

CORPORATE BACKGROUNDER

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From portioned coffee pioneer
to reference

OUR COMPANY

Created in 1986, *Nespresso* pioneered the portioned coffee segment and has been continuously innovating to deliver the highest quality coffee experiences to consumers worldwide. Since this beginning, the company has transformed coffee culture and become the reference for portioned coffee worldwide.

With a focus on both direct-to-consumer and business-to-business sales, *Nespresso* is strongly positioned in the most dynamic and fastest growing segment of the global coffee market. The strength of the brand, the quality of our coffees and our unique service offering provide us with exciting growth opportunities to further engage coffee lovers who demand authentic quality and moments of pleasure.

- Headquarters: Lausanne, Switzerland
- Sales in 64 countries worldwide
- Global network of over 450 boutiques in 58 countries
- More than 12,000 employees worldwide in 2015. Over 50% of our employees in the markets are in direct contact with consumers.
- Three production centres in Avenches, Orbe and Romont, Switzerland.



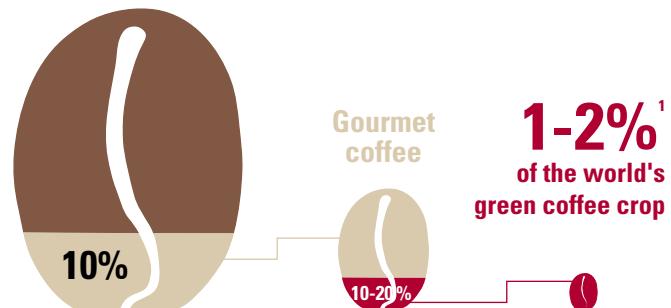
As an autonomous globally managed business of the Nestlé Group, *Nespresso* continues to define and shape the industry through constant innovation, renewal and engagement.

HIGHEST QUALITY COFFEE

Our success is based on our unrelenting focus on delivering the highest quality coffees to consumers. We offer coffee lovers worldwide the widest range of Grand Cru coffees and continue to regularly innovate to bring new, exceptional experiences to our Club Members.

Our coffee experts seek out the most exclusive coffees and create original blends for consumers and Club Members. Because of our strict

Commercial grades



coffee selection process and our sourcing based on select terroirs, we estimate that only 1-2%¹ of the coffee grown globally meets our specific taste and aroma profiles, and quality requirements. These rare coffees, from the world's most well-renowned coffee growing regions, are crafted into exceptional blends and single origin coffees, specially developed to suit every taste preference, by specialists in our state-of-the-art production centres.

■ 23 Grands Crus for enjoyment at home - OriginalLine:

- 9 Espresso blends
- 3 Lungo blends
- 4 Decaffeinated blends (3 Espressos, 1 Lungo)
- 4 Pure Origins (3 Espressos, 1 Lungo)
- 3 Variations

■ 11 Grands Crus for out-of-home:

- 3 Ristretto blends
- 3 Espresso blends
- 3 Lungo blends
- 2 Decaffeinated blends

■ 16 Grands Crus for enjoyment at home - VertuoLine:

- 12 Large-cup blends
- 4 Espresso blends

CONTINUOUS INNOVATION

Continuous innovation and our passion for perfection have been key drivers in our quest to consistently bring coffee pleasure to consumers at home and away from home. Our innovations and cutting-edge designs have continually reinvented not only the coffee machine, but also the overall coffee consumption experience and ritual, offering ever more convenience and ease of use for consumers.

¹ The World Bank estimated in a report about 10 years ago that 10-20% of the worldwide coffee crop be considered gourmet coffee, a category defined by the industry. Since *Nespresso* has very strict taste criteria, a sourcing approach based on terroir specificities and a quality management process more stringent than for the gourmet coffee category, we estimate that within this particular gourmet coffee category, only another 10-20% of the coffee matches our taste and quality requirements. This is why we estimate that only 1-2% of the worldwide coffee crop matches our requirements.

For more information on *Nespresso*, please visit:
www.nestle-nespresso.com

**Commitment to ensuring
sustainability throughout
our operations**

The *Nespresso* system – the interaction between the *Nespresso* capsule and the *Nespresso* machine – is designed to work as one to deliver the perfect cup of coffee time after time by controlling every variable. It is a technology continually refined by our in-house R&D experts.

In 2014, *Nespresso* launched VertuoLine, an innovative system based on Centrifusion technology in the US and Canada. It caters to North American preferences for large cup and delivers both smooth high-quality large-cup coffee or espresso with a silky and generous crema.

We continue to forge new paths of innovation in the portioned coffee market to maintain our leading edge. This ranges from the coffees and design of new machine models to the development of innovative retail solutions and services, including the new *Nespresso* Cube, the first fully automated *Nespresso* boutique.

PERSONALISED SERVICES

Our unique direct-to-consumer business model and route to market provides us with a unique competitive advantage versus our competitors and offers a distinct advantage to our Club Members. Our direct relationship with customers through the *Nespresso* Club allows us to anticipate their needs and tailor our offering and services based on the insight that they provide to us. Our exclusive boutiques around the globe provide personalised services and a unique gateway to allow consumers to interact with the *Nespresso* brand.

- Over 30 tailor-made personalized services to our consumers globally: from delivery, repair and ordering solutions to customer care and recycling systems
- More than 6,600 customer-facing *Nespresso* coffee specialists.
- 24 / 7 global online boutique
- Global network of Customer Relationship Centres (CRC) – on call *Nespresso* coffee specialists 24/7
- 48-hour delivery maximum. Some countries propose 24-hour delivery and same-day delivery

We continue to drive convenience and service as part of the overall offer to our Club Members, expanding our boutique network and developing tailor-made services for our Club Members and consumers. The quality of the execution and respect of our services' promises are key. We pride ourselves that, in 2015, 99% of the *Nespresso* orders were delivered on time.

SUSTAINABILITY

We are committed to ensuring sustainability throughout our operations, making clear commitments and seeking to create shared value and positive impact for farmers, consumers and society at large, while caring for the environment. We believe that each cup of *Nespresso* coffee has the potential not only to deliver a moment of pleasure for our consumers, but also restore, replenish and revive environmental and human resources.

In 2014, *Nespresso* announced its ambitious 2020 sustainability strategy, The Positive Cup, based on three major engagements in coffee

sourcing & social welfare, aluminium sourcing, use & disposal and resilience to climate change. With this strategy, *Nespresso* aims to offer the highest quality and most sustainable portioned coffee worldwide.

SUSTAINABILITY OBJECTIVES BY 2020:



SUSTAINABLY
SOURCED COFFEE



SUSTAINABLY
MANAGED
ALUMINIUM



CARBON
EFFICIENT
OPERATIONS

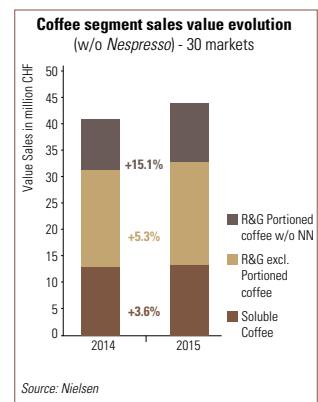
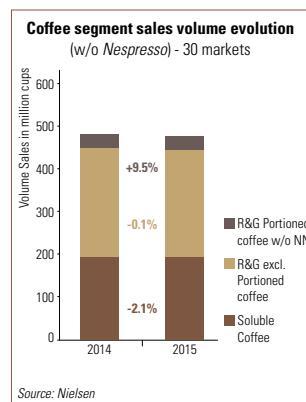
These objectives build on the significant steps that *Nespresso* has taken over the last 13 years to improve farmer welfare and drive environmental sustainability. The *Nespresso* AAA Sustainable Quality Program™, launched in 2003, aims to ensure the supply of highest quality coffee while protecting the natural environment and improving the lives of coffee farmers and their families. Currently over 80% of our coffee comes from more than 70,000 farmers who are part of the program.

In order to improve the environmental performance of our capsules, we have either developed our own recycling systems in 36 countries or integrated into existing national packaging recovery schemes in 3 countries to increase our capacity to recycle. We currently have in place the capacity to recycle over 86% of *Nespresso* capsules sold worldwide.

A DYNAMIC FUTURE

We are strongly positioned as the reference for exceptional coffee in the most dynamic and fastest growing segment of the global coffee market. The overall portioned coffee category continues to demonstrate a positive trend in terms of both volume and value and the further growth potential remains substantial.

We continue to build on awareness of the *Nespresso* brand and the strength of our offering to expand our business geographically and we have demonstrated strong performance in both traditional and emerging markets.



In addition to geographic growth, further expansion across market segments offers a significant opportunity. There is enormous potential outside of the traditional espresso market, and we are capitalising on this by expanding our coffee and machine offerings to meet the diverse customer tastes in the white cup and long cup markets.