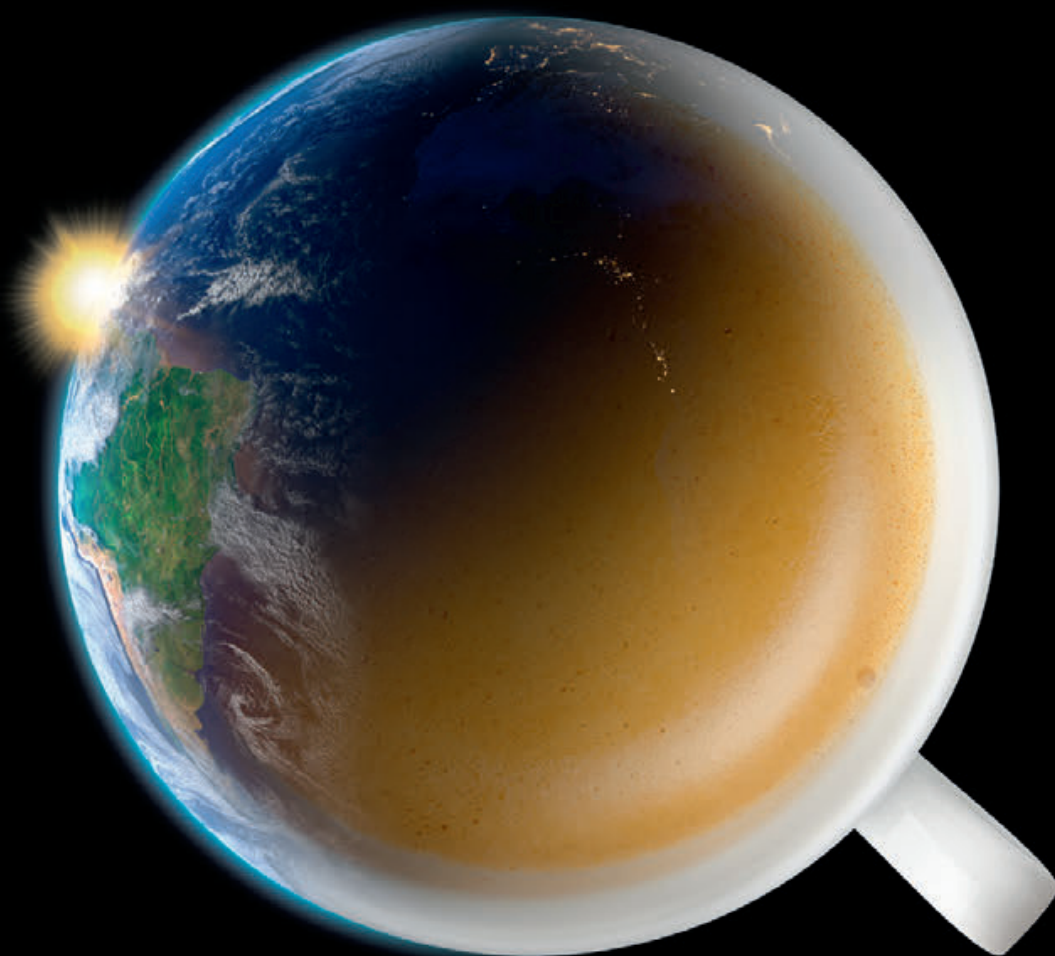


THE POSITIVE CUP

Because coffee can have a positive impact



CREATING SHARED VALUE REPORT
2017 STATUS AND 2020 OUTLOOK

NESPRESSO[®]

INSPIRING TASTEFUL AND MEANINGFUL LIVING



Jean-Marc Duvoisin, CEO, Nespresso, planting a tree with Ruben Dario Agudelo Marin, AAA farmer in Colombia.

I am pleased to share with you the status on our goals and achievements at the end of 2017 as well as our 2020 outlook. This document builds on last year's Creating Shared Value report, our first published in accordance with the GRI G4 guidelines and should be read in the context of the fuller content of that report. The next report will be available in 2021 as we reach the defined point in time for assessing achievements against our 2020 goals. In the interim, we will be publishing ongoing progress through various digital channels.

Thirty years ago, Nespresso reinvented the way people consumed coffee. Today, the issues facing our planet present ongoing challenges and, we believe, opportunities for the coffee sector. Inspired by the Sustainable Development Goals, Nespresso is well positioned to deliver against the twin needs of sustainable production and consumption (SDG12). We have a responsibility to again lead the industry by encouraging consumers to make choices that support a sustainable lifestyle.

Through the continued market success of our 3 systems (Original, Vertuo and Professional) in over 70 countries, and nearly 7 million loyal followers in social media channels, we are able to combine impact with scale. Nespresso customers and consumers appreciate our sustainable quality value proposition and, based on this, we have further extended our AAA Program to over 75,000 farmers in 12 countries. In 2017 we launched a global marketing campaign, "The Choices We Make", with our brand ambassador, George Clooney, narrating the positive impact that our AAA Program is having on the lives and livelihoods of farmers. We have also launched new products that combine positive social impact with specific new flavour and aroma profiles, such as Aurora de la Paz, sourced from farmers in post-conflict regions of Colombia.

More widely, we have continued to see the growing momentum of policymakers around climate, human rights and the transition to a circular economy. Our company ambitions and goals are framed to contribute to the systems transformation that is required, where the private sector has an important role to play. At the end of 2017, the members of the Nespresso Sustainability Advisory Board, encouraged us to improve reporting in the areas of farmer livelihood impact and human rights as well as contribution to the Sustainable Development Goals framework. Future updates to the Positive Cup report will address these points.

We remain broadly on track against our goals for 2020, although some challenges remain. In particular, although the adoption of the ASI certification for responsible aluminium in December 2017 represents a significant step forward, it may take more time than we initially expected to create a fully certificated aluminium supply chain. As this is critical to enable us to reach our goal of 100% ASI certified aluminium in 2020, which is also relevant for our carbon reduction roadmap, we are working hard to address the issues and minimize any delay.

I thank you for taking time to read this report and encourage you to share your feedback on how we can further contribute to make a positive impact in the world.

JEAN-MARC DUVOISIN
CEO, NESPRESSO

KEY HIGHLIGHTS 2017



NESPRESSO
"THE CHOICES WE MAKE"

Long-term relationships with coffee producers were at the heart of the 2017 Nespresso consumer campaign, "The Choices We Make", recounting stories of people whose lives have been positively affected by the commitments Nespresso has made to farming communities through its AAA coffee sourcing program.

Page 6

CHF 276M
already invested of
The Positive Cup CHF 500M
investment plan (2014-2020)

+CHF 80M vs. 2016



Consumers were given the opportunity to appreciate the coffee produced by the Aguadas community. This is the region where, together with Fairtrade International and the Colombian government, Nespresso put in place the first retirement savings scheme for smallholder coffee producers.

Page 8



President of Colombia, Manuel Santos, and Nespresso CEO, Jean-Marc Duvoisin, mark our long-standing investment in sustainable coffee production, including the launch of a coffee, Aurora de la Paz, made possible by the peace process.

Page 8



Announced as an ambition at the World Conservation Congress in Jeju in 2012, the certification standard for responsible and traceable aluminium, is now available for implementation. Nespresso was a founding member of this initiative.

Page 10

24.6%
of our capsules are recycled via
dedicated or collective channels

+2 percentage points vs. 2016



To encourage consumers to recycle, a social media campaign showcasing how recycled capsules can become different aluminium products was launched in more than 20 countries.

Page 10



As part of a competition on the circular economy, 6 European startups shared their insights and ideas with EU decision-makers to kick off the transition towards circular solutions. Nespresso committed to mentor Velosophy, the winning team.

velosophy.cc
Page 10

90%
of our coffee is sourced via the
Nespresso AAA Sustainable
Quality™ Program

+8 percentage points vs. 2016



JOINING THE INDUSTRY

In September 2017, Nespresso joined the Sustainable Coffee Challenge, led by Conservation International, collaborating with other stakeholders seeking to reinforce the resilience of coffee communities.

sustaincoffee.org
Page 8



PARTNERSHIP CELEBRATION

The Rainforest Alliance certification seal, confirming that over 40% of Nespresso coffee is sourced from certified farms, is now displayed on all the sleeves and postal delivery boxes.

Page 8



INSETTING CERTIFICATION

Our carbon insetting program was the first ever to be certified as per the Insetting Program Standard (IPS). The certificate is available on the registry of the International Platform for Insetting (IPI), using blockchain technology.

insettingplatform.com
Page 12

RE 100

100% RENEWABLE ELECTRICITY

Our three factories in Switzerland purchased all their grid-supplied electricity from renewable sources, following Nestlé's pledge on RE100.

there100.org
Page 12

>2.5M
trees planted (2014-2017)
towards 5M goal by 2020

+1M trees vs. 2016



Bernadette Bailey from Nespresso New Zealand, participating in a reforestation project in the AAA farming community in Java, Indonesia.

TOTAL COMPANY ENGAGEMENT

WHAT REALLY MATTERS

To integrate sustainable production into our consumer value proposition

WHAT ARE THE KEY HIGHLIGHTS

Engaging consumers on sustainable consumption was high on the agenda in 2017 with the launch of two global campaigns. “The Choices We Make”, highlighted the positive impact of our commitment to coffee farming communities, while “This Is Nespresso, This Is Recyclable”, showcased the benefits of recycling capsules into second life objects.

Engaging employees on sustainable production was also a key focus for 2017. Building on 5 years of coffee origin visits with partners and the media, nearly 300 employees have also experienced the AAA Program first-hand, taking part in reforestation projects.

Nespresso continued its financial commitment, reaching CHF 276 million in the period 2014 to 2017 (spanning coffee, aluminium and climate), which is on track towards The Positive Cup 2020 planned investment.

The 1st Nespresso CSV report, in line with GRI G4 guidelines, was published, increasing transparency across our value chain while highlighting actions and specific areas of focus.

CHF 276M

already invested of
The Positive Cup CHF 500M investment plan (2014-2020)

CHF 26.5M

the additional partner capital
invested through the Nespresso
Sustainability Innovation Fund (2013-2017)

“Without a sense of purpose, no company, either public or private, can achieve its full potential.”

Larry Fink, Chairman and CEO of Blackrock, in his 2018 letter to CEOs

WHAT HAPPENED IN 2017

Nespresso established a new brand purpose, “Inspiring Tasteful and Meaningful Living”. The sustainability activities that help bring this to life continued to be deployed in line with our plan and are reflected in this investment breakdown: coffee operations including climate adaptation (55%), recycling activities (33%), management and engagement (12%). The following pages explain the achievements made through these investments.

The Nespresso Sustainability Innovation Fund (NSIF) invested over CHF 6.6 million into coffee projects to amplify operational impact, innovate new solutions and engage further with stakeholders. This brings the cumulative NSIF investment since 2013 to CHF 23 million, in turn leveraging CHF 26.5 million from organisations like the World Bank, IDH, Acumen and Blue Marble, as well as the Colombian and Dutch governments.

WHAT IS NEXT

Building on 3 years of experience with The Nespresso Sustainability Innovation Fund, we will explore how to further leverage operational investments, attracting new organisations and blending capital to invest in the most material areas of impact.

The Nespresso Sustainability Advisory Board (NSAB) met in December 2017 in Jardin, Colombia to enable the board members to experience the impact of the AAA Program investment first-hand and to discuss how to further build coffee farming community resilience.

The Melbourne Business School (MBS) MBA students won the 5th edition of the Nespresso Sustainability MBA Challenge, chosen from 87 teams from leading business schools across 25 countries. Borrowing from nudge theory and behavioural economics, the MBA team’s winning idea encourages Nespresso to apply subtle changes to its touchpoints with consumers and employees to increase their participation in sustainability projects and initiatives.



During the 2017 NSAB in Colombia, Paul Rice, Fairtrade USA, and Tristan Lecomte, PurProjet, plant a tree together with Ruben Dario Agudelo Marin, AAA farmer.



David Creak, Yuanyuan Zhao, Pr. Sven Feldmann, Maree Swiden and Toni Kovacevic, the winners of the MBA Challenge 2017, from Melbourne Business School.

RESILIENT COFFEE FARMS AND COMMUNITIES

Pastora Caballero Javregui, Mexican AAA farmer, acknowledged for her achievements at the Farmer and Agronomist Award Celebration, New York, October 2017.

WHAT REALLY MATTERS

To ensure consumer appreciation of sustainable quality coffee

WHAT ARE THE KEY HIGHLIGHTS

Consumers were given two new opportunities to further appreciate what Sustainable Quality™ coffee means. Firstly, our long-standing partnership with Rainforest Alliance and Fairtrade was featured on-pack, next to the Nespresso AAA Sustainable Quality™ Program logo. And secondly, the Aurora de la Paz (Dawn of Peace) Grand Cru was launched, giving consumers not only the chance to experience a rare espresso, but also an opportunity to appreciate how peace can benefit coffee farmers in Colombia.

We expanded our sustainable coffee sourcing in East Africa so that now 90% of the total volume delivered to our factories is sourced from the AAA Program. The proportion from Rainforest Alliance and/or Fairtrade certified farms also increased, reaching 51% by the end of 2017.

Nespresso announced a USD 50 million investment (2018-2020) in Colombia, for the production of Sustainable Quality™ coffee, including in newly opened post-conflict zones like San Vicente del Caguán.

In September 2017, Nespresso joined the Sustainable Coffee Challenge, led by Conservation International, collaborating with other stakeholders seeking to reinforce the resilience of coffee communities. Nespresso's current contributions are focused on mapping and monitoring coffee and forested areas.

90%

of our coffee is sourced via the AAA Program

51%

of our coffee comes from certified farms

“Across the coffee industry, more than USD 350 million is being invested annually in sustainability programs.”

Coffee Sustainability Catalogue 2016

WHAT HAPPENED IN 2017

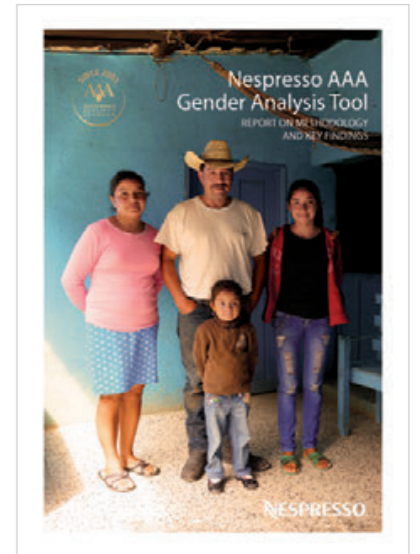
The AAA Program now reaches more than 75,000 farmers in 12 countries*, with a total investment of CHF 36 million per year in technical assistance and farmer premiums.

Rainforest Alliance certified volumes increased and now represent around 46%, supporting our new on-pack claims. Fairtrade certified volumes have remained stable at 5%.

Progress was also made on gender. The proportion of female agronomists grew by one percentage point to 31% vs. 2016.

Harnessing relevant gender expertise, the Nespresso AAA Gender Analysis Tool was developed for smallholder households, together with our NGO partner TechnoServe. This tool has been applied in 3 AAA clusters: Indonesia, Guatemala and Ethiopia, shedding light on the nature of gender inequalities in these areas.

As part of our work to innovate for long-term community stability, a collaboration with Blue Marble Microinsurance, Columbia University and Agrilogic led to the development of an index based crop insurance scheme for coffee smallholders in Colombia. The scheme will be trialled with 3,000 farmers in 2018 in Caldas.



The newly developed tool to assess gender equality in AAA smallholder households.

WHAT IS NEXT

The Monitoring and Evaluation tool, developed together with the Rainforest Alliance and CRECE, and deployed across Latin American sourcing regions, helped define key priorities towards 2020. Namely, reinforcing the use of protective equipment for the application of agrochemicals, expanding post-milling waste water treatment in Colombia and Brazil, and promoting the optimal use of fertilisers and renovating tree stock for increased productivity in Costa Rica, Mexico, Guatemala and Colombia.

The Nespresso AAA Gender Analysis Tool will be made publicly available while the outcome of the 3 AAA surveys will lead to the development of an action plan and targets to improve gender equality.

In Brazil, the Cerrado das Aguas consortium – a multi-stakeholder platform to promote integrated landscape management – will explore mechanisms and implement a payment for ecosystem services trial for 2018 onwards. This trial is made possible thanks to funding from the Critical Ecosystem Partnership Fund (CEPF).



From 2017, all Nespresso packaging features the Rainforest Alliance certification seal.

* South Sudan is included in the scope of AAA although operations are currently on hold due to unstable conditions following a return to armed conflict.





END TO END SUSTAINABLY MANAGED ALUMINIUM

The “This is Nespresso, this is recyclable” campaign promoting iconic objects made with aluminium from recycled Nespresso capsules.

WHAT REALLY MATTERS

To promote sustainable production and the circular use of aluminium

WHAT ARE THE KEY HIGHLIGHTS

The Nespresso recycling programme is now available in 44 countries, including 6 in which capsules can be disposed of in household recycling bins and 15 where capsules can be collected from home by postal workers. In total, these solutions allow for 92% of all Nespresso capsules sold to be collected. The actual recovery rate is estimated at 24.6% for a total investment of CHF 30 million.

We continued to raise consumer awareness of the benefits of capsule recycling. A global social media campaign was activated in more than 20 countries, bringing to life intriguing options for the circular use of aluminium.

Announced as an ambition at the IUCN World Conservation Congress in 2012, the certification program for responsible and traceable aluminium production is now available for implementation under the ASI Performance and Chain of Custody Standards.

As part of #Innov4CE, Nespresso organised an event together with European parliamentarians, NGOs, industry groups and businesses on how to collaborate on circular innovation. The winner, Velosophy, a Swedish startup selling aluminium bicycles with a one-for-one promise of giving a bicycle to a schoolgirl in Africa for every bike sold, will be mentored by the Nespresso leadership team.

92%
the global
collection capacity

CHF 30M
investments in collecting
and recycling capsules

“The circular economy is a new way of looking at the relationships between markets, customers and natural resources.”

WBCSD, CEO Guide to the Circular Economy

WHAT HAPPENED IN 2017

The global collection capacity of Nespresso capsules increased by 6 percentage points thanks to the deployment and improvement of dedicated solutions, such as Recycling@home, and the setting up of collection points (over 20,000 to date) and street post boxes accepting the service (over 100,000 to date).

The collective approach continued to be deployed: in France via the “Projet Metal” of CELAA, now extending to 19 recycling centres reaching 9 million individuals, and in Austria where 2 new municipalities became involved. In Canada, consumers can now dispose of capsules as part of their regular household recycling, enabling sorting at the recycling centre.

This same approach was also trialed in some areas of London, UK. There was also a step-up in efforts encouraging consumers to recycle their capsules, through global communication campaigns. Altogether, these contributed to an increase in the recycling rate by 2 percentage points vs. 2016.

Applying the learnings from our capsule-to-capsule pilot in 2015, we have re-engineered our supply of aluminium to allow both factory scrap and recycled Nespresso capsules to become sources for new capsules.

To verify the robustness and efficiency of our recycling operations, Intertek, an accredited third-party, developed an assessment tool.

WHAT IS NEXT

The collective approach will continue to expand. The French consortium for metal recycling, CELAA, has pledged to reach 30 million consumers by 2022, upgrading around 60 recycling centres. The UK market will operationalise the outcome of the 2017, reaching more consumers.

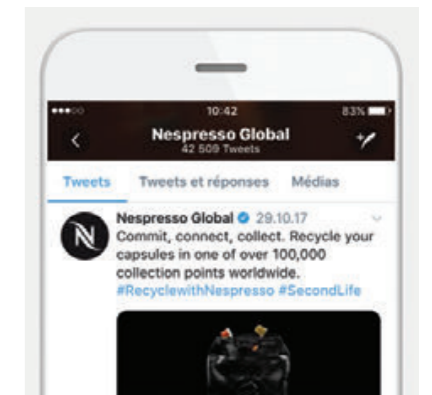
We will also continue engaging with municipalities already making strides towards circularity, such as those aligning with the EU Circular Economy Package.

Nespresso will apply for ASI certification of its manufacturing sites in 2018 and ensure the self-assessment of Tier 1 suppliers.

Third-party verification of collection and recycling operations will commence in 2 markets in 2018 and be fully deployed across all markets by the end of 2019.



Recycling bag for Canadian consumers, enabling collection using household recycling bins.



The social media campaign on recycling, explaining options for the circular use of aluminium.



INTEGRATED ACTIONS ON CLIMATE CHANGE

The new boutique concept in New York, USA – designed with FSC certified wood panels and an upcycled coffee ground worktop.

WHAT REALLY MATTERS

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

WHAT ARE THE KEY HIGHLIGHTS

Agroforestry and reforestation practices continued to be rolled out as our climate adaptation solution for AAA coffee producers. Over 2.5 million native trees have been planted in and around coffee farms since 2014 in Colombia, Guatemala, Ethiopia, Indonesia and Brazil.

We delivered against our Renewable Energy (RE100) pledge by purchasing all the grid-supplied electricity required by our 3 Swiss factories from renewable sources.

In order to progress on how to drive low carbon coffee agriculture, an assessment tool has been developed and piloted to calculate the carbon footprint per kilo of green coffee and recommend reduction measures.

Our carbon insetting program has been certified by Ecocert, according to the Insetting Program Standard (IPS). The certificate is available on the registry of the International Platform for Insetting (IPI), using blockchain technology.

>2.5M

trees planted (2014-2017)
towards 5M goal by 2020

100%

Renewable electricity procured
for our 3 factories

“Global retailers should create attractive coffee brands based on regenerative models and shape global consumer values.”

Earth Security Report 2017

WHAT HAPPENED IN 2017

The transition to using agroforestry within AAA farms and surrounding landscapes continued, enabling 2.5 million trees other than coffee, to be planted (+1 million vs. 2016). Brazil became the fifth AAA country where this approach was rolled out.

Ecocert certified the compliance of our relevant agroforestry operations against both the Verified Carbon Standard (VCS) and Reforestation Solidaire Standard. Additionally, we became the first ever company to be certified according to the Insetting Program Standard (IPS). This means that the carbon credits generated are equivalent to our operational carbon footprint.

Together with our partner Quantis, we developed a tool to measure the carbon footprint of AAA coffee production and identify reduction drivers.

These drivers aligned with the Nationally Appropriate Mitigation Action for the coffee sector (NAMA café).

We also took important steps forward in assessing the environmental performance of our boutiques with the development of a scorecard. Its application demonstrated the greater environmental performance of our new boutique concept.

The refurbishment of used machines as out-of-order machine replacements is now operational in many markets. Nespresso France launched a campaign with a specific commercial offer to incentivise consumers to recycle their coffee machines – thereby contributing to a lower carbon, and more circular economy.

WHAT IS NEXT

The development of co-financing models for scaling up agroforestry remains a challenge. We will continue financing the agroforestry deployment with the carbon price mechanism as well as exploring all options to incentivise the transition to agroecology in the coffee sector.

The carbon footprint of coffee production will be evaluated in various AAA clusters: Brazil, Indonesia and Costa Rica. The carbon reduction drivers will be implemented through the AAA training curriculum. It will also allow us to compare the coffee carbon footprint of AAA against the industry baseline.

We will define the way forward by considering the recommendations of the Task Force on Climate-related Financial Disclosures and begin preparing the definition of our climate roadmap post 2020 by:

1. Running a science-based target exercise to align with the 2C commitment of the COP 21
2. Reviewing the LCA methodology to incorporate the latest European “Product Environmental Footprint” knowledge



Alejandra Potosi, AAA Agronomist interviewed by Ecocert during the VCS audit in Colombia.



Nespresso France campaign to incentivise machine recycling and promote the circular economy.

MATERIALITY ASSESSMENT

At the end of 2015, we instigated a process to establish our first materiality assessment based on the GRI Reporting Principles for Defining Report Content. This process is explained in the Nespresso 2016 CSV report and helped us to define what really matters:

- To integrate sustainable production 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

The resulting matrix below highlights the material issues to be considered by our business, which may be ongoing, evolving or new. This 2017 status and 2020 outlook report builds on this assessment i.e. the issues that are significant for our business and also matter to our stakeholders.



2017 STATUS OF OUR 2020 GOALS

	2017 achievements	2016 achievements	status
COMPANY			
Invest CHF 500 million in The Positive Cup (2014-2020)	CHF 276 million	CHF 197 million ²	🟡
Empower everyone in our company to contribute to our sustainability agenda	293 employees experienced the AAA Program in origin countries	Strategy in execution, employees' training rolled out	🟡
Catalyse innovation through the Nespresso Sustainability Innovation Fund	7 projects co-funded in the NSIF CHF 26.5 million additional capital from partners	2 projects co-funded in the NSIF CHF 9 million blended capital	🟡
COFFEE			
Source towards 100% of our permanent coffees through the AAA Sustainable Quality™ Program	90% AAA sourced coffee	82% AAA sourced coffee	🟡
Increase the share of certified coffees in AAA	+15 pp (vs. 2014)	+5 pp (vs. 2014)	🟡
Expand our value proposition to rare origins Pursue innovative solutions to better livelihoods for farmers	Two origins: Cuba, Caqueta Over CHF 4 million ¹ in innovative solutions	Two origins: Cuba, South Sudan CHF 2.6 million in innovative solutions	🟡
ALUMINIUM			
Offer convenient recycling solutions to all our consumers	92% collection capacity	86% collection capacity	🟢
Continue to increase capsule recycling rate Unlock the circular use of aluminium	+9.6 pp (vs. 2009) Capsule to capsule supply chain operationalised	+7.6 pp ² (vs. 2009) Capsule to capsule supply chain in place	🟢
Source "ASI certified" aluminium towards 100%	ASI Certification now available	ASI Performance Standard now available	🟢
CLIMATE			
Reduce the carbon footprint of a cup of Nespresso by 28% vs. 2009	-22%	-19.4%	🟡
Inset 100% of our company's operational carbon footprint (Scope 1 and 2 GHG emissions equivalent to the global volume of capsules sold)	100% inset	100% inset	🟢
Strengthen coffee landscape resilience through extensive tree planting towards 5 million	Over 2.5 million trees planted	Over 1.4 million trees planted	🟡

¹ Forms part of the investment in coffee operations reported on page 16.
² See p.17 the explanation for the restatement of the figure.

🟢 Achieved 🟡 On track for 2020 🟠 Not on track for 2020

THE POSITIVE CUP SCOPE AND PERFORMANCE OVERVIEW

Indicators	GRI indicator	SDG	2017	2016	Baseline	Baseline date
COMPANY						
Investments in The Positive Cup (in ,000 CHF; cumulative) ⁹	G4-EC7 203-1	1.3, 1.5	276,274	196,976	59,678	2014
Number of markets where we operate	G4-6 102-4		76	63	4	2003
Number of employees, excluding agents employees	G4-9 102-7		13,910	13,135	330	2003
Recordable injury rate (per million hours worked)	G4-LA6 403-2	8.8	3.6	4.3	7.9	2004
Number of boutiques			708	603	1	2000
Number of production centres			3	3	1	1986
Number of Grand Cru permanent range			61	57	4	1986
Number of Facebook fans (millions)			6.5	5.7	0.2	2009
% of our consumers satisfied with the Nespresso brand (scoring 7 to 10) ¹	G4-PR5 102-43 102-44		93%	94%		

Indicators	GRI indicator	SDG	2017	2016	Baseline	Baseline date
COFFEE						
Investments in coffee operations (in ,000 CHF; cumulative) ⁹	G4-EC7 203-1	1.3, 1.5	144,687	106,118	33,393	2014
Number of AAA agronomists ⁶			469	342	20	2005
Number of countries with AAA Program ²		6.3, 6.4, 6b, 8.3	12	12	5	2005
Farmers enrolled in AAA Program		6.3, 6.4, 6b, 8.3	75,811	71,216	1,500	2005
Area managed under AAA in ,000ha		2.4, 6.3, 6.4, 6b, 15.3, 15.5	287	300	10	2009
Percentage volume sourced from the AAA Program ³		6.3, 6.4, 6b, 8.3, 12.7, 15.3	90%	82%	10%	2005
Percentage volume in accordance with responsible production standards	G4-FP2	6.3, 6.4, 6b, 8.3, 15.3	51%	41%	0%	2009
AAA agronomist positions held by women ⁶	GA-10 102-8 GA-L12 405-1	5.5	31%	30%	0%	2005
Number of farmers enrolled in the savings plan		1.3, 8.3	1,449	1,100	0	2014
Coffee revival origins		8.3	2	2	0	2014
% AAA farms within 2km of High Conservation Value areas ⁴	G4-EN11 304-1	15.5, 15.9	10.0%	10.0%		2016

¹ Average of the indicator monitored on 38 countries.

² This figure includes South Sudan, where operations are currently on hold due to unstable conditions following a return to armed conflict.

³ The figure includes the volume with full traceability to farm (85.9%) and the African volume with mass balance traceability (4.1%).

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

⁵ Reporting boundary includes only Nespresso factories.

Indicators	GRI indicator	SDG	2017	2016	Baseline	Baseline date
ALUMINIUM						
Investments in collection and recycling systems (in ,000 CHF; cumulative)	G4-EC7 203-1	12.2	90,305	59,992	16,678	2014
Capsule collection capacity		8.4, 12.2	92%	86%	24.30%	2009
Percentage of ASI certified aluminium purchased		8.4, 12.2, 12.7	0%	0%		2014
Used capsule valorisation			56.6%	54.6%		2016
Capsule recycling rate ⁷	G4-EN 28 301-3	8.4, 12.2	24.6%	22.6%	15%	2009

Indicators	GRI indicator	SDG	2017	2016	Baseline	Baseline date
CLIMATE						
Investments in climate adaptation solutions (in ,000 CHF; cumulative) ⁹	G4-EC7 203-1	15.2, 15.3	8,592	5,845	946	2014
Carbon footprint reduction per cup of Nespresso		12.2	-22%	-19.4%	0%	2009
Number of trees planted within AAA landscapes (in ,000; cumulative)		15.2, 15.3	2,506	1,451	130	2014
Total on site water withdrawal (m ³ per ton of product)	G4-EN8 303-1	8.4, 12.2	3.28	7.6	19.1	2010
Total on site energy consumption (Gigajoules per ton of product) ⁵		8.4, 12.2	3.85	4.0	4.7	2010
Direct and indirect GHG emissions ⁸ (kg CO ₂ per ton of product, Scope 1 and 2)*	G4-EN15 305-4	8.4, 12.2	92	115	123	2010
Waste for disposal (kg per ton of product)	G4-EN23 306-2	12.2, 12.5	0	0	0	2010

* Reporting boundary includes only Nespresso factories

Restatement: amendments in the reporting for continuous improvement

6 Number of AAA Agronomists: The scope was reviewed to also include the agronomists dedicated to agroforestry operations. This also impacts the indicator "AAA agronomist positions held by women".

7 Capsule recycling rate: The methodology to estimate the capsule recycling rate was reviewed after May 2017 to ensure the most representative status of the achievements. This estimation now includes the 3 systems (Original, Vertuo, Pro. vs Original only in 2016) and is now based on a 12 month, rather than a 6 month, rolling approach. This enables the seasonal effects of volume sold (end of year) and recycling behaviour (summer holiday break) to be smoothed out.

8 Direct and indirect GHG emissions: We identified an error in 2016 reporting, only stating direct emissions. The figure was corrected to 115kgCO₂/ton of product vs. 96 kgCO₂/ton of product previously mentioned.

9 Investments: 2016 report and baseline restated based on adjustments of financial assumptions, e.g. exchange rate.

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 2017 Status and 2020 Outlook – 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 2017 to the 31st December 2017 (the "Selected Information"):

1. Qualitative and quantitative data included in the section, Key Highlights 2017 on pages 4-5
2. Progress reported against 2020 goals and the Performance overview for the reporting period on pages 15-17
3. The processes relating to:
 - a. Monitoring and data capture for the collection and recycling of used coffee pods
 - b. Estimating the product lifecycle emissions per cup of Nespresso

Reporting criteria

The Selected Information has been prepared in accordance with internal definitions set for Nespresso's 2020 Goals. These 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 did not include the verification of information relating to:

- Quantitative data relating to capsule collection capacity, capsule valorisation, capsule recycling rate 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 verification work in accordance with the Bureau Veritas Assurance Protocol, which is based on best practice assurance standards including AA1000AS, ISAE3000, and ISO14064-3.

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

Methodology followed and 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 of 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

Conclusion

On the basis of our methodology and the activities described above, nothing has come to our attention to indicate that the Selected Information is not fairly stated in all material respects. 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 185 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 certified¹ Quality Management System which complies with the requirements of ISO 9001:2008, 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 Inspections Agencies (IFIA)², 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
31 May 2018

¹ Certificate of Registration FS 34143 issued by BSI Assurance UK Limited.

² International Federation of Inspection Agencies – Compliance Code – Third Edition.



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