literate."

ANDRESSA E. TEJANO

Pangantucan,
Bukidnon,
the Philippines

with its own representative who acts as a point of contact with the trainer. Farmers with higher literacy levels help their peers with translations and conversions, making the peer learning within these farmer groups a key part of the FBS' success.

Focus on income diversification

Another cornerstone of the FBS approach is income diversification. We help farmers on the *Nescafé Plan* to develop alternative farming activities, such as goat keeping and growing avocados, chillis, bananas and durian. The results have been impressive: in the Philippines, coffee revenue has doubled and revenue from other crops has tripled since 2019, based on average farm revenue per hectare.

In Indonesia, on-farm income diversification often occurs on existing coffee plantations and involves intercropping coffee trees with chilli or banana, or other tree species to create agroforestry systems.

Since different crops are harvested at different times of the year, diversifying crops helps to improve cash flow and build financial resilience for households.

Empowering women in the supply chain

While male farmers generally still have higher total incomes, women consistently earn approximately 20% more coffee revenue and net income per hectare than male farmers, when considering variables like smaller farm sizes or higher labor costs.

Even if coffee production remains a male-dominated activity in many countries today, there is huge economic and social potential in empowering women in coffee supply chains.

We work towards addressing systemic barriers that hinder women's full participation. In 2024, we laid the foundation for specific support for over 1,500 women in Indonesia and Côte d'Ivoire to develop business ideas beyond coffee production, such as growing other agricultural crops and animal husbandry.

We are continuing this focus in 2025, working with cooperative and community leaders to emphasize the critical roles women play in the supply chain, and fostering an inclusive environment that promotes equality and shared success for all genders.

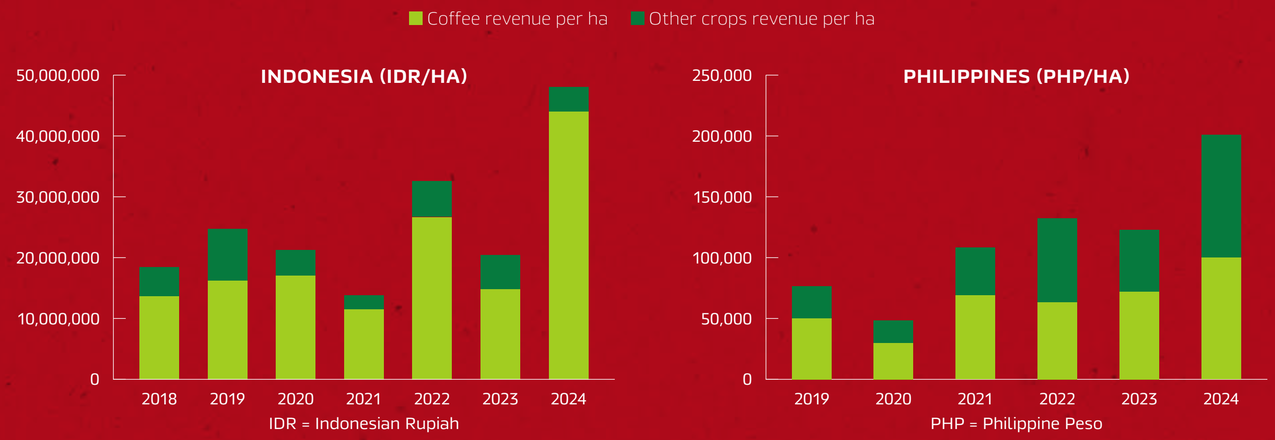
Progress towards earning a living income

Through annual monitoring and evaluation (M&E) surveys and close collaboration with *Nescafé Plan* partners, we are seeking ways to increase household incomes for coffee farmers and help narrow or close the gap to a living income. GIZ has supported the International Coffee Organisation (ICO) Living Income-working group's benchmark process for the Lampung region in Indonesia, which is where many of its Indonesia activities are located. In addition, we are complementing our activities in Indonesia and Côte d'Ivoire with women's empowerment activities. These allow for targeted support and learning for female-led households. GIZ also continues to share findings from the Coffee++ projects with relevant global and regional forums.

Future focus

Looking to the future, GIZ will continue its long-term partnership with Nestlé on empowering farmers on the *Nescafé Plan* with training that is innovative, scalable, and that exists both digitally and at a community level. Ultimately, it is about helping coffee farmers build climate change resilience, develop key business skills, and improve their livelihoods.

AVERAGE FARM REVENUE OF GIZ SUPPORTED NESCAFÉ PLAN FARMERS



GLOSSARY

ACTING TOGETHER

WE ARE ENGAGING IN COLLECTIVE ACTION TO HELP TRANSFORM THE ENTIRE COFFEE SECTOR

By collaborating closely with peers, suppliers, governments and NGOs, we can help promote sustainability throughout the whole coffee sector.

MAIN ORGANIZATIONS WE ENGAGE WITH:

GLOBAL COFFEE PLATFORM

SUSTAINABLE COFFEE CHALLENGE

Swiss Sustainable Coffee Platform

EUROPEAN COFFEE FEDERATION

INTERNATIONAL COFFEE ORGANIZATION

Apart from the work that Nescafé does in its own value chains, we are also engaged in collective action, and work with multiple organizations to help bring positive change to the whole coffee sector. It means we can contribute to tackling systemic issues that exceed any one company's capabilities, such as the root causes of human rights risks, and co-developing common approaches to benefit all actors in the sector.

By working together to develop common terminology and methods for measuring results, we can improve sector transparency and create joint solutions to shared challenges. In addition, organizations that advocate for collective action help promote greater adoption and engagement throughout the sector.

There are a number of areas where collective action can be more impactful, while still complementing the initiatives of individual companies. For example, infrastructure investments, access to education and health, labor rights and tackling child labor risks. Another example of collaboration is the TechnoServe study described in the following pages which, while not specific to the *Nescafé Plan*, has been funded by Nescafé and our peers in order to evaluate the potential benefits of regenerative agriculture for the coffee sector.

BUILDING THE CASE FOR REGENERATIVE AGRICULTURE IN COFFEE

A co-funded initiative by TechnoServe to investigate the potential value of regenerative agriculture

LED BY:

TechnoServe
Business Solutions to Poverty™

FUNDED BY:

NESCAFÉ. NESPRESSO. JDE Peet's Rudy & Alice Ramsey Foundation

VIEW ALL REPORTS FROM THE TECHNOSERVE STUDY HERE

There is a need for additional high quality, farm-level data to further inform and improve our work on regenerative agriculture.

TechnoServe initiated a study to investigate the investment case for regenerative coffee production. Funded by Nescafé, Nespresso, JDE Peets and the Rudy & Alice Ramsey Foundation, the study took a bottom-up approach, presenting farm-level data and in-depth insights on a country-by-country basis. The study is designed to present a business case where potential benefits are measured against an optimal scenario within a controlled environment where no external factors influence the outcomes[1].

The study's Executive Summary Report indicates that on average (and based on its assumptions[1]), regenerative agriculture can result in a major improvement in farmer coffee incomes (up to 62%) and an impactful decrease in greenhouse gas (GHG) emissions (up to 38%). Perhaps unsurprisingly, it noted that the scale of improvements varies widely across regions, depending largely on what cultivation practices are currently being used. For instance, farmers in Kenya could achieve a 196% increase in coffee income, a 66% reduction in GHG footprint, and a 32% increase in coffee exports. On the other hand, arabica farmers in Brazil could achieve a 10% increase in farm income and a 46% GHG reduction, with no meaningful change in coffee exports.

Yet even in countries where coffee production is already highly efficient, such as Brazil and Vietnam, farmers

[1] Key assumptions from study: Constant prices, constant input costs, constant exchange rate and no inflation. Does not include the cost of inaction, or the potential impact of shocks over the transition period and/or increased resilience of regenerative farms in the face of those shocks. Projections are based on adequate adoption of recommended practices and represent an optimal scenario.

"The investment case for regenerative agriculture is compelling. We are seeing impressive ROI, a huge potential lift in farmer coffee income, accompanied by notable CO_2 reduction."

PAUL STEWART
Global Coffee Director, TechnoServe

GLOSSARY

can experience positive outcomes from transitioning to regenerative agriculture.

According to this report, there is a compelling vision for public and private investment, indicating that an annual investment of $500-600 million into regenerative agriculture in coffee would trigger a per annum return of over $2 billion in additional farmer coffee income, up to $2.6 billion of additional coffee exports and up to 3.5 million metric tons of abated CO_2e.

Just as importantly, this report from TechnoServe suggested that significant additional benefits would be seen in the form of a multiplier effect in the local economy and positive environmental impacts across soil health, water conservation and biodiversity.

We believe that the collective potential benefits of transitioning to a regenerative agriculture approach are too important for this TechnoServe report not to be widely shared. TechnoServe's 'Regenerative Coffee Investment Case' report has, therefore, been made publicly available, meaning that other coffee companies, governments and farming groups can make use of its insights to support their own transitions to regenerative agriculture.

If market actors can embrace this transition, working with public and private partners, the coffee sector can achieve the full economic, social and environmental benefits. Together this could lead to some of the expected economic benefits below.

EXPECTED ECONOMIC BENEFITS OF TRANSITIONING TO REGENERATIVE AGRICULTURE IN COFFEE

30%

Average increase in coffee exports for seven countries

62%

Average increase in in coffee income for 3.2 million farmers

38%

Average decrease in greenhouse gas emissions

GLOSSARY

Agroforestry

The intentional integration of trees and shrubs into farming systems to increase soil health, shade and biodiversity.

Agronomist

An agricultural expert in various aspects of plant biology, soil science, and environmental management to enhance the efficiency and effectiveness of farming operations.

Cover crop

A crop grown to cover the soil for its protection and enrichment.

Farmer unit

A group of identified farmers, organized and managed by a specific entity. This is the starting point for traceability of green coffee lots.

Grafting

A technique whereby tissues of different plants are joined to continue their growth together.

Green coffee

Coffee beans that have not yet been roasted.

Intercropping

To grow two or more crops simultaneously on the same plot.

Monocropping

The practice of growing a single crop.

Organic fertilizer

Naturally produced fertilizers, mainly derived from plant matter, animal manure and food waste, that can be added to soil or plants, providing nutrients and sustaining growth.

Regenerative agriculture

A holistic production system that aims, through practice adoption, to conserve and restore farmland and its ecosystem (biodiversity, water), to improve soil health and soil fertility while benefitting the farmer and communities.

Renovation

Helping farmers to renew their farms by rejuvenating coffee trees, or planting new coffee plantlets – improving incomes and climate resilience.

Resilience

As defined by the United Nations Food and Agriculture Organization (FAO), resilience is the ability to prevent disasters and crises as well as to anticipate, absorb, accommodate or recover from them in a timely, efficient and sustainable manner. This includes protecting, restoring and improving livelihoods systems in the face of threats that impact agriculture, nutrition, food security and food safety.

Responsibly Sourced

Coffee lots are traceable to the first aggregation entity forming the farmer units where the coffee was grown, and are independently certified or verified as produced in accordance with sustainability standards validated as equivalent to our Nestlé Responsible Sourcing Core Requirements. Our Reporting Scope and Methodology for ESG Key Performance Indicators document provides details and can be found here.

Riparian buffer

A vegetated area (combination of trees and shrubs) near a stream, lake, or wetland which helps to protect from the impact of adjacent land uses.

Smallholder

A farmer who cultivates a small-sized farm, compared to the average farm size of the country.