

# THE POSITIVE CUP

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Because coffee can have a positive impact



CREATING SHARED VALUE REPORT  
2014-2020 ACHIEVEMENTS

**NESPRESSO**<sup>®</sup>



**“These ambitions build on a commitment to sustainability that I have been privileged to have been involved in over the last seven years.”**

George Clooney, Nespresso Brand Ambassador

Support from George Clooney, Brand Ambassador and Nespresso Sustainability Advisory Board member, during our 2020 social media campaign 'Doing is Everything'

## COFFEE CAN BE A FORCE FOR GOOD



A little over a year ago, few people would have imagined the disruption a global pandemic such as COVID-19 could bring to the world. Fast forward 12 months, and I am immensely proud of the way our Nespresso community has risen to the challenge, proven its resilience and shown team spirit in adversity. In particular, I have been inspired by the way our coffee supply chains have continued to operate efficiently – thanks in large part to our 400 strong team of agronomists remaining in close, but 'remote', contact with the farmers who are part of the Nespresso AAA Sustainable Quality™ Program. As part of our COVID-19 relief fund we provided tests, hygiene kits and food provisions to communities in need.

Together, we have managed to find solutions that secured the farmers' harvests.

In doing so, we have helped give farmers, their families and their communities financial stability in these uncertain times.

This last year has shown the fragility of our world and our deep connection to nature, which has strengthened our longstanding commitment to safeguard resources and eco-systems. It has confirmed the necessity to go beyond 'reduce and recycle' and strengthened our commitment to positive impact – building a better future with a regenerative approach.

In 2020, we already brought this to life through two major climate-related announcements for Nespresso: Firstly, the promise to all our customers that every cup of Nespresso will be carbon neutral by the end of 2022; and secondly, the move to use recycled aluminium across our Original and Vertuo capsules by the end of 2021. Further milestones will be shared as we continue our transition towards regenerative agriculture in the coffee sourcing regions, and innovation of circular machine and packaging solutions.

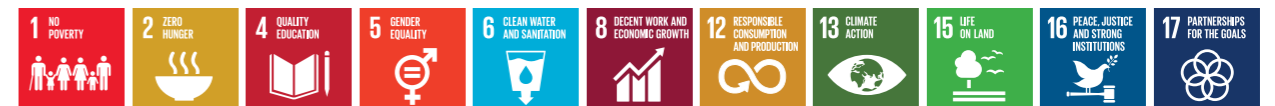
We are pleased to share that we broadly met our targets set as part of The Positive Cup strategy which spanned from 2014 to 2020. During the seven-year reporting period, an important hallmark of our approach has been the ability to scale innovative and disruptive solutions including our AAA Sustainable Quality™ Program, our industry-leading recycling solutions, a commitment to reviving neglected coffee producing regions, and the deployment of regenerative agroforestry practices. In this endeavour, the opportunity to develop public-private partnerships has been instrumental and we look forward to continuing these collaborations.

Looking to the future, we know our journey needs to accelerate in this decisive decade. In this context, the members of our Nespresso Sustainability Advisory Board have endorsed the strategic direction towards 2030, which we look forward to sharing in the near future. The Nespresso team is motivated by a strong conviction that is well captured in our consumer engagement campaign: 'Doing is Everything'. This sentiment is born out of a belief that actions speak much louder than our words. And so, for all their determination and enthusiasm to deliver impact and performance in 2020, I extend my appreciation to my colleagues, and our many partners, for making The Positive Cup an inspiration for all.

I invite you to read the details of our achievements and to find out more about our work on the Nespresso Sustainability Hub ([www.sustainability.nespresso.com](http://www.sustainability.nespresso.com)). We welcome your comments and ideas and thank you for your interest in Nespresso and sustainability,

Guillaume Le Cunff  
CEO, Nespresso

OUR CONTRIBUTIONS TO 11 OF THE 17 SDGs:





# KEY HIGHLIGHTS 2020



## COVID-19 FARMER RELIEF FUND

We set up a relief fund to support farmers with solutions such as test kits and hygiene kits to allow for a smooth harvesting season. Food was also provided for the most vulnerable communities during the global pandemic.

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**93%**

OF OUR COFFEE IS SOURCED VIA THE NESPRESSO AAA SUSTAINABLE QUALITY™ PROGRAM

**GOAL 2020: TOWARDS 100% OF OUR PERMANENT COFFEE RANGE**



## REVIVING ORIGINS: 2 NEW COFFEES

Our Reviving Origins range, offering consumers the experience of forgotten coffee, expanded with AMAHA <sup>AWE</sup> UGANDA or 'Hope of Uganda' coffee from the Rwenzori mountains; and with KAHAWA <sup>YA</sup> CONGO, an organic coffee from South Kivu in the Democratic Republic of the Congo (DRC).

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## VERTUO NEXT ECO-DESIGN

Our new Vertuo Next machine is made with 50% recycled plastic and packaged in a 100% recyclable box.

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## CARBON NEUTRALITY 2022

An important milestone in our climate journey was announced in September 2020: every cup of Nespresso coffee, both at-home and professional, will be carbon neutral by 2022. Our new ambition builds on more than 10 years of interventions across the value chain to reduce carbon emissions, and remove carbon from the atmosphere.

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## CIRCULARITY IN ACTION

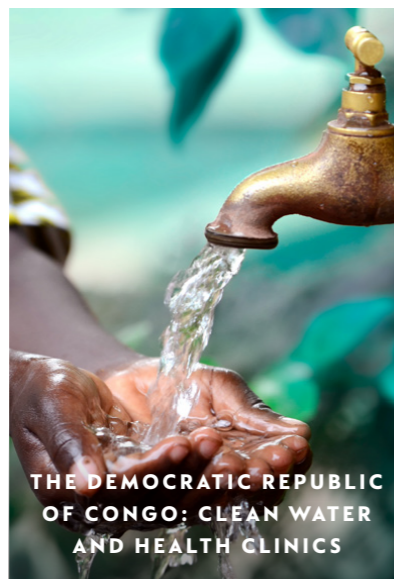
In our Austrian, French and German markets we evaluated the feasibility of proactively selling B2C refurbished machines in 2021. Another important step in turning our circular aspiration into action.

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**CHF 585M**

INVESTED IN THE POSITIVE CUP (2014-2020)

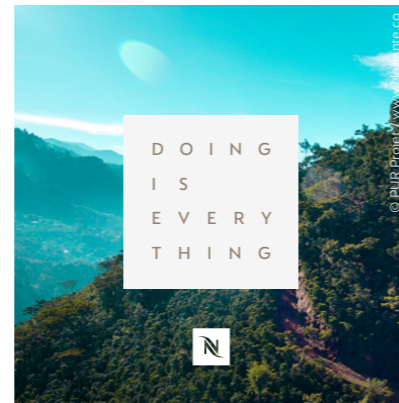
**GOAL 2014-2020: CHF 500M**



## THE DEMOCRATIC REPUBLIC OF CONGO: CLEAN WATER AND HEALTH CLINICS

We partnered with the Eastern Congo Initiative NGO and its social platform Asili to provide access to clean water and health clinics in Eastern Congo – further supporting farmers supplying coffee to our Reviving Origins range.

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DOING IS EVERYTHING

In another step to engage consumers in sustainable consumption, we rolled out our 'Doing is Everything' campaign across 51 Nespresso markets. Our aim is to inform consumers in a meaningful way about our sustainability commitments and achievements.

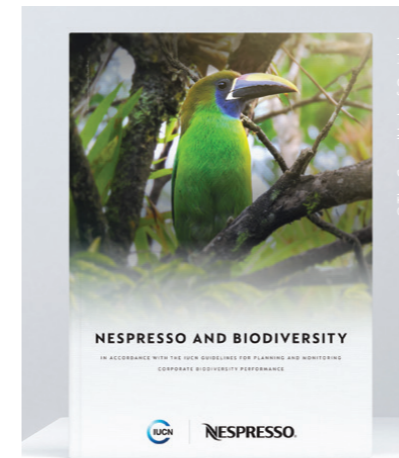
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## FAIRTRADE MINIMUM PRICE COMPLIANCE

FLOCERT verified that 95% of our global coffee purchases for 2019 met the Fairtrade Minimum Price\*.

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We contributed to the IUCN guidelines for planning and monitoring of corporate biodiversity performance, accepting to be used as a showcase for concrete application. We will apply them as part of our regenerative agriculture actions and evaluations in the coffee landscapes to measure our status and progress on biodiversity performance.

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**32%**

OF OUR CAPSULES ARE RECYCLED VIA DEDICATED OR COLLECTIVE CHANNELS

**GOAL 2020: 30%**



## CAPSULES MADE USING 80% RECYCLED ALUMINIUM

We introduced the first-ever coffee capsules made using 80% recycled aluminium on the market: Original Master Origin Colombia. The aim is to have all our Original and Vertuo capsules made using recycled aluminium by the end of 2021.

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**5.2M**

TREES PLANTED (2014-2020)

**GOAL 2020: 5M TREES**



## PERU ORGANIC: TOWARDS REGENERATIVE AGRICULTURE

The single origin Peru Organic was launched as a permanent coffee for Professional and Vertuo capsules, and later extended as a limited edition to our Original range.

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\* to green coffee suppliers. [www.sustainability.nespresso.com/progress-against-goals-and-ambitions/#ft](http://www.sustainability.nespresso.com/progress-against-goals-and-ambitions/#ft).

# THE POSITIVE CUP (2014-2020)

## COFFEE CAN BE A FORCE FOR GOOD



**“It is our conviction that coffee can be a force for good because it can shape communities and preserve landscapes for the better, leaving a positive impact on the lives of people and nature.”**

Guillaume Le Cunff, CEO Nespresso

### INITIATE SYSTEMIC TRANSFORMATION TO DRIVE POSITIVE IMPACT ACROSS OUR VALUE CHAIN

- Committing to long-term relationships with farmers cultivating sustainable quality coffee
- Building climate resilience on farms and surrounding landscapes through agroforestry
- Enabling the circular use of aluminium from sourcing to post use
- Working in partnership to drive innovations and amplifying impact



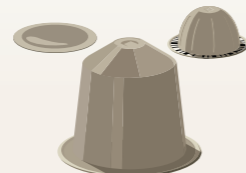
### OUR COMPANY 2020 STATUS



**13,916**  
EMPLOYEES

**57%**  
WOMEN

**34%**  
UNDER 30



**76**  
PERMANENT COFFEES

**3 RANGES**  
ORIGINAL, VERTUO, PROFESSIONAL

**7**  
REVIVING ORIGINS\*



**82**  
COUNTRIES

**816**  
BOUTIQUES

**3**  
PRODUCTION CENTRES  
IN SWITZERLAND

CHF  
**585**  
MILLION INVESTED IN  
THE POSITIVE CUP  
(2014-2020)

COFFEE | CLIMATE | ALUMINIUM | COMPANY

\*Cumulative 2014-2020



# GROWTH WITH POSITIVE IMPACT

2020

## OUR EXTERNAL GOVERNANCE: THE NESPRESSO SUSTAINABILITY ADVISORY BOARD (NSAB)

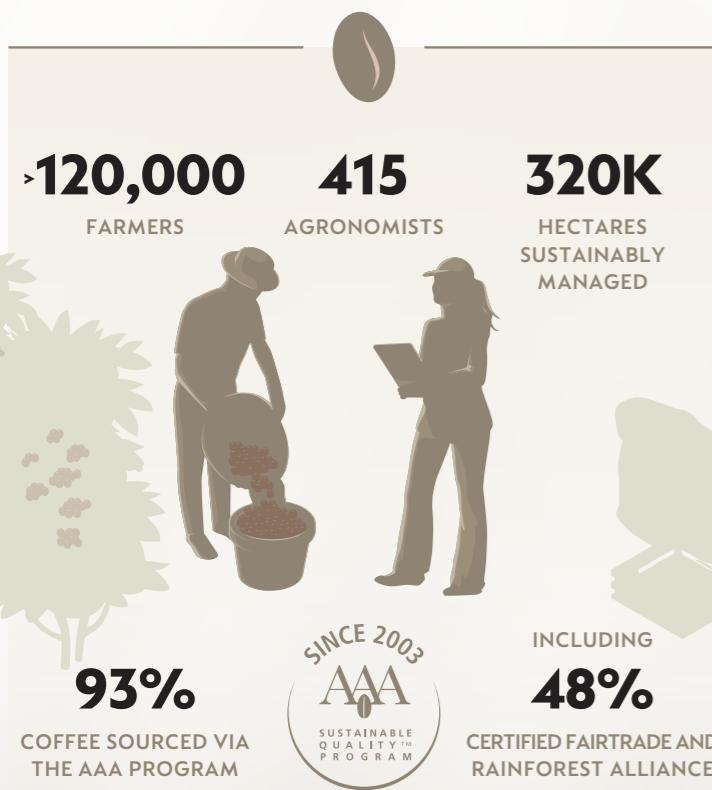


## OUR CO-INVESTMENT VEHICLE: THE SUSTAINABILITY INNOVATION FUND (NSIF)

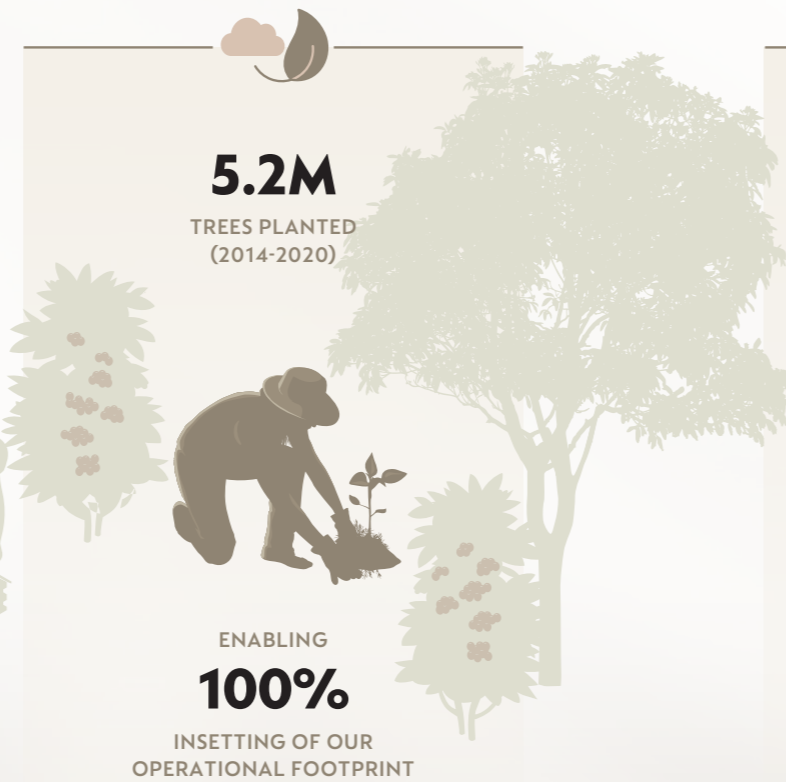
aims to engage further investors and social finance institutions



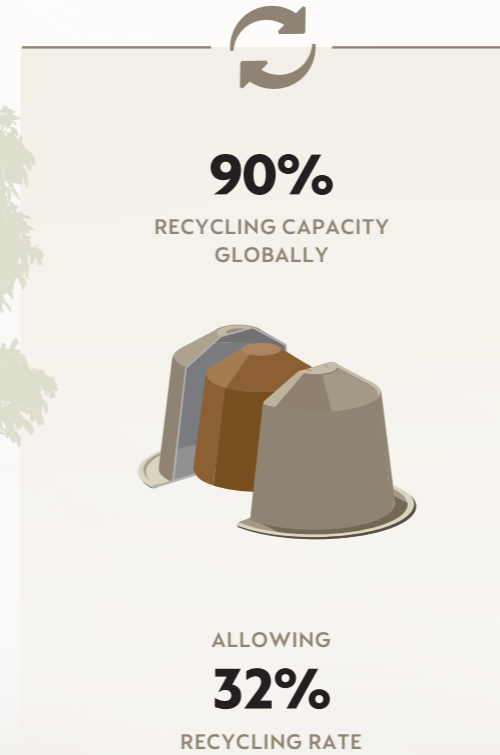
### COFFEE



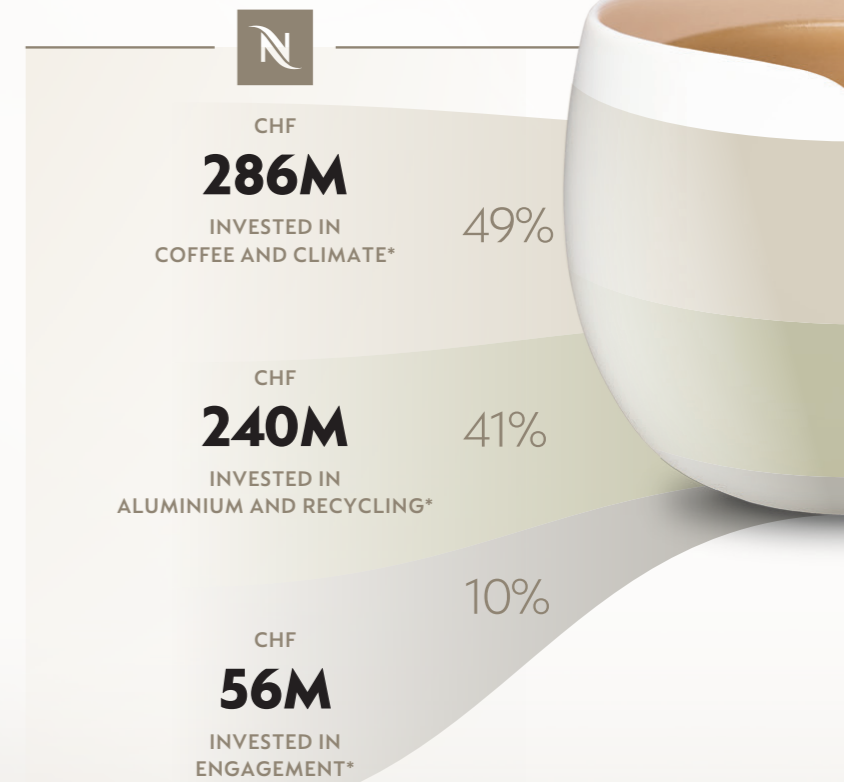
### CLIMATE



### ALUMINIUM



### COMPANY



# CATALYSTS OF CHANGE

DRIVING INNOVATION AND AMPLIFYING IMPACT

# TOWARDS REGENERATION



OUR CONTRIBUTIONS TO THE FOLLOWING SDGS







# TOTAL COMPANY ENGAGEMENT



## WHAT REALLY MATTERS

To integrate sustainable production into our consumer value proposition

Our main focus as a portioned coffee company is ensuring the sustainable production of coffee and aluminium and engaging consumers in the value of sustainable consumption. To achieve this, we need to mobilise everyone in our company, our partners and our consumers behind our sustainability agenda and continue to innovate for further transformations.

### WHAT ARE THE KEY HIGHLIGHTS

Our 2014-2020 strategic plan has been broadly delivered, with our investment totalling CHF 585 million over the period; the coffee sourcing, climate adaptation and recycling activities represent 90% of the investments.

The Reviving Origins program, which aims to restore coffee production in regions where it is under threat, continued to be a focus and received co-funding from international organisations.

We also continued to engage consumers in the benefits of sustainable practices and consumption. Our 'Doing is Everything' global campaign reached 51 markets. Consumers shopping on Amazon (US only) discovered that Nespresso coffees are now part of the 'Amazon Climate Pledge Friendly' program.

**CHF 585M**

INVESTED IN THE POSITIVE CUP INVESTMENT PLAN (2014-2020)

**CHF 31M**

ADDITIONAL PARTNER CAPITAL INVESTED IN PROJECTS CARRIED BY THE NESPRESSO SUSTAINABILITY INNOVATION FUND (NSIF)

**“86% of respondents expect CEOs to publicly speak out on one or more of these societal challenges: pandemic impact, job automation, societal issues, local community issues.”**

Edelman Trust Barometer, January 2021

### WHAT HAPPENED IN 2020

We continued deploying sustainability activities in line with our plan. Our CHF 585 million investment (2014-2020) split was as follows:

- Coffee operations (including climate adaptation): 49%
- Recycling activities 41%
- Management and engagement: 10%

Since 2014, the Nespresso Sustainability Innovation Fund (NSIF) now totals more than CHF 44 million, in turn leveraging CHF 31 million from organisations such as the World Bank, IDH, the Sustainable Trade Initiative, and the governments of Colombia and the Netherlands. The NSIF invested CHF 9 million in 2020 into programmes aimed at reducing operational impact, increasing engagement with stakeholders, and enhancing innovation.

Furthering our sustainability ambitions was the topic of the Nespresso Sustainability Advisory Board (NSAB) when it met virtually for the first time in June 2020. During the NSAB meeting, we shared our future roadmap with key external sustainability stakeholders.

### WHAT IS NEXT

Our new sustainability commitments regarding farmer livelihoods and innovations for circularity will be announced during 2021. These build on the sustainability ambitions previously shared in our CEO letter and the carbon neutrality commitment of September 2020.

Developed in alignment with the Nespresso global business strategy, our roadmap is driven by the collective need to build a low-carbon economy and inclusive future. We presented how we plan to accelerate the drive to carbon neutrality and lead the transition to regenerative agriculture, while working towards a living income for all smallholders.

In support of our ambitious sustainability roadmap, we have launched a strategic review process to empower everyone in our company to contribute to our sustainability agenda, and we appointed 65 sustainability champions from a variety of markets and functions.

We engaged with well-known artists for our 'Doing is Everything' campaign. For this project, we asked each artist to bring their creative vision to life under the #DoingisEverything hashtag. Using recycled materials and Nespresso boutique windows as a backdrop, the handpicked artists will showcase their amazing talent around the world, and more of their creations will be on show in 2021.



Customers continue to enjoy their Nespresso coffees via online sales and home delivery in 2020, despite boutique closures due to COVID-19



'Doing is Everything' window display by the American artist, Joseph Alessio

Our contribution to the following SDGs:







# RESILIENT COFFEE FARMS AND COMMUNITIES

Gaudencia Mw'Hungwe, a farmer in the Minova region of the DRC, tastes not only her first Nespresso cup, but also her own coffee for the very first time.  
© Gerry Kahashy / Eastern Congo Initiative

## WHAT REALLY MATTERS

To ensure consumer appreciation of sustainable quality coffee

Our coffees are recognised for their exceptional flavour profiles. Behind this is a long-standing commitment to sustainable quality coffee production, which helps improve the resilience of coffee communities and protect vital ecosystems. We demonstrate to customers the value of sustainable quality coffee, emphasising the crucial role of farmers in the overall Nespresso experience.

### WHAT ARE THE KEY HIGHLIGHTS

Over 90% of the coffee volume delivered to our factories was sourced from the Nespresso AAA Sustainable Quality™ Program, including 48% from Rainforest Alliance and Fairtrade Certified farms.

Despite COVID-19, a team of more than 400 agronomists remained in touch with farmers by phone to provide advice and support on minimising risk from the virus. An emergency contingency fund was released to enable specific interventions such as tests, hygiene kits and food provisions; and major information programs were implemented, particularly to support farmers during harvest period.

We continued to engage consumers in the sustainable quality experience via the launch of 2 new Reviving Origins and 4 new Master Origins, prepared with specific post-harvest treatments. In order to allow consumers to follow the journey of their coffee beans from Zimbabwe to our production centres, we piloted a traceability platform using blockchain technology.

2014-2020 ACHIEVEMENTS

93%  
OF OUR COFFEE IS SOURCED  
VIA THE AAA PROGRAM

48%  
OF OUR COFFEE COMES FROM  
CERTIFIED FARMS: FAIRTRADE,  
RAINFOREST ALLIANCE

**“The Global Coffee Platform believes that the economic viability of coffee farming is key to ensuring sustainable livelihoods in coffee producing communities throughout the world.”**

Coffee Barometer 2020

### WHAT HAPPENED IN 2020

We achieved our 2020 goal, even in the challenging environment of COVID-19, by sourcing 93% of our coffee volume from the Nespresso AAA Sustainable Quality™ Program, a 9 percentage point increase versus 2014. FLOCERT verified that 95% of our global coffee purchases for 2019 met the Fairtrade Minimum Price\*. The share of coffee volume from certified farms also increased 12 percentage points including 41% Rainforest Alliance Certified and 7% Fairtrade certified. This share was further enriched thanks to organic certification achieved through AAA farms in Peru.

The AAA Program now reaches more than 122,000 farmers in 15 countries\*\* and represents a total annual investment of over CHF 40 million per year (covering technical assistance and price premiums paid to farmers).

In March, an investigation identified 3 cases of child labour in Guatemala and these farms were temporarily excluded from our AAA Program. Following a remediation process, whereby we supported these farms to comply with the International Labour Organization's (ILO) child protection requirements, they were reinstated in our AAA Program.

Within the AAA Program we continued to broaden the reach of 2 initiatives for smallholder farmer protection:

- Retirement savings scheme: 2,045 farmers in Colombia Caldas (+5% vs. 2019), and 1,595 farmers in Indonesia (Year 1) enrolled in the savings plan;

### WHAT IS NEXT

Following a 24-month strategic review process including external partners, we are finalising our operational roadmaps for strengthening the economic resilience of smallholder farming communities, and how to transition coffee farms towards regenerative agriculture.

already 401 farmers from Caldas, Colombia claimed their retirement via the scheme

- Crop insurance scheme: 4,727 farmers enrolled in crop insurance in Caldas, Colombia, which means more than 15,000 hectares are now insured

Building stronger, more resilient farming communities has always been at the heart of Nespresso. This ethos led to the launch of our Reviving Origins program aimed at reinvigorating coffee growing regions blighted by conflict and/or environmental and economic hardship. Around 8,000 farmers in 7 regions\* now benefit from this program.

The highlights for the 2020 Reviving Origins include:

- In Rwenzori, Uganda, we are helping farmers boost their coffee quality and overall productivity; as part of this, we collaborated with Agri Evolve on activities including coffee seedlings distribution; for the community, we partnered with Terre des Hommes on a child education programme
- Across South Kivu, in the Democratic Republic of the Congo, we partnered with the Eastern Congo Initiative to bring communities affordable healthcare and access to clean water; this partnership will establish 23 water access points and 6 health clinics (1 primary and 5 mobile) which will deliver 13,000 health consultations per year to local communities, helping in the fight against cholera, a major health issue



Connecting virtually with farmers, agronomists and partners to celebrate their achievements



Costa Rica Master Origin, launched in 2020

Our contribution to the following SDGs:



\* to green coffee suppliers. [www.sustainability.nespresso.com/progress-against-goals-and-ambitions/#ft](http://www.sustainability.nespresso.com/progress-against-goals-and-ambitions/#ft).

\*\* South Sudan and DRC are included within this total although operations in South Sudan are currently on hold due to unstable conditions following a return to armed conflict, and DRC data integration in FARMS will be effective in 2021.



# END TO END SUSTAINABLY MANAGED ALUMINIUM

The first Nespresso coffee capsules made using 80% recycled aluminium launched in 2020

## WHAT REALLY MATTERS

To promote sustainable production and the circular use of aluminium

Our aluminium capsules have become iconic as a hallmark of design and quality. We are working proactively with civil society and supply chain stakeholders to tackle the upstream challenges of sustainable aluminium production for the primary aluminium we use. Equally, we work at national and municipal levels to maximise the circular potential of capsules after use thereby increasing secondary aluminium use.

### WHAT ARE THE KEY HIGHLIGHTS

Despite COVID-19 challenges and our continued growth, we were able to offer a convenient used capsule recycling solution to 90% of our consumers worldwide. For all capsules sold, we estimated the recovery rate to be 32%, an increase of 17 percentage points versus 2014.

In 2020, our investment in recycling operations totalled CHF 58 million and covered 59 countries\*, with dedicated recycling systems in 54 countries, and shared infrastructure with other capsule manufacturers in 4 countries. In 7 countries, we had access to a collective scheme known as Packaging Recovery Organisation (PRO), while in another 38 countries, we offered a 'Recycling at Home' option which allowed consumers to have their used capsules collected from their place of residence.

In further pursuit of our vision for the circular use of aluminium, we launched our first-ever capsules made using 80% recycled aluminium. The ambitious goal now is for all our Original and Vertuo capsules to be produced using 80% recycled aluminium content by the end of 2021.

\* According to the UN list of countries.

**90%**  
OF OUR CONSUMERS HAVE  
AN OPTION TO RECYCLE THEIR  
NESPRESSO CAPSULES\*

**CHF 58M**  
IN RECOVERY  
SCHEMES FOR RECYCLING

**“To keep our world liveable and thriving,  
we need to double global circularity from 8.6% to 17%.”**

Circularity Gap Report, 2021

### WHAT HAPPENED IN 2020

With the expansion of used capsules collection points, we achieved our 2020 goal to increase the global recycling rate of capsules versus 2014. While the goal for offering convenient recycling solutions to all our consumers has been successfully met in 28 countries. Even with an environment of challenging lockdowns, meaning the closure of many collection points in 2020, we were still able to maintain an overall 90% global collection capacity thanks to our innovative 'Recycling at Home' service.

For collection and recycling, we believe in working with other manufacturers. As a result, several Nespresso markets have already opened their infrastructures to other aluminium capsule manufacturers. Going one step further, in the UK, Nestlé Dolce Gusto, JDE, and other capsule brands have launched 'Podback': an ambitious and comprehensive shared capsule recycling program which aims to improve capsule recycling rates, regardless of the material (aluminium or plastic).

### WHAT IS NEXT

Following the Ellen MacArthur Foundation's 'Circulytics' assessment, we now have a baseline overall circularity score (B in a scale of E to A+) on which to track our progress during the next phase of our journey towards circular solutions and eco-design.

Building on this journey, a range of Nespresso markets will start to proactively sell refurbished machines in addition to offering them as an alternative for out-of-warranty repairs only.

Another key area for collection and recycling is 3rd party certification, as it validates the robustness of our recycling programs. So far, we have obtained certification in 15 markets.

Reducing aluminium content overall and replacing primary aluminium with recycled aluminium are further areas of focus. In our Original and Vertuo lines we begun to make capsules using 80% recycled aluminium.

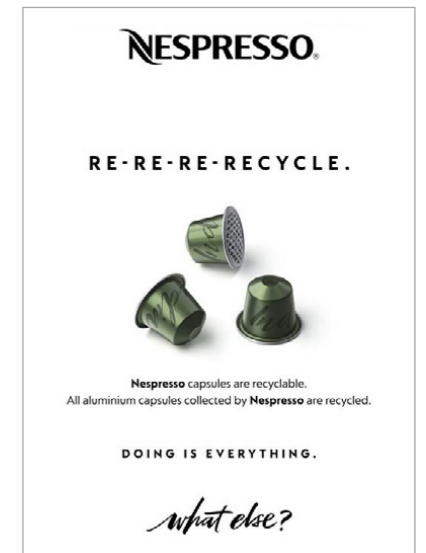
We partially achieved our goal to source 'ASI-certified' aluminium towards 100%, certifying our production centres and identifying recycled aluminium suppliers for ASI certification as two major achievement. We remain committed to sourcing responsibly produced aluminium in the future, when available on the market.

Circularity related topics, such as recycling and collection, have helped us in 2020 to grow consumer engagement through a series of campaigns, as evidenced by social media mentions of Nespresso being up 25% or more.

In the future, more consumers will have access to collection points shared by several capsule manufacturers or will be able to dispose of their capsules at home in the same bin as the one used for other recyclable packaging. To reflect these evolutions, we are likely to adapt the calculation methodologies for our performance indicators: Recycling Rate (RR) and Collection Capacity (CC).



In the UK, 'Podback' is a collective recycling program for coffee pods, regardless of the material they are made of



Our 'Doing is Everything' campaign

Our contribution to the following SDGs:







# INTEGRATED ACTIONS ON CLIMATE CHANGE

A AAA coffee farm in Cauca, Colombia, after 7 years of agroforestry transition

## WHAT REALLY MATTERS

To take consistent actions in our value chain to address the causes and consequences of climate change

The regions where we source our highest quality coffees are particularly vulnerable to the adverse effects of climate change. We are working together with farmers and other partners to build resilience into AAA farming landscapes. Equally, we recognise our responsibility to continuously improve the environmental performance of a Nespresso cup of coffee.

## WHAT ARE THE KEY HIGHLIGHTS

In September 2020, an important milestone for our climate journey was announced: every cup of Nespresso coffee, both at-home and professional, will be carbon neutral by 2022. This commitment builds on our continuous actions in reducing emissions per cup, which has resulted in a 24% reduction vs. 2009 LCA study, as well as insetting around 10% of remaining global emissions using agroforestry. In terms of electricity, renewable sources accounted for 100% of the electricity used in our factories.

Since 2014, we have invested approximately CHF 15 million into natural climate solutions, for instance, the planting of more than 5 million trees vs. 2014 across Colombia, Guatemala, Ethiopia, Kenya, Indonesia, Uganda, Costa Rica, Nicaragua, and Brazil. We have also launched a digital platform with PUR Projet to give employees and consumers the opportunity to plant trees with Nespresso in the countries of origin.

Following an 18-month consultation process, the International Union for Conservation of Nature (IUCN) has recommended a framework which will help Nespresso monitor biodiversity performance at a corporate level.

> 5.2 M

TREES PLANTED (2014-2020)

-24%

CARBON FOOTPRINT REDUCTION OF A NESPRESSO CUP OF COFFEE (VS. 2009 LCA STUDY)

**“Every year, the world emits approximately 51 billion tons of greenhouse gases into the atmosphere. To avoid the worst impacts of climate change, we need to reduce that number to zero – and we need to do it in the next 30 years.”**

Bill Gates, Taskforce on Scaling Voluntary Carbon Markets Report 2020

## WHAT HAPPENED IN 2020

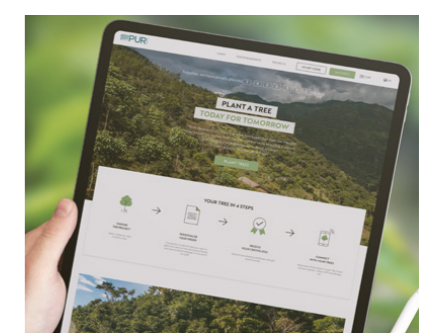
We achieved our 2020 goals regarding tree planting, and carbon insetting on our operational scope. This has allowed us to reach carbon neutrality at operational level which will be expanded to the global scope (Scope 1,2,3) as part of our 2020 announcement. The reduction per cup goal has been partially achieved, principally due to the ASI certified aluminium delay and the delay in machine refurbishment promotion. Our journey towards decarbonisation will continue as part of our endeavour to align with Science Based Targets. Over the next 2 years, 16 key actions, such as renewable energy expansion, eco-design, low carbon materials sourcing, and logistics optimisation have been identified to deliver reduction. Equally, our agroforestry programme in sourcing regions will continue to scale as part of our transition towards regenerative agriculture.

Regarding nature-based solutions, we have progressed with 2 key initiatives:

- **Pollination projects:** Reintroducing beehives to boost productivity, improve quality and provide a source of income diversification in Colombia, Ethiopia and Brazil
- **Biodiversity impact monitoring:** The initiative of bird monitoring carried out by the Cornell Lab of Ornithology showed that AAA Program farms are helping protect several species in the IUCN 'Red List'; for instance, AAA farms in Colombia are home to the native and endangered 'Yellow-eared Parrot' and the near threatened, long-distance migrant 'Golden-winged Warbler'; the latter spends winter months in AAA Program farms in Costa Rica, where the near threatened 'Great Tinamou' and 'Black Guan' have also been spotted – in total, almost 30,000 bird observations have been collected since 2019



The Vertuo Next machine made with 50% recycled plastic and 100% recyclable packaging



The digital platform "plant a tree" enables anyone to join the AAA farmers in planting trees with PUR Projet

## WHAT IS NEXT

The IUCN recommendation for planning and monitoring corporate performance on biodiversity will be piloted, with further scaling planned as part of our regenerative agriculture journey.

We will certify the carbon neutrality claim against ISO 14067, with Carbon Trust selected as the certifier. The process is expected to start in the 1st half of 2021 with a certificate / label release late 2021.

We will fund climate-smart interventions in the Democratic Republic of the Congo and Uganda, using an 'adaptation innovation' grant supplied by the Global Environment Facility Challenge Program. This will benefit over 4,000 smallholders.

Our contribution to the following SDGs:





# MATERIALITY ASSESSMENT

At the end of 2015, we developed a process to establish our first materiality assessment based on the GRI Reporting Principles for Defining Report Content. The process is explained in the 2016 Positive Cup report. The resulting matrix below highlights the material issues to be considered by our business, which may be ongoing, evolving or new.

This process helped us define what really matters:

- To integrate sustainable production and consumption into our consumer value proposition
- To ensure consumer appreciation of sustainable quality coffee
- To promote sustainable production and the circular use of aluminium
- To take consistent actions in our value chain to address the causes and consequences of climate change

This 2014-2020 achievements report builds on this assessment i.e. the issues that are significant for our business and also matter to our stakeholders.



2014-2020 ACHIEVEMENTS

# THE POSITIVE CUP ACHIEVEMENTS (2014-2020)

2020 goals	2020 achievements	2014 achievements	status
<b>COMPANY</b>			
Invest CHF 500 million in The Positive Cup (2014-2020)	CHF 584.977 million	CHF 59.686 million	●
Empower everyone in our company to contribute to our sustainability agenda (cumulative since 2014)	635 employees experienced the AAA Program in origin countries; 65 employees appointed sustainability champions	Not reported	●
Catalyse innovation through the Nespresso Sustainability Innovation Fund (NSIF) (cumulative since 2014)	8 projects co-funded by NSIF; additional capital of CHF 30.8 million from partners	4 projects co-funded; additional capital of CHF 8.8 million from partners	●
<b>COFFEE</b>			
Source towards 100% of our permanent coffees through the AAA Sustainable Quality™ Program	93%	84%	●
Increase the share of certified coffees in AAA Program	+12 pp (vs. 2014) 48%	36%	●
Expand our value proposition to rare Origins (cumulative)	7 origins: Colombia Caqueta, Cuba, Puerto Rico, Zimbabwe, South Sudan*, Uganda, DRC	1 origin: South Sudan	●
Pursue innovative solutions to better livelihoods for farmers (cumulative)	CHF 8.5 million invested in NSIF	CHF 300K	●
<b>ALUMINIUM</b>			
Offer convenient recycling solutions to all our consumers	90%	80%	●
Continue to increase the capsule recycling rate (since 2009) <sup>a</sup>	+17 pp (vs. 2009) 32%	15% in 2009 16.5% in 2014	●
Unlock the circular use of aluminium	31% Nespresso Original and Vertuo range made using recycled aluminium	Pilot launched	●
Source 'ASI-certified' aluminium towards 100% (2014-2020)	Two major achievements: ▪ Recycled aluminium suppliers identified for ASI certification ▪ Nespresso factories certified	Aluminium Stewardship Initiative (ASI) established	●
<b>CLIMATE</b>			
Reduce the carbon footprint of a cup of Nespresso by 28% vs. 2009 LCA study <sup>a</sup>	-24%	-20.7%	●
Inset 100% of our company's operational carbon footprint (Scope 1 and 2 GHG emissions equivalent to the global volume of capsules sold)	100%	100%	●
Strengthen coffee landscape resilience through extensive tree planting towards 5 million	5.2 million	130,000	●

● Achieved ● Partially Achieved ○ Not Achieved

<sup>a</sup> This figure includes South Sudan, where operations are currently on hold due to unstable conditions following a return to armed conflict.

# THE POSITIVE CUP SCOPE AND PERFORMANCE OVERVIEW 2020

Indicators	GRI indicator	SDG targets*	2014-2020 (cumulative)	2020	Baseline	Baseline date
<b>COMPANY</b>						
Investments in The Positive Cup (in ,000 CHF) <sup>7</sup>	G4-EC7   203-1	1.3, 1.5	584,977	108,790	59,678	2014
Number of countries** where we operate	G4-6   102-4			82	4	2003
Number of employees (excluding agent's employees)	G4-9   102-7			13,916	330	2003
Recordable injury rate (per million hours worked)	G4-LA6   403-2	8.8		1.6	7.9	2004
Number of boutiques				816	1	2000
Number of production centres				3	1	1986
Number of permanent coffees				76	4	1986
Number of Facebook fans (millions)				7.3	0.2	2009
% of our consumers satisfied with the Nespresso brand (scoring 7 to 10) <sup>1</sup>	G4-PR5   102-43 102-44			N/A		

Indicators	GRI indicator	SDG targets*	2014-2020 (cumulative)	2020	Baseline	Baseline date
<b>COFFEE</b>						
Investments in coffee operations (in ,000 CHF) <sup>7</sup>	G4-EC7   203-1	1.3, 1.5	270,778	41,435	33,393	2014
Number of AAA Program agronomists <sup>6</sup>				415	20	2005
Number of countries with AAA Program <sup>2</sup>		6.3, 6.4, 6b, 8.3		15	5	2005
Farmers enrolled in AAA Program		6.3, 6.4, 6b, 8.3		122,147	1,500	2005
Area managed under AAA in ,000 hectares		2.4, 6.3, 6.4, 6b, 15.3, 15.5		320	10	2009
Percentage volume sourced from the AAA Program <sup>3</sup>		6.3, 6.4, 6b, 8.3, 12.7, 15.3		93%	10%	2005
Percentage volume certified in accordance with responsible production standards	G4-FP2	6.3, 6.4, 6b, 8.3, 15.3		48%	0%	2009
AAA Program agronomist positions held by women	GA-10   102-8 GA-L12   405-1	5.5		32.5%	0%	2005
Number of farmers enrolled in the savings plan (Caldas)		1.3, 8.3		2,045	0	2014
Number of Reviving Origins coffees		8.3	7	6	0	2014
% AAA Program farms within 2km of high conservation value areas <sup>4</sup>	G4-EN11   304-1	15.5, 15.9		10%		2016

\* Refers to the targets defined under the UN Sustainable Development Goals framework.

\*\* According to the UN list of countries.

<sup>1</sup> Average of the indicator monitored on 40 countries. In 2019, the monitoring of this indicator was stopped.

<sup>2</sup> This figure includes South Sudan, where operations are currently on hold due to unstable conditions following a return to armed conflict and DRC where AAA Program implementation started in 2020 and data integration in FARMS will be effective in 2021.

<sup>3</sup> The figure includes the volume with full traceability to farm (85.9%) and the African volume with mass balance traceability (9.1%).

<sup>4</sup> The assessment was carried out in Colombia only. The outcome showed that around 10% of farms were within High Conservation Value areas.

Indicators	GRI indicator	SDG targets*	2014-2020 (cumulative)	2020	Baseline	Baseline date
<b>ALUMINIUM</b>						
Investments in collection and recycling systems (in ,000 CHF)	G4-EC7   203-1	12.2	242,285	57,649	16,678	2014
Number of countries** with capsule recycling solutions		8.4, 12.2		59	1	1991
Capsule collection capacity		8.4, 12.2		90%	24.3%	2009
Percentage of ASI-certified aluminium purchased		8.4, 12.2, 12.7		0%		2014
Used capsule valorization				56%		2016
Capsule recycling rate <sup>8</sup>	G4-EN 28   301-3	8.4, 12.2		32% (28%)	15%	2009

Indicators	GRI indicator	SDG targets*	2014-2020 (cumulative)	2020	Baseline	Baseline date
<b>CLIMATE</b>						
Investments in climate adaptation solutions (in ,000 CHF) <sup>7</sup>	G4-EC7   203-1	15.2, 15.3	15,764	2,351	946	2014
Carbon footprint reduction per cup of Nespresso vs. 2009 LCA study <sup>9</sup>		12.2		-24%	0%	2009
Number of trees planted within AAA Program landscapes (in ,000)		15.2, 15.3	5,200	700	130	2014
Total onsite water withdrawal (m <sup>3</sup> per ton of product) <sup>5,6</sup>	G4-EN8   303-1	8.4, 12.2		1.31	3.9	2018
Total onsite energy consumption (gigajoules per tonne of product) <sup>5,6</sup>		8.4, 12.2		3.41	3.76	2018
Direct and indirect GHG emissions (kg CO <sub>2</sub> e per tonne of product, Scope 1 and 2) <sup>5,6</sup>	G4-EN15   305-4	8.4, 12.2		87.50	89	2018
Waste for disposal (kg per tonne of product) <sup>5</sup>	G4-EN23   306-2	12.2, 12.5		0	0	2018

#### Restatement: amendments in the reporting for continuous improvement

<sup>5</sup> Reporting boundary includes only Nespresso factories.

<sup>6</sup> Baseline: The initial baseline of 2010 was readjusted in 2018.

<sup>7</sup> Investments: 2016 report and baseline restated based on adjustments of financial assumptions, e.g. exchange rate.

<sup>8</sup> The methodology has been redefined in 2020: The first figure refers to indicators used in 2014-2019.

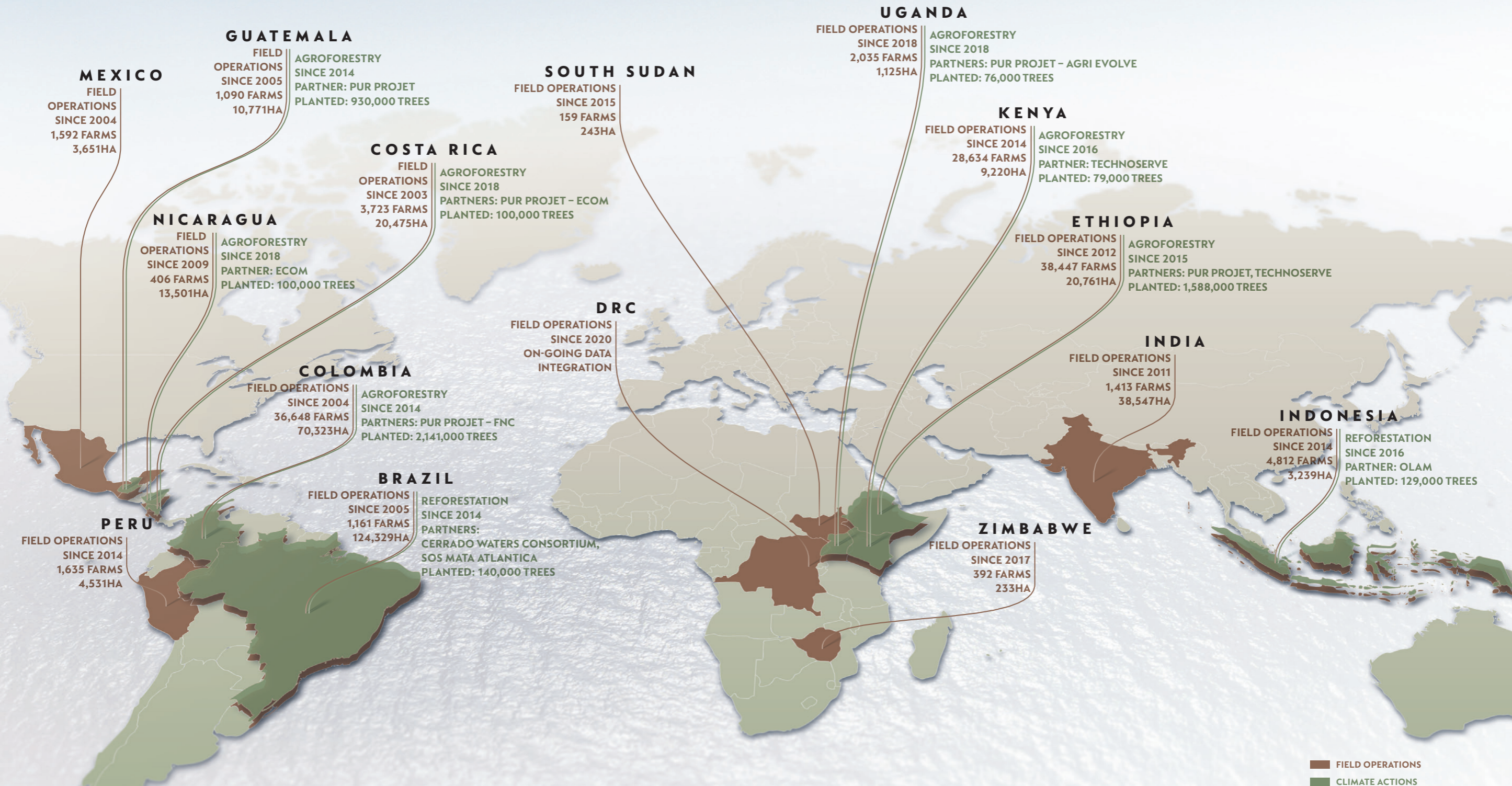
The second figure into brackets refers to the new estimated recycling rate in Green Dot for 2020, in GE.

<sup>9</sup> Data reported refers to the carbon footprint of a cup of 40 mL of Nespresso determined for the reporting year against 2008 baseline year.



# THE AAA PROGRAM DETAILED OVERVIEW 2020

FIELD OPERATIONS AND CLIMATE ACTIONS





# BUREAU VERITAS

## ASSESSMENT

### INDEPENDENT ASSURANCE STATEMENT

#### Introduction and objectives of work

Bureau Veritas UK Ltd. ('Bureau Veritas') has been engaged by Nestlé Nespresso SA ('Nespresso') to provide limited assurance over selected sustainability performance indicators for inclusion in the Nespresso Creating Shared Value Report 2014-2020 Achievements – The Positive Cup (the 'Report'). This Assurance Statement applies to the related information included within the scope of work described below.

#### Scope of assurance

The scope of our work was limited to assurance over the following content included within the Report for the period 1st January 2020 to the 31st December 2020 (the 'Selected Information'):

##### 1. Key Highlights & Infographics:

- Data and information included in the Key Highlights 2020 on pages 4-5
- Data and information included in the Infographics 2020 on pages 6-11

##### 2. Company Pillar:

- A. Review of the 2020 achievements figures for the following 2020 Goals:
- Invest CHF 500 million in The Positive Cup (2014-2020)
  - Empower everyone in our company to contribute to our sustainability agenda
  - Catalyse innovation through the Nespresso Sustainability Innovation Fund
- B. Performance overview for the reporting period on page 22

##### 3. Coffee Pillar:

- A. Review of the 2020 achievements figures for the following 2020 Goals:
- Source towards 100% of our permanent coffees through the AAA Sustainable Quality™ Program
  - Increase the share of certified coffees in AAA
  - Expand our value proposition to rare origins and pursue innovative solutions to better livelihoods for farmers
  - Pursue innovative solutions to better livelihoods for farmers
- B. Performance overview for the reporting period on page 22

##### 4. Climate Pillar:

- A. Review of the 2020 achievements figures for the following 2020 Goals:
- Reduce the carbon footprint of a cup of Nespresso by 28% vs. 2009 LCA study
  - Strengthen coffee landscape resilience through extensive tree planting towards 5 million

- B. Review of the methodology and data collection process for Nespresso's Insetting Program
- C. Performance overview for the reporting period on page 23

##### 5. Aluminium Pillar:

- A. Review of the 2020 achievements figures for the following 2020 Goals:
- Source "ASI certified" aluminium towards 100%
- B. The processes relating to monitoring and data capture for the collection and recycling of used coffee pods
- C. Performance overview for the reporting period related to 'investments in collection and recycling systems (in ,000 CHF)' and 'percentage of ASI-certified aluminium purchased' on page 23

#### Reporting criteria

The Selected Information has been prepared in accordance with internal definitions set for Nespresso's 2020 Goals. These definitions are aligned with internationally acceptable definitions of the relevant indicators, such as those established by the Global Reporting Initiative.

#### Limitations and exclusions

The scope of our work does not include any verification of information relating to:

- Quantitative data relating to capsule collection capacity, capsule valorization, capsule recycling rate and activity data used to calculate lifecycle carbon footprint reduction and data behind the model used to calculate lifecycle carbon footprint reduction
- Positional statements (expressions of opinion, belief, aim or future intention by Nespresso) and statements of future commitment
- Any other information included in Nespresso's Report outside the defined scope and reporting period above

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails.

Our work was limited to head office based activities and understanding how Nespresso consolidates and reconciles data provided by local markets/countries. The reliability of the reported data is dependent on the accuracy of data collection and monitoring arrangements at market/site level, not addressed as part of this assurance.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

#### Responsibilities

The preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Nespresso.

Bureau Veritas was not involved in the drafting of the Report. Our responsibilities were to:

- Obtain limited assurance about whether the Selected Information has been prepared in accordance with internationally acceptable definitions of the relevant indicators
- Form an independent conclusion based on the assurance procedures performed and evidence obtained
- Report our conclusions and findings to the Nespresso's management in the form of a Management Report

#### Assessment standard

We performed our work in accordance with the requirements of the International Standard on Assurance Engagements ('ISAE') 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015).

Our conclusions are for 'limited' assurance as set out in ISAE 3000.

#### Summary of work performed

As part of our independent verification, we undertook the following activities:

- Examined the data collection and consolidation processes used to compile the Selected Information, including assumptions made, and the data scope and reporting boundaries
- Conducted interviews with relevant personnel from Nespresso Head Office
- Reviewed documentary evidence provided by Nespresso on a sample basis
- Re-performed a selection of aggregation calculations of the Selected Information
- Assessed the disclosure and presentation of the Selected Information to ensure consistency with assured information

The scope of a limited assurance engagement is substantially less than for reasonable assurance both in terms of the risk assessment procedures and in performing the procedures to address the identified risks.

#### Conclusion

On the basis of our methodology, scope of the work and the activities described above, nothing has come to our attention to indicate that the Selected Information are not fairly stated in all material respects, according to the assessment Criteria and subject to the limitations set out in the sections above.

Further detailed recommendations are provided to Nespresso in the form of an internal Management Report.

#### Statement of independence, integrity and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified<sup>1</sup> Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspection Agencies (IFIA)<sup>2</sup>, across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

The assurance team for this work conducted the verification independently and to our knowledge does not have any conflict of interest due to any other Bureau Veritas projects with Nespresso.



Bureau Veritas UK Ltd.

London

18 June 2021

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<sup>1</sup> Certificate available on request.

<sup>2</sup> International Federation of Inspection Agencies – Compliance Code – Third Edition.



