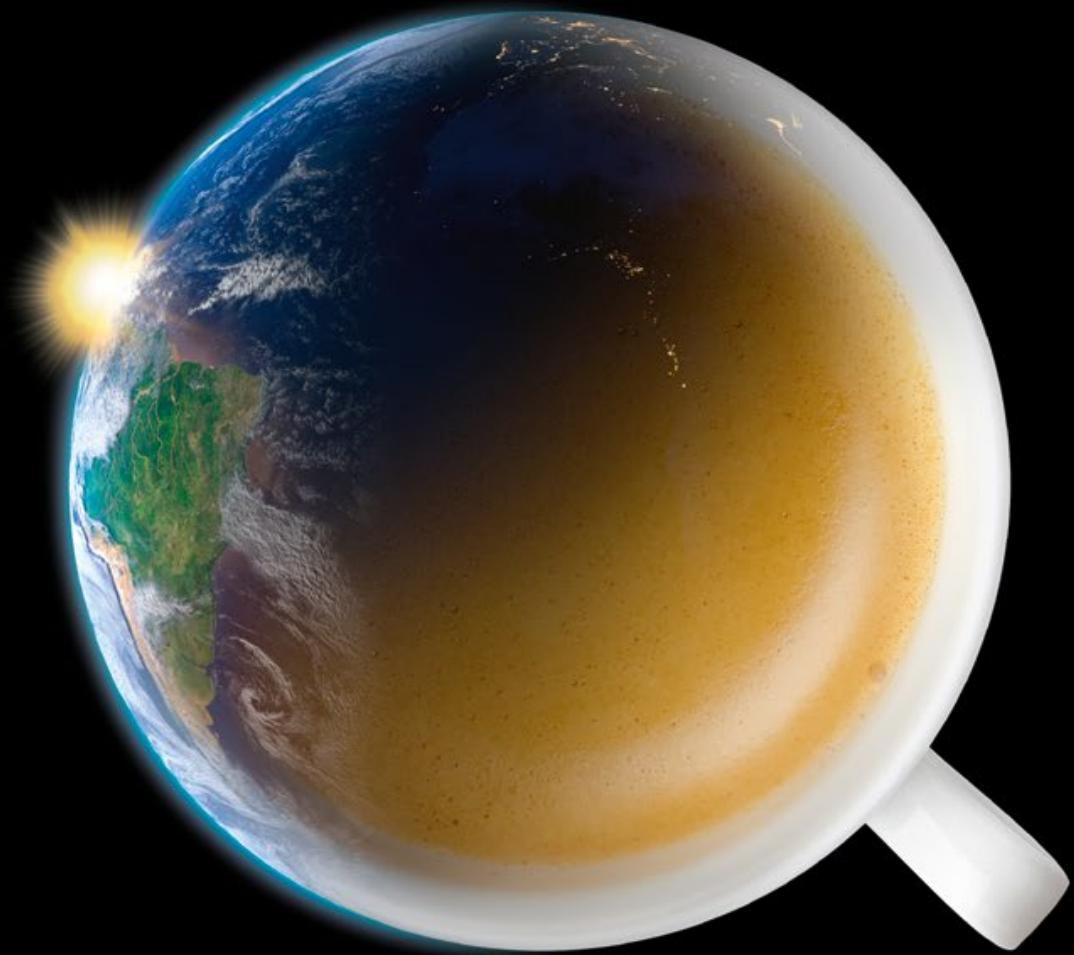


# THE POSITIVE CUP

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Because coffee can have a positive impact



CREATING SHARED VALUE REPORT  
2018 STATUS AND 2020 OUTLOOK

NESPRESSO®

# TOGETHER, WE INSPIRE TASTEFUL AND MEANINGFUL LIVING

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Members of the Nespresso Sustainability Advisory Board 2019, including Jean-Marc Duvoisin, CEO Nespresso, visit the Moudon recycling factory

I am pleased to share with you our annual status update on achievements towards our sustainability ambitions and goals for 2020, building on the Creating Shared Value report of 2016.

We continue to make positive progress. Most notably, the plan to achieve as close as possible to 100% of our coffee being sourced through the Nespresso AAA Sustainable Quality™ Program has seen significant expansion in Africa, with Ethiopia and Kenya adding 30,000 farmers to our AAA community. Further progress was also made on the certification of farms against the Rainforest Alliance, Fairtrade and Fair Trade USA standards. Today, 56% of the coffee delivered to our factories is produced on certified farms, an increase of 20 percentage points in only 5 years – upgrading around 20,000 farms over the past 10 years. The seal displayed on our packaging, represents the tremendous engagement of many stakeholders on the ground and remains a symbol of our commitment to sustainable coffee production and the rural communities where coffee is sourced.

During the Nespresso Sustainability Advisory Board meeting, in March 2019, the low market price for coffee and the increasing climate change related challenges and risks, highlighted by the IPCC report last October, proved major concerns in our discussions. Our partners believe that Nespresso is setting an example to the industry through the AAA Program's transformative approach: transitioning smallholder farms into more resilient agroforestry models with the planting of over 3.5 million trees in 5 years, enabling the transfer of value to the producers via financial traceability, and respecting human rights and promoting sustainable development in our supply chain. But the continuing low market prices remind us that there is still more to be done to ensure the long-term resilience of the sector.

Over the course of 2018, we observed increasing levels of public awareness around planetary boundaries and the need to urgently address waste and transition to a more circular economy. Whilst this has mostly focused on the use of plastic, it echoes our long-standing commitment towards the sustainable and circular use of aluminium. Globally, our recovery schemes enable more than 92% of our consumers to recycle their Nespresso capsules. However, a major challenge remains to foster systematic recycling behaviours and that is why our social media campaigns over the last 3 years have raised awareness around the value of recycled aluminium using iconic objects, the latest being the Caran d'Ache pen. We have different levels of recycling in different countries, but on average 28% of the Nespresso capsules sold are recycled. Whilst still lower than we would like, it actually represents a doubling of the aluminium volume recovered over the past 5 years.

We reached another important milestone this year with the certification of our manufacturing sites against the ASI Performance Standard and we also announced a partnership with Rio Tinto, a major aluminium supplier, to establish an ASI certified supply chain.

All the above achievements serve as foundations to prepare us for the next stage in our Positive Cup journey. A series of consultations with internal and external stakeholders are being set up to design our sustainability roadmap and offer consumers their preferred coffee choice, further respecting people and our planet.

I encourage you to take time to read this update and look forward to receiving any comments and feedback.

JEAN-MARC DUVOISIN  
CEO, NESPRESSO

OUR CONTRIBUTIONS TO 11 OF THE 17 SDGs:



# KEY HIGHLIGHTS

## 2018



The Nespresso AAA Sustainable Quality™ Program celebrated 15 years of long-standing relationships with coffee producers and the Rainforest Alliance. Over this period, more than 100,000 farmers have undertaken a journey towards high quality coffee production and sustainable practices.

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**94%**  
OF OUR COFFEE IS SOURCED VIA THE AAA SUSTAINABLE QUALITY™ PROGRAM

**+3 PP VS. 2017**  
**GOAL 2020: 100% OF OUR PERMANENT COFFEE RANGE**



Continuing our journey to reinvigorate the coffee industry in South Sudan, Cuba and the Colombian region of Caquetá, public commitments were made to invest in the coffee industry in Puerto Rico and Zimbabwe. Consumers will be able to taste one of these new coffees in 2019.

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Consumers were given the opportunity to better understand the role of female agronomists for rural development. Behind the campaign, tangible actions are taken in our coffee supply chain to address gender inequality and empower women so that they are fully recognised for their role in both the coffee sector and local economy.

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### 5 YEAR PARTNERSHIP ON WATER BRINGS LEARNINGS

Initiated in June 2013, the EUR 20M multistakeholder program incorporating the coffee private sector, academics, governments and NGOs, delivered on its objectives of engaging business and civil society in the protection of water. More than 11,000 individuals benefited from the program through water sanitation, water treatment facilities and water source protection.

[www.manosalagua.com](http://www.manosalagua.com)

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### FAIRTRADE CERTIFIED COFFEES IN OUR RANGE

Vertuo Line Colombia and Original Line Indonesia, two Fairtrade Certified coffees, were launched as part of the Master Origin range. Concrete actions led to tangible changes to farmers' livelihoods within these two communities: cooperative empowerment and capability building in Indonesia, and access to a pension savings scheme and crop insurance for the certified farmers in Caldas, Colombia.

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ASI-certified companies, Rio Tinto and Nespresso, joined forces to establish a supply chain of ASI certified aluminium which will enable achievement of our goal for traceable and responsible aluminium usage.

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Social media campaigns continuing to encourage consumers to recycle were activated in 38 countries. This time, the Caran d'Ache ballpoint pen 849 served as the circular icon.

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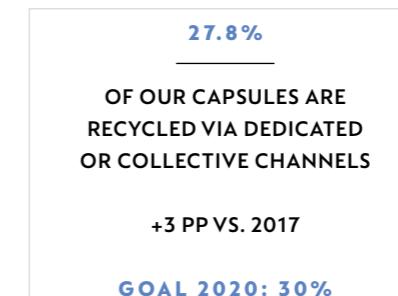


Coffee landscapes continue to perform the role of carbon sinks as part of our climate mitigation roadmap, in addition to further carbon reduction achievements. Agroforestry models – the natural climate solution – enable carbon neutrality to be achieved according

to the Insetting Performance Standard, as well as supporting the resilience of the coffee supply chain.

[www.insettingplatform.com](http://www.insettingplatform.com)

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Following the Nestlé pledge on RE100, procurement of grid-supplied electricity from renewable sources expanded from our three factories to also encompass 32% of our global boutique network.

[www.there100.org](http://www.there100.org)

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**RE 100**  
**100% RENEWABLE ELECTRICITY**



In anticipation of the IUCN World Conservation Congress 2020 in Marseille, Nespresso joined the French initiative, Act4Nature, publicly sharing the biodiversity goals and ambition of The Positive Cup.

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Employees from Nespresso Brazil visit the capsule recycling centre

# TOTAL COMPANY ENGAGEMENT #RECYCLE

## WHAT REALLY MATTERS

To integrate sustainable production and consumption 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 our employees, partners and consumers behind our sustainability agenda while continuing to innovate to drive positive impact.**

### WHAT ARE THE 2018 KEY HIGHLIGHTS

We continued our efforts to engage consumers in the benefits of sustainable practices through 2 global awareness campaigns. Female Ethiopian agronomists became the heroes of our gender equality campaign, while the Caran d'Ache ballpoint pen 849 – made with recycled capsules – was used to demonstrate the circular use of aluminium.

To support our endeavours for greater transparency, we expanded the scope of external stakeholder visits. As well as visiting specific coffee sourcing regions, stakeholders now visit our Swiss manufacturing and recycling operations.

In 3 markets, we have appointed additional people dedicated to sustainability, further strengthening these capabilities.

In anticipation of the IUCN World Conservation Congress 2020 in Marseille, Nespresso joined the French initiative, Act4Nature, publicly sharing the ambitions and biodiversity goals of The Positive Cup.

### WHAT HAPPENED IN 2018

We continued to deploy sustainability activities in line with our plan, as reflected by the investment breakdown: coffee operations including climate adaptation (53%), recycling activities (35%), management and engagement (12%). The following pages detail what was achieved through these investments.

The Nespresso Sustainability Innovation Fund (NSIF) invested over CHF 6.1 million into coffee projects in order to amplify operational impact, innovate new solutions and further engage with stakeholders. This brings the cumulative NSIF investment since 2013 to CHF 29.9 million, in turn leveraging CHF 29.8 million from organisations like the World Bank, IDH, Acumen and Blue Marble, as well as the Colombian and Dutch governments.

In a move towards greater transparency, our coffee origin visits welcomed 428 individuals including media, partners, and employees.

Following discussions at the Nespresso Sustainability Advisory Board (NSAB), we began developing a digital platform designed to share in-depth sustainability-related content as well as insights from external contributors. This is due for release in 2019.



Bloggers during visits to Nespresso's manufacturing and recycling operations in Switzerland



The boutique Nespresso Paris Marais, showcases Nespresso's sustainability activities

### WHAT IS NEXT

Building on our experiences with the Nespresso Sustainability Innovation Fund, we are working with the World Bank and IFC to further leverage investments in countries where we hope to revive the coffee economy.

Set in motion in 2018, our strategic review process seeks to establish the next phase in the Positive Cup journey. Both the Sustainable Development Goals (SDGs) and the Science Based Targets will frame this journey.



## RESILIENT COFFEE FARMS AND COMMUNITIES

**Willy Geovany Solares Aguilar and Sara Mariela Morales Cordero from Guatemala, during the ceremony for the Farmer and Agronomist Award 2018 – part of the 15 years of AAA celebration – at Nespresso's Swiss factory**

### 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 are also demonstrating to customers the value of sustainable quality coffee, emphasising the crucial role of farmers in the overall Nespresso experience.

### WHAT ARE THE 2018 KEY HIGHLIGHTS

Two new Fairtrade Certified coffees: Original Line Indonesia and Vertuo Line Colombia offered consumers additional opportunities to appreciate what sustainable quality coffee means. Behind this certification, the partnership with Fairtrade International led to tangible actions being taken, both in Colombia, where savings plan and crop insurance access was provided, and Indonesia, through local community empowerment.

The Nespresso AAA Sustainable Quality™ Program celebrated its 15 year anniversary and now accounts for 94% of the total coffee volume delivered to our factories. The proportion from Rainforest Alliance and/or Fairtrade certified farms also increased, reaching 56% by the end of 2018. Our Reviving Origins Program – restoring coffee farming in regions under-threat – added 2 new origins: Zimbabwe and Puerto Rico. In June 2018, the 5-year multistakeholder programme, Manos al Agua delivered on its objectives to engage business and civil society in the protection of water. More than 11,000 individuals have benefited through improved water sanitation, water treatment facilities and water source protection.

**94%**  
OF OUR PERMANENT  
COFFEE RANGE IS SOURCED  
VIA THE AAA PROGRAM

**56%**  
OF OUR COFFEE COMES  
FROM CERTIFIED FARMS

**“Self reliance is the capacity to plan, finance, and implement solutions to local development challenges, and a commitment to see these through effectively, inclusively, and with accountability.”**

USAID

### WHAT HAPPENED IN 2018

The AAA Program now reaches more than 100,000 farmers in 13 countries\* and represents a total annual investment of nearly CHF 37 million per year, covering technical assistance and farmer premiums.

Rainforest Alliance Certified volumes increased to around 49%, supporting our on-pack claims. Fairtrade Certified volumes (FLO and Fairtrade USA) also increased by 2 percentage points to 7%.

Further progress was made on Human Rights related topics:

- The AAA child labour assessment and remediation process was set in motion with the support of the NGO, Terre des Hommes

- AAA agronomists received extra support to address gender equality issues, supported by KIT Royal Tropical Institute
- We reinforced data privacy management with the development of a new privacy policy and notice form for farmers

The crop insurance scheme – developed together with Blue Marble Microinsurance, Columbia University and Agrilogic – was trialled with 2,250 farmers in Caldas, Colombia during the 2018/2019 harvest. The Colombian government and the Federation National of Coffee growers are currently exploring whether this scheme could be deployed nationally.

Our retirement savings plan was taken up by 170 of 1,552 farmers in the Aguadas cooperative, Caldas.



Two Ethiopian producers interviewed during the gender equality assessment



The Master Origin coffee from Colombia with the Fairtrade Certification Mark

### WHAT IS NEXT

Through Reviving Origins, a Zimbabwean coffee will be made available to consumers in 2019. In addition, the work we announced in 2018 to revive the coffee industry in Puerto Rico after the 2017 hurricanes, will be fully rolled out from 2019.

Regarding Human Rights, a detailed report is due in 2019, offering a comprehensive insight into Nespresso's approach and commitment to the topic.

Building on the learnings of the Manos al Agua programme, best practices, such as mini central milling, will be rolled out across other AAA communities.

Our contributions to 11 of the 17 SDGs:



\* 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 Caran d'Ache ballpoint pen 849, made with recycled Nespresso capsules

## 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 level to maximise the circular potential of capsules after use thereby increasing secondary aluminium use.

## WHAT ARE THE 2018 KEY HIGHLIGHTS

The Nespresso recycling programme is now available in 50 countries, including 6 where capsules can be disposed of through collective schemes (e.g. household recycling bins) and 25 where they can be collected from home by postal workers. The actual recovery rate is estimated at 27.8% for a total investment of CHF 40 million.

We continued to raise consumer awareness of the benefits of capsule recycling through global social media campaigns and posts, reaching 38 countries. This year, aluminium recycling was highlighted using the iconic Caran d'Ache ballpoint pen 849, made with recycled Nespresso capsules.

Important steps were achieved as part of the Aluminium Stewardship Initiative: the ASI Chain of Custody Standard now complements the existing ASI Performance Standard. Rio Tinto and Nespresso were the first companies worldwide to become ASI certified, and also signed a memorandum of understanding to work with aluminium capsule manufacturers to establish an ASI certified aluminium supply.

92%  
OF OUR CONSUMERS HAVE  
AN OPTION TO RECYCLE THEIR  
NESPRESSO CAPSULES\*

CHF 39M  
WAS INVESTED IN RECOVERY  
SCHEMES FOR RECYCLING  
IN 2018

## WHAT HAPPENED IN 2018

The global recycling capacity i.e. the capacity to collect Nespresso capsules after use in a convenient way for customers, remained at 92%, thanks to the deployment of solutions in new growth areas.

However, our roadmap states that all consumers should be able to recycle their capsules by 2020, and this remains a challenge due to legal considerations and the insufficient national infrastructure in many markets.

The collective system used in 4 countries furthered its expansion:

- In France via the "Projet Metal" of CELAA, was extended to 23 (out of a target of 60) recycling centres, reaching 13 million individuals (with a target for 30 million by 2022)
- In Austria and Canada where 50% and 12% of the population respectively now have access to kerbside solutions
- In the UK where a solution is being designed for 2019 implementation

## WHAT IS NEXT

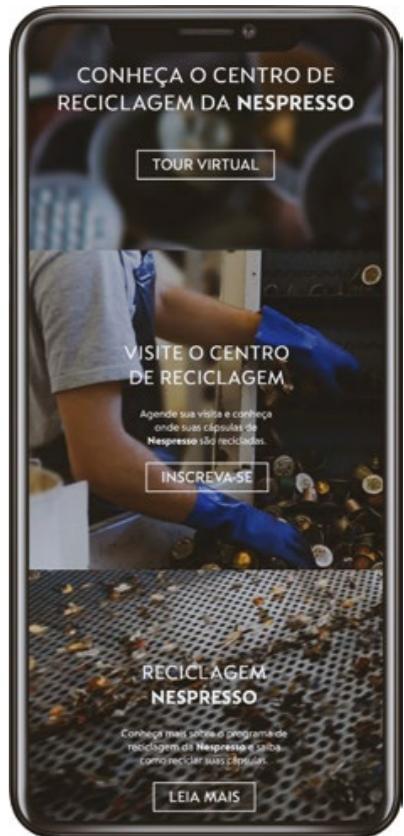
We will continue to invest in and deploy collective approaches for capsule recycling and we are now exploring options in Italy, Belgium, Portugal and Spain on top of the 4 existing countries.

Nespresso France will open its dedicated recycling channels to other industry players selling aluminium capsules demonstrating a positive contribution to the circular economy.

There was also an escalation in efforts to encourage consumers to recycle aluminium, through global communication campaigns. While local initiatives, such as Nespresso Brazil's virtual and real tour of recycling facilities, further highlighted the topic – as well as our intentions towards greater transparency.

These combined efforts contributed to an increase in the recycling rate by 3.2 percentage points vs. 2017. And by harnessing aluminium stewardship principles and capsule-to-capsule know-how, we were able to produce 12% of our Vertuo Line from recycled capsules.

The Nespresso recycling programme was independently certified in 10 countries by Intertek – validating the solid infrastructure and partner network in place, as well as highlighting further potential efficiency improvements across collection channels and recycling operations.



Nespresso Brazil website encouraging all stakeholders to visit the recycling facilities either via a virtual or real tour



An ingot of ASI certified aluminium

\* This includes consumers who purchase in our boutiques and those who have a collection point within 5km of their home.



## 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 2018 KEY HIGHLIGHTS

Nestlé's RE100 pledge has expanded the scope of our renewable electricity procurement. Grid-supplied electricity from renewable sources now powers 32% of our global boutique network and 100% of the 3 factories in Switzerland.

Since 2014, we have invested approximately CHF 10 million and planted more than 3.5 million trees across Colombia, Guatemala, Ethiopia, Kenya, Indonesia, and Brazil – an increase of 1 million versus 2017.

In Colombia, we achieved a key milestone in our agroforestry carbon projects – reinforcing the long-term viability for tree planting through a more collaborative design and local ownership of the 10-year roadmap in Cauca and Nariño.

> 3.5 M  
TREES PLANTED (2014-2017)  
TOWARDS 5M GOAL BY 2020

100 %  
RENEWABLE ELECTRICITY PROCURED  
FOR OUR 3 FACTORIES, AND 32%  
OF OUR BOUTIQUE NETWORK

### WHAT HAPPENED IN 2018

We continued to drive the decarbonisation of our value chain. In 2018, we maintained the 22% emissions reduction per cup versus 2009. This stable performance was achieved even given significant retail and consumption expansion in countries with a non-renewable electricity mix and a delay in low carbon ASI procurement. However, this means our reduction goal of 28% by 2020 is looking challenging. Nevertheless, our residual operational emissions (Scope 1 and 2) continue to be fully inset via agroforestry deployment – which act as carbon sinks – within our AAA landscapes. As a result, Nespresso operations are carbon neutral.

We assessed the carbon footprint of AAA coffee, applying NAMA (Nationally Appropriate Mitigation Actions) methodology in Costa Rica. This data will allow us to more accurately assess our impact measurement by harnessing specific AAA data. And, as part of our commitment to the Sustainable Coffee Challenge, we used the Global Forest Watch (GFW) database to monitor the risks of deforestation in AAA farms and the consequent impact on the carbon footprint through land-use change.

### WHAT IS NEXT

Building on the learnings of the NAMA project, we will leverage this new data within our impact assessment and scale this across broader AAA producing regions.

Nespresso will further contribute to the development of the GeoFootprint Project, an EU-financed initiative to facilitate the effective monitoring and the sustainable management of various crops.

**"In my opinion, climate change is the most important global systemic threat in relation to the global economy."**

UN Secretary general Antonio Guterres



AAA coffee farm in Guatemala following 4 years of agroforestry deployment

**C40  
CITIES**  
CLIMATE LEADERSHIP GROUP

Nespresso France signed the Paris Climate Partnership Agreement which contributes to the global actions of the C40 Cities Climate Leadership Group

# 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 to 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 2018 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.



# 2018 STATUS OF OUR 2020 GOALS

	2020 goals	2018 achievements	2017 achievements	status
<b>COMPANY</b>				
Invest CHF 500 million in The Positive Cup (2014-2020)	CHF 366 million	CHF 276 million		●
Empower everyone in our company to contribute to our sustainability agenda (cumulative since 2017)	Over 480 employees experienced the AAA Program in origin countries	293 employees experienced the AAA Program in origin countries		●
Catalyse innovation through the Nespresso Sustainability Innovation Fund	7 projects co-funded in the NSIF CHF 29.8 million additional capital from partners	7 projects co-funded in the NSIF CHF 26.5 million additional capital from partners		●
<b>COFFEE</b>				
Source towards 100% of our permanent coffees through the AAA Sustainable Quality™ Program	93.9% AAA sourced coffee	90.0% AAA sourced coffee		●
Increase the share of certified coffees in AAA	+20 pp (vs. 2014)	+15 pp (vs. 2014)		●
Expand our value proposition to rare origins	Two origins: Cuba, Caquetá	Two origins: Cuba, Caquetá		●
Pursue innovative solutions to better livelihoods for farmers	Over CHF 4.6 million <sup>1</sup> in innovative solutions	CHF 4 million <sup>1</sup> in innovative solutions		●
<b>ALUMINIUM</b>				
Offer convenient recycling solutions to all our consumers	92.0% collection capacity	92.0% collection capacity		●
Continue to increase capsule recycling rate	+12.8 pp (vs. 2009)	+9.6 pp (vs. 2009)		●
Unlock the circular use of aluminium	12.0% Vertuo line made out of recycled capsules	Capsule-to-capsule supply chain operationalised		●
Source "ASI certified" aluminium towards 100%	Nespresso factories certified ASI MOU signed with Rio Tinto for ASI certified supply	ASI Performance Standard now available		●
<b>CLIMATE</b>				
Reduce the carbon footprint of a cup of Nespresso by 28.0% vs. 2009	-22.0%	-22.0%		●
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 3.5 million trees planted	Over 2.5 million trees planted		●

<sup>1</sup> Forms part of the investment in coffee operations reported on page 16.

● Achieved ● On track for 2020 ○ Not on track for 2020

# THE POSITIVE CUP SCOPE AND PERFORMANCE OVERVIEW

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Indicators	GRI indicator	SDG targets*	2018	2017	Baseline	Baseline date
<b>COMPANY</b>						
Investments in The Positive Cup (in ,000 CHF; cumulative) <sup>7</sup>	G4-EC7   203-1	1.3, 1.5	366,690	276,274	59,678	2014
Number of markets where we operate	G4-6   102-4		80	76	4	2003
Number of employees, excluding agent's employees	G4-9   102-7		14,334	13,910	330	2003
Recordable injury rate (per million hours worked)	G4-LA6   403-2	8.8	3.0	3.6	7.9	2004
Number of boutiques			790	708	1	2000
Number of production centres			3	3	1	1986
Number of Grand Cru permanent range			66	61	4	1986
Number of Facebook fans (millions)			6.9	6.5	0.2	2009
% of our consumers satisfied with the Nespresso brand (scoring 7 to 10) <sup>1</sup>	G4-PR5   102-43 102-44		93.0%	93.0%		
<b>COFFEE</b>						
Investments in coffee operations (in ,000 CHF, cumulative) <sup>7</sup>	G4-EC7   203-1	1.3, 1.5	185,159	144,687	33,393	2014
Number of AAA agronomists <sup>6</sup>			464	469	20	2005
Number of countries with AAA Program <sup>2</sup>		6.3, 6.4, 6b, 8.3	13	12	5	2005
Farmers enrolled in AAA Program		6.3, 6.4, 6b, 8.3	102,471	75,811	1,500	2005
Area managed under AAA in ,000 ha		2.4, 6.3, 6.4, 6b, 15.3, 15.5	299	287	10	2009
Percentage volume sourced from the AAA Program <sup>3</sup>		6.3, 6.4, 6b, 8.3, 12.7, 15.3	93.9%	90.0%	10.0%	2005
Percentage volume in accordance with responsible production standards	G4-FP2	6.3, 6.4, 6b, 8.3, 15.3	56.5%	51.0%	0%	2009
AAA agronomist positions held by women	GA-10   102-8 GA-L12   405-1	5.5	33.0%	31.0%	0%	2005
Number of farmers enrolled in the savings plan		1.3, 8.3	1,552	1,449	0	2014
Number of coffee revival origins (cumulative)		8.3	3	2	0	2014
% AAA farms within 2km of High Conservation Value areas <sup>4</sup>	G4-EN11   304-1	15.5, 15.9	10.0%	10.0%		2016

Indicators	GRI indicator	SDG targets*	2018	2017	Baseline	Baseline date
<b>ALUMINIUM</b>						
Investments in collection and recycling systems (in ,000 CHF, cumulative)	G4-EC7   203-1	12.2	129,343	90,305	16,678	2014
Number of markets with capsule recycling solutions		8.4, 12.2	50	36	1	1991
Capsule collection capacity		8.4, 12.2	92.0%	92.0%	24.3%	2009
Percentage of ASI certified aluminium purchased		8.4, 12.2, 12.7	0%	0%		2014
Used capsule valorisation			59.8%	56.6%		2016
Capsule recycling rate	G4-EN 28   301-3	8.4, 12.2	27.8%	24.6%	15.0%	2009

Indicators	GRI indicator	SDG targets*	2018	2017	Baseline	Baseline date
<b>CLIMATE</b>						
Investments in climate adaptation solutions (in ,000 CHF, cumulative) <sup>7</sup>	G4-EC7   203-1	15.2, 15.3	10,989	8,592	946	2014
Carbon footprint reduction per cup of Nespresso		12.2	-22.0%	-22.0%	0%	2009
Number of trees planted within AAA landscapes (in ,000, cumulative)		15.2, 15.3	3,559	2,506	130	2014
Total on site water withdrawal (m <sup>3</sup> per ton of product) <sup>6</sup>	G4-EN8   303-1	8.4, 12.2	3.9	3.28	10.5	2010
Total on site energy consumption (Gigajoules per ton of product) <sup>5, 6</sup>		8.4, 12.2	3.76	3.85	4.44	2010
Direct and indirect GHG emissions (kg CO <sub>2</sub> per ton of product, Scope 1 and 2) <sup>5, 6</sup>	G4-EN15   305-4	8.4, 12.2	89	92	131	2010
Waste for disposal (kg per ton of product) <sup>5</sup>	G4-EN23   306-2	12.2, 12.5	0	0	0	2010

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

<sup>1</sup> Average of the indicator monitored on 40 countries.

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

<sup>3</sup> The figure includes the volume with full traceability to farm (85.5%) and the African volume with mass balance traceability (8.5%).

<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.

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

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

<sup>6</sup> Baseline: The figures were readjusted to the 2010 baseline.

<sup>7</sup> 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 2018 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 2018 to the 31st December 2018 (the "Selected Information"):

1. Data and information included in the section, Key Highlights 2018 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 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 verification 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.

#### 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 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

#### 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 certified<sup>1</sup> 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)<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  
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<sup>1</sup> Certificate of Registration FS 34143 issued by BSI Assurance UK Limited.

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



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