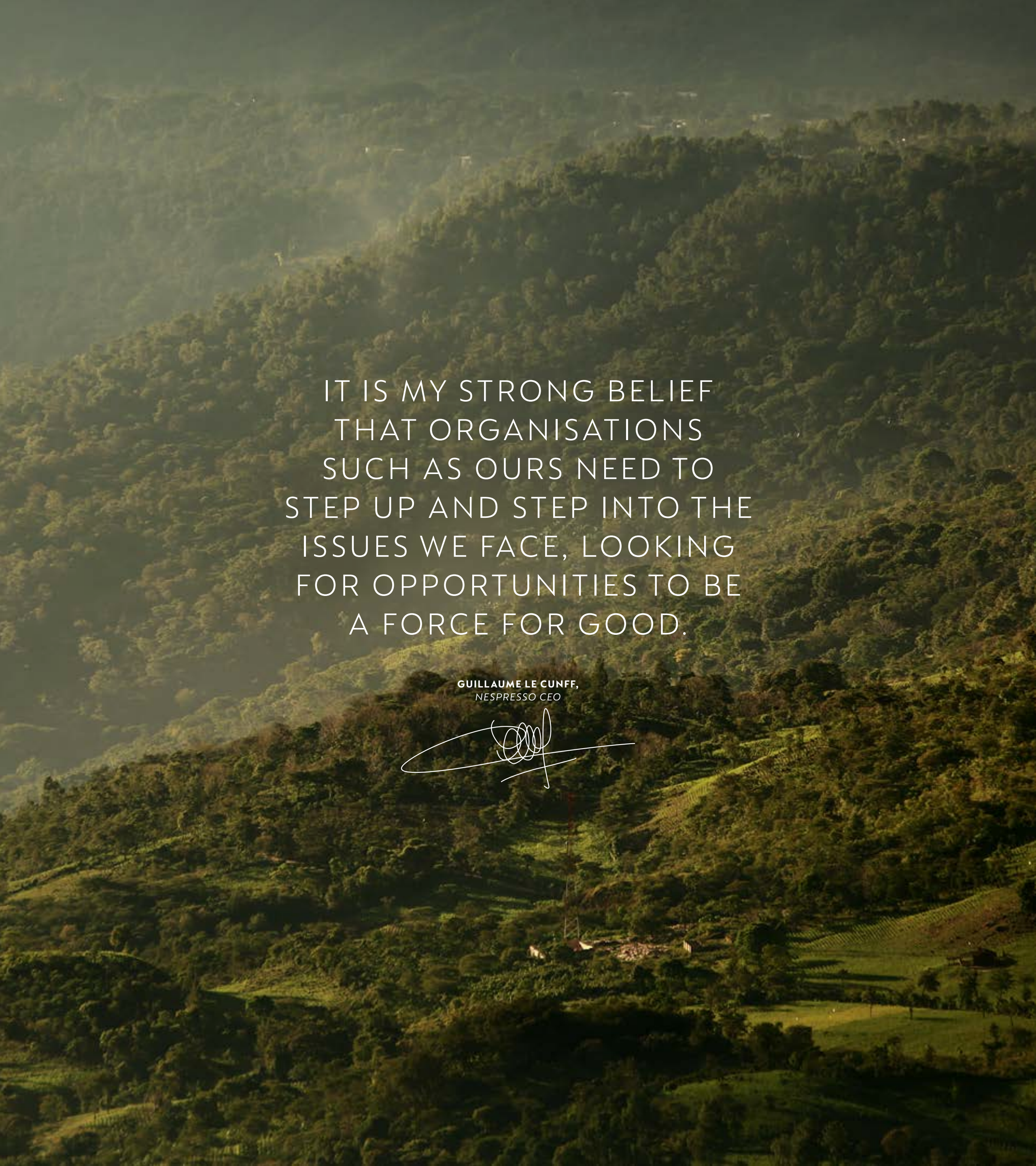




THE POSITIVE CUP

ACCELERATE POSITIVE
IMPACT TOWARDS 2030

NESPRESSO



IT IS MY STRONG BELIEF
THAT ORGANISATIONS
SUCH AS OURS NEED TO
STEP UP AND STEP INTO THE
ISSUES WE FACE, LOOKING
FOR OPPORTUNITIES TO BE
A FORCE FOR GOOD.

GUILLAUME LE CUNFF,
NESPRESSO CEO

This document marks the closing of one chapter of our Positive Cup journey and the opening of a new one. In it you will find a new set of ambitions towards 2030.

Over the past year, we have undertaken a review of our approach to sustainability as an integrated driver of our overall business performance, conducted in the context of the global pandemic and the conflict in Europe, and the resulting economic volatility. These are uncertain times for all of us as citizens and for businesses. It is my strong belief that in such times organisations need to step up and step into the issues we face, looking for opportunities to be a force for good. I believe that only the companies that choose to do so and build sustainability into their models will be the ones that weather the storms and emerge stronger into the future.

Looking towards 2030, we have defined the fundamental convictions that underpin all that we are doing at Nespresso to have a positive impact through our business. In this document we set out these convictions and share how we are working with our partners to turn them into actions that will create positive impact and strengthen our performance.

◀ Coffee landscape in Huehuetenango, Guatemala where farmers are using environmental practices to nurture biodiversity

A LOW-CARBON FUTURE IS THE ONLY FUTURE

Increasingly, we see the effects of climate change all around the world and how it is already affecting coffee cultivation. We are accelerating our work to decarbonise the Nespresso value chain. Since 2009, we have reduced the carbon footprint of a cup of Nespresso by a quarter.¹ We are aligned and contribute to the Nestlé SBTi-approved target of net zero by 2050 and are looking for ways to accelerate in line with the SBTi.

That is why we plan to fast track net zero in coffee cultivation by 2030,² and accelerate towards net zero by 2035 at the earliest. As we pursue this ambitious goal, we recognise we do not have every answer yet.

But I believe the stakes warrant brave targets. We will do everything we can to meet them, with a plan to submit our Nespresso net-zero targets to SBTi in 2023.

READ MORE

1. Carbon footprint reduction of a cup of 40ml of Nespresso coffee in 2020 (vs 2009 LCA study), as measured by independent external partner Quantis
2. Coffee cultivation in farm and post-harvest treatment (cherry processing)



NATURE IS OUR GREATEST ALLY IN SECURING THE FUTURE OF COFFEE

A major contributor to this decarbonisation will be our Nespresso AAA Sustainable Quality™ Program, integrating the new Rainforest Alliance Regenerative Coffee Scorecard and increasing the level of green coffee volume at bronze level from today's 67%³ to 95% by 2030. Critically, the adoption of regenerative agricultural practices at farm level will also help farmers adapt to changing weather patterns, safeguarding yields, coffee quality and livelihoods. Beyond the farm, we will further scale our agroforestry programme by planting over 32 million trees by 2030 and, working with the International Union for the Conservation of Nature, we will take a leading role in the protection and restoration of 10 biodiversity priority areas where coffee farming occurs adjacent to internationally important nature reserves.

READ MORE

3. First estimate based on Enveritas' M&E assessment of 95% of the AAA green coffee volume



EVERY FARM AND FARMER IS UNIQUE AND NO ONE SHOULD BE LEFT BEHIND

2023 marks the twentieth anniversary of our AAA Program, which has grown from 300 farmers in Costa Rica in 2003 to over 140,000 farmers in 18 countries today. The work we are doing with farmers is a constant source of pride and inspiration to everyone in *Nespresso*. The ambition of AAA farmers to cultivate high-quality coffee sustainably and in harmony with nature is at the very heart of our business and our promise to *Nespresso* lovers. In return, we have a responsibility to ensure this work is valued.

As of 2020, 95% of the coffee we purchase is at or above the Fairtrade minimum price.¹ We aim that by 2030 all AAA smallholder farmers will receive the Living Income Reference Price.² Unless we and the coffee industry commit to rewarding farmers, the next generation will leave the coffee lands for better lives elsewhere. We are working with Fairtrade and other NGO partners to protect the incomes of AAA farmers and de-risk coffee agriculture, being one of the first major coffee companies to pilot crop insurance and retirement savings, which we aim to scale in other AAA origins. I am especially proud of the work we continue to do in Reviving Origins, where we intentionally go into some of the most challenging coffee-producing regions in the world to source unique coffees and revitalise producer communities.

1. In 2020, FLOCERT verified that 95% of our coffee purchases in 2019 met the Fairtrade Minimum Price

2. In origins where the LIRP has been established by Fairtrade International and the majority of AAA coffee farmers are smallholders

This work is not easy, and I would like to express my gratitude to our *Nespresso* teams, our NGO partner TechnoServe, our brand ambassador George Clooney and others who have supported us in this effort. These coffees are some of the most popular in our range, with *Nespresso* consumers supporting our work through the choices they make. I would also like to draw attention to the important work we are doing together with the Fair Labor Association to invest in the solutions that will help tackle the risk of child labour and labour rights violations in our AAA farming communities.

 [READ MORE](#)

NO RESOURCE SHOULD BE THROWN AWAY

From the very beginning of the *Nespresso* story, we have understood the advantages of portioned coffee and what we describe as “precision consumption”, minimising environmental footprint by avoiding waste and only brewing enough coffee for one cup at a time. As is well known, we chose aluminium for our capsules because of its unique combination of product quality protection, lightness and recyclability. Today, 80% of the aluminium we use for home-use capsules is recycled aluminium³ and at end-of-life, 55% of our capsules are valorised into other materials. However, despite investing significantly in recycling systems and reaching 88% collection capacity globally, we estimate that only 28%

3. Excluding Vertuo Carafe Pour-Over Style capsules

of our capsules are recycled.⁴ For us, that is not good enough. So we will continue to work with a range of municipalities and partners in facilitating the access to collection points, innovating for better circularity and inspiring consumers to recycle more. We are also offering capsules made of alternative materials to give consumers more choice, such as our new paper-based collection being piloted in 2023. We have improved the reuse of older *Nespresso* machines and are scaling our RELOVE programme that offers consumers refurbished machines. We expect one in 10 machines we sell to be repaired or refurbished by 2025.

 [READ MORE](#)

COFFEE MUST BE A FORCE FOR GOOD

These convictions add up to one main belief – that the coffee sector has the potential to be a powerful force for good in the world, with the capacity to not only delight coffee drinkers, but also to improve the lives and livelihoods of people and to regenerate and restore nature and biodiversity. In 2022, we were honoured to join the global community of B Corp™ companies that share the conviction that business is a force for good. In the context of constantly changing expectations for businesses, our ambition is to be recertified at a higher B Impact score⁵ and live up to the ideals of this movement, especially cooperation and

4. Estimated recycling rate in dedicated and collective systems

5. Pending evolution of B Lab standards

interdependence. In this spirit, we are working with public-private platforms, such as the Partnership for Central America, to bring together our experience with like-minded organisations and development agencies to transform livelihoods and opportunities for socially excluded coffee communities in El Salvador, Guatemala and Honduras. We have opened our recycling system to competitors in the portioned coffee sector to increase the total potential volume of capsule material recovered. Supported by our brand ambassador George Clooney, we are engaging *Nespresso* customers and coffee lovers more broadly in a new campaign, “The Empty Cup”, which highlights that if we do not step up as an industry, coffee cultivation is at risk from climate change and poverty. Our challenge to the industry is this: Empty Cup or Positive Cup? For us the choice is clear.

 [READ MORE](#)

In October 2022, we met with our *Nespresso* Sustainability Advisory Board. I take this opportunity to thank its members and our wider network of partners for their belief in us and their practical support as we seek to make *Nespresso* and coffee a force for good in the world. **We invite you to read our report and look at the work we are doing together with our partners.**

You can find out more on the [Nespresso Positive Cup Hub](#).

Agroforestry is a key part of the AAA Program in Ethiopia to increase farmer resilience ►



THE POSITIVE CUP STRATEGIC PRIORITIES

“THE 2030 POSITIVE CUP STRATEGY REFLECTS THE INTERCONNECTED NATURE OF THE CHALLENGES WE FACE. WE AIM TO ACHIEVE NET-ZERO GHG EMISSIONS BY 2035 AT THE EARLIEST,¹ CONTRIBUTING TO A LOW-CARBON ECONOMY THAT PROTECTS NATURE AND LEAVES NO ONE BEHIND.”



JÉRÔME PEREZ,
GLOBAL HEAD OF SUSTAINABILITY

A stylized, handwritten signature in black ink.

1. We are aligned and contribute to the Nestlé SBTi-approved target of net zero by 2050 and are looking for ways to accelerate to 2035 at the earliest, in line with the SBTi



THE POSITIVE CUP IMPACT FRAMEWORK

DECARBONISE THE VALUE CHAIN

CONVICTION

WE BELIEVE THAT
A LOW-CARBON
ECONOMY IS
THE ONLY FUTURE

AMBITION

So we will reduce and remove
emissions throughout our value
chain even as we continue to grow

GOAL

Net zero¹

IN ACCORDANCE WITH



GOAL TIMING

By 2035¹

1. We are aligned and contribute to the Nestlé SBTi-approved target of net zero by 2050 and are looking for ways to accelerate to 2035 at the earliest, in line with the SBTi. We aim to submit our net-zero targets for SBTi approval in 2023

REGENERATE LANDSCAPES

CONVICTION

WE BELIEVE THAT
NATURE IS OUR GREATEST
ALLY IN SECURING
THE FUTURE OF COFFEE

AMBITION

So we will scale up regenerative
agricultural practices to restore
landscapes and enhance
farmers' livelihoods

GOAL

Source 95% Regenerative Coffee²

IN PARTNERSHIP WITH



GOAL TIMING

By 2030

2. By 2030, we aim that 95% of our green coffee volume will be rated bronze on the Rainforest Alliance Regenerative Coffee Scorecard, out of which 70% will be rated gold

EMPOWER COMMUNITIES

CONVICTION

WE BELIEVE THAT
EVERY FARM AND FARMER
IS UNIQUE AND NO ONE
SHOULD BE LEFT BEHIND

AMBITION

So we will expand proven solutions
that build resilient communities
and transform livelihoods

GOAL

All AAA smallholder farmers receive
the Living Income Reference Price³

IN COLLABORATION WITH



GOAL TIMING

By 2030

3. In origins where the LIRP has been established by Fairtrade International and the majority of AAA coffee farmers are smallholders

ADVANCE CIRCULARITY

CONVICTION

WE BELIEVE THAT
NO RESOURCE SHOULD
BE THROWN AWAY

AMBITION

So we will
do everything we can
to waste nothing

GOAL

Circulytics™ rating A⁴

AS MEASURED BY



GOAL TIMING

By 2030

4. Pending evolution of Circulytics™ standards; Circulytics™ is an assessment tool developed by the Ellen MacArthur Foundation that allows companies to measure circularity across their entire operations

INSPIRE COLLECTIVE ACTION

CONVICTION

WE BELIEVE THAT
COFFEE MUST BE
A FORCE FOR GOOD

AMBITION

So we will harness the strength
of our brand, people and
partnerships for positive impact

GOAL

Renew B Corp™ certification with
a B Impact score ≥90⁵

AS MEASURED BY



GOAL TIMING

By 2025

5. Pending evolution of B Lab standards





THE POSITIVE CUP KEY ACHIEVEMENTS

DECARBONISE THE VALUE CHAIN

100%

Renewable electricity procured for our three production centres

-24%

Carbon footprint reduction of each Nespresso cup in 2020¹ versus 2009

4.2m

Trees planted² for insetting, securing a carbon removals capital equivalent to 948,300 tonnes CO₂ over their lifetimes³

1. Carbon footprint reduction of a cup of 40ml of Nespresso coffee in 2020 (vs 2009 LCA study), as measured by independent external partner Quantis
2. 2014–2021
3. Based on PUR methodology to calculate carbon removals secured

REGENERATE LANDSCAPES

330,000+

Area managed under the Nespresso AAA Sustainable Quality™ Program (in hectares)

92.5%

Coffee sourced through the AAA Program

67%

Of our green coffee volume rated bronze⁴ in 2022

6m

Trees planted in AAA Program landscapes (cumulative 2014–2021)

4. Bronze on the Rainforest Alliance Regenerative Coffee Scorecard; first estimate based on Enveritas' M&E assessment of 95% of the AAA green coffee volume

EMPOWER COMMUNITIES

140,000+

Farmers enrolled in the AAA Sustainable Quality™ Program

490+

AAA Program agronomists

95%

Of global coffee purchases at or above Fairtrade Minimum Price⁵

CHF 316m

Cumulative investment in coffee operations (technical assistance and AAA premiums 2014–2021)

5. In 2020, FLOCERT verified that 95% of our coffee purchases in 2019 met the Fairtrade Minimum Price

ADVANCE CIRCULARITY

88%

Capsule collection capacity

28%

Estimated global recycling rate⁶

0%

Waste to landfill from our three production centres

55%

Used capsule valorisation rate⁷

6. In dedicated and collective systems
7. Capsules are either recycled or incinerated for heat recovery

INSPIRE COLLECTIVE ACTION

CHF 720m

Investment in The Positive Cup⁸ (cumulative 2014–2021)

17

Members of the Nespresso Sustainability Advisory Board (NSAB)

86

Sustainability champions around the world

84/200

B Impact score achieved in 2022



8. Includes investment in technology



A smallholder coffee farm in Costa Rica surrounded by a wide variety of trees to create a biodiversity corridor

THE POSITIVE CUP TOWARDS 2030

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Typical microclimate landscape for high-quality coffee farming in Indonesia

DECARBONISE THE VALUE CHAIN

WE BELIEVE THAT
A LOW-CARBON
ECONOMY IS THE
ONLY FUTURE

WE WILL REDUCE AND REMOVE EMISSIONS THROUGHOUT OUR VALUE CHAIN EVEN AS WE CONTINUE TO GROW

Our climate journey began in 2009 and we are taking decisive action on the causes and consequences of climate change both within and outside our direct control. Science-based targets now provide companies with a clearly defined pathway to reduce emissions and limit global warming to 1.5°C.

GOAL

NET ZERO¹

IN ACCORDANCE WITH



GOAL TIMING

BY 2035²

1. We are aligned and contribute to the Nestlé SBTi-approved target of net zero by 2050 and are looking for ways to accelerate to 2035 at the earliest, in line with the SBTi. We aim to submit our net-zero targets for SBTi approval in 2023



MILESTONES

By 2030, we plan to reduce our GHG emissions by 50% vs the 2018 baseline² through regenerative agriculture, innovation in products and systems, and energy efficiency

By 2030, we aim to achieve net-zero emissions in AAA green coffee production³

2. In this scenario business as usual refers to expected growth rates based on our current projections
3. Coffee cultivation in farm and post-harvest treatment (cherry processing)

OUR APPROACH

Our reductions and removals contribute to the Nestlé target of net zero by 2050, which is approved by the Science-based Targets initiative (SBTi) and aligned with the Paris Agreement. We are committed to accelerating our actions and aim to reach net zero by 2035 at the earliest, with a milestone to achieve net zero emissions in AAA green coffee production in 2030. We aim to submit our net-zero targets for SBTi approval in 2023.

Nespresso is growing and an ongoing challenge is that we need to decouple

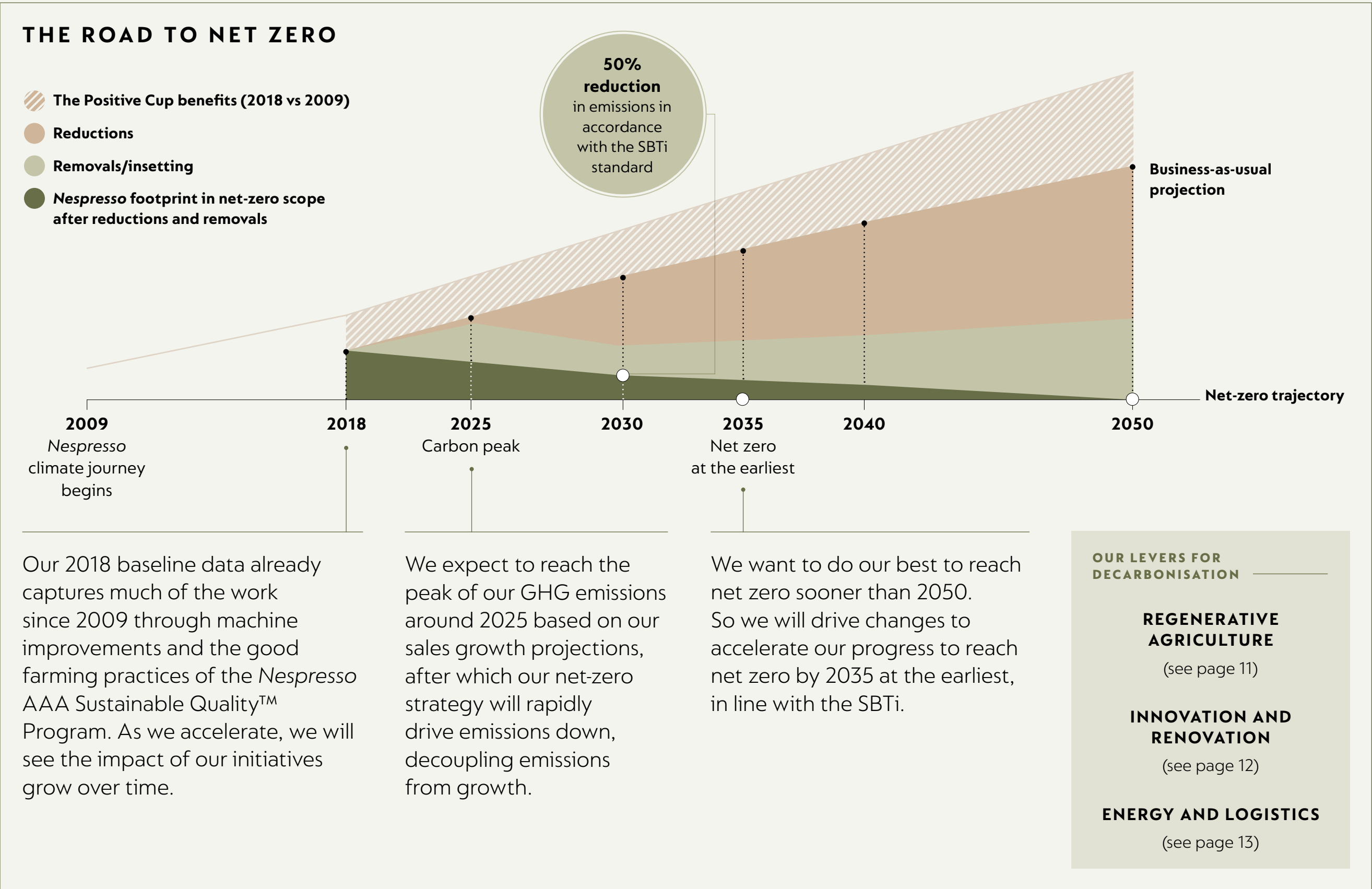
emissions from business growth. To do this, we will take bold action across our value chain in order to reduce our GHG emissions by 50% by 2030 vs our 2018 baseline.²

Our net-zero roadmap also includes carbon removals. We believe in implementing natural climate solutions that benefit people and the planet. Between 2014 and 2021, we planted six million trees in AAA landscapes, 4.2 million of which represent a carbon removals capital equivalent to 948,300 tonnes of CO₂e over their lifetimes.⁴ We will manage this capital to meet net-zero targets.

Three levers of decarbonisation form the core of our net-zero strategy: sourcing 95% of our coffee from regenerative agriculture, investing in the innovation and the renovation of our products, and optimising our energy and logistics.

Overall, in our race to net zero by 2035, we will accelerate fundamental changes to our products and business at scale.

4. Based on PUR methodology to calculate carbon removals secured



OUR APPROACH

Our corporate footprint is calculated according to the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute Greenhouse Gas Protocol. It is the sum of GHG emissions from our owned assets (factories and offices), our suppliers and our consumers.

The 2018 baseline calculation of our corporate life cycle assessment (LCA) was conducted by our independent external partner Quantis. Our total emissions were 1.4 million tonnes in 2018. Following SBTi guidelines, we have excluded the in-use phase and purchased services emissions from our net-zero scope per the Nestlé net-zero pledge. A total of 1.1 million tonnes of CO₂e¹ are in the scope of the pledge to limit global warming to 1.5° Celsius.

One percent of our total GHG emissions is in Scope 1 and 2, reflecting a proportion of the emissions generated within our manufacturing, overheads and distribution.

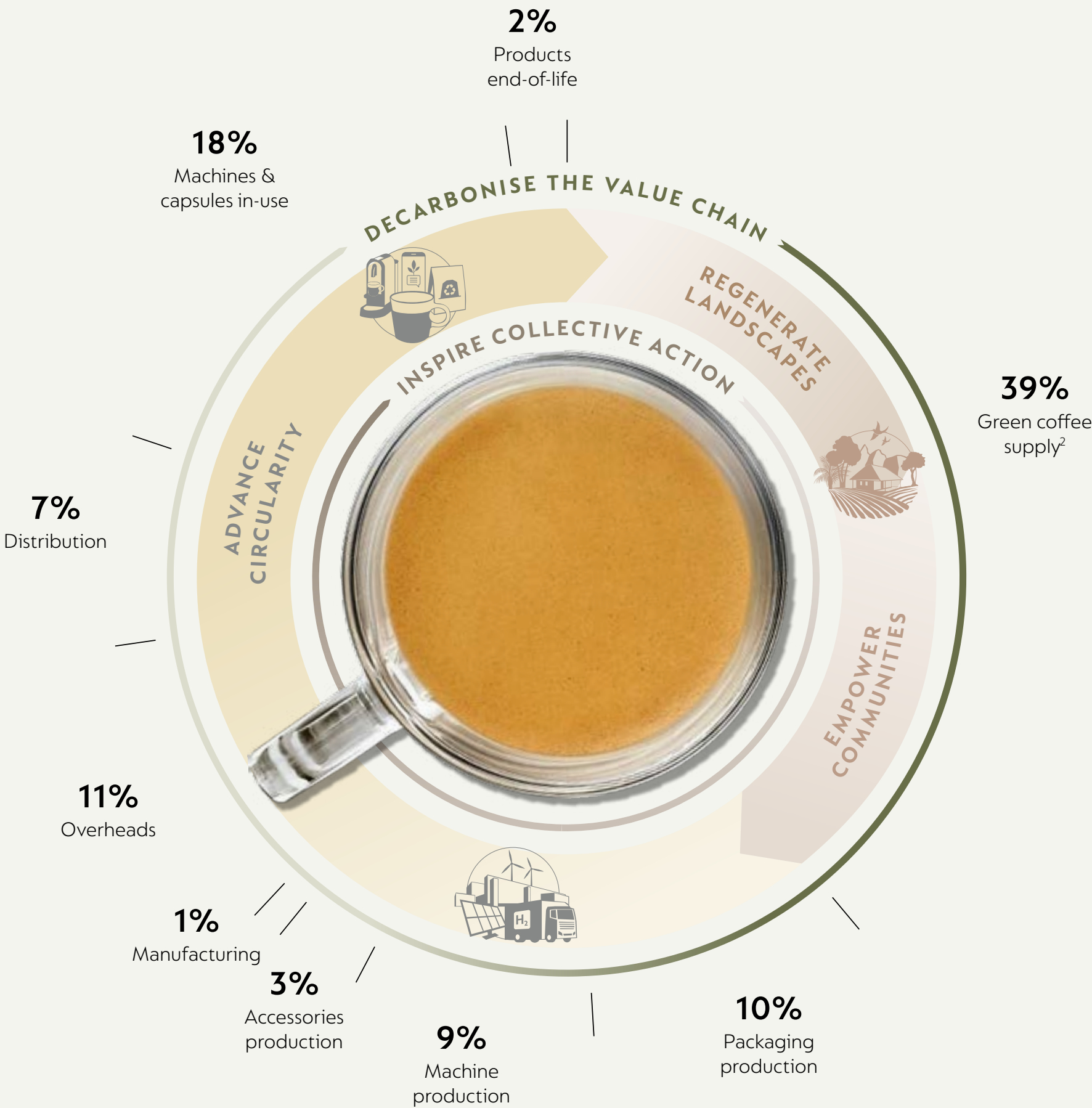
The remaining 99% of our emissions are Scope 3 (i.e. occurring outside of our owned assets).

Our LCA will continue to evolve as we will have greater access to primary data. Coffee agriculture is the single largest contributor to our Scope 3 emissions. This is why we are building on 20 years of long-term direct relationships with farmers to accelerate their transition to regenerative agriculture, while improving farmers' prosperity and resilience.

At the other end of our value chain, our direct-to-consumer business model puts Nespresso directly in the homes and hands of coffee drinkers worldwide, which strengthens our ability to influence sustainable behaviours.

1. Calculation does not include authorised exclusions following SBTi guidelines and in alignment with Nestlé, which are Scope 3 purchased services where we have limited influence and Scope 3 consumer use of sold products. The baseline may be readjusted with additional data, which we will report in a transparent way according to GHG protocol.

NESPRESSO FOOTPRINT IS DRIVEN BY SCOPE 3 EMISSIONS
2018 CORPORATE EMISSIONS DATA



2. Coffee cultivation in farm and post-harvest treatment (cherry processing)

“WE HAVE COLLATED STRONG PRIMARY DATA TO SHOW WHERE OUR EMISSIONS COME FROM AND HAVE A CLEAR PATHWAY FOR A NET-ZERO ACCELERATION TOWARDS 2035, AND IN GREEN COFFEE EVEN EARLIER.”



BENJAMIN GYGER,
GLOBAL HEAD OF STRATEGY,
NESPRESSO

AAA farm in Brazil, an origin (in addition to Colombia) where we are receiving better primary data to capture more accurate GHG emissions through the Cool Farm Tool



ACCELERATING THE TRANSITION TO REGENERATIVE AGRICULTURE

Green coffee supply makes up the largest single source of our carbon footprint, representing 39% of our GHG emissions and the largest opportunity for reduction.

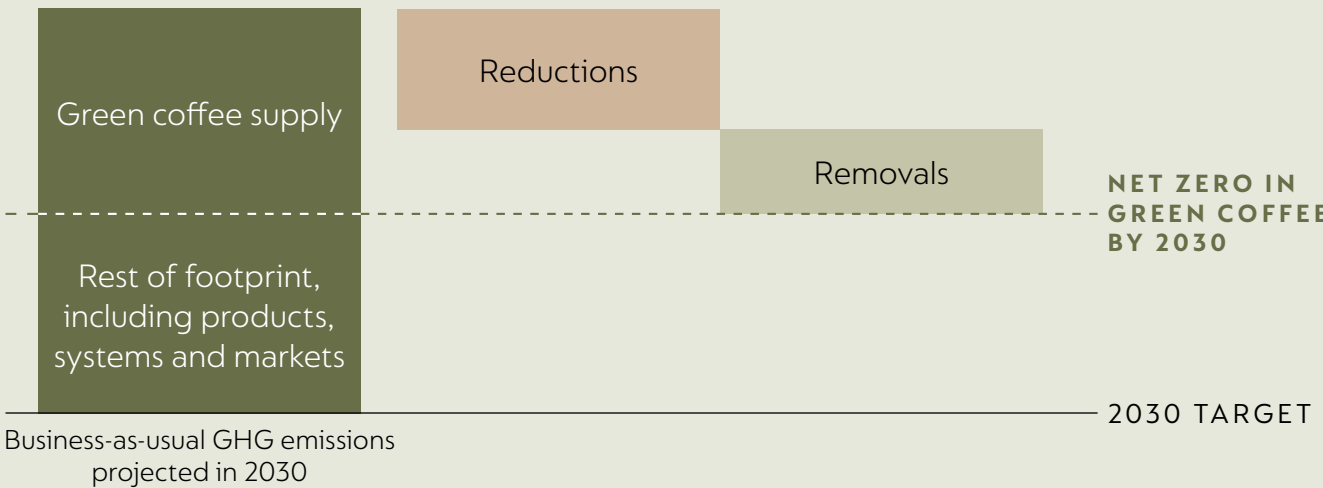
It is estimated that the Nespresso AAA Sustainable Quality™ Program already sets an industry-leading benchmark for average green coffee emissions.¹

Planned systematic expansion of regenerative agriculture will help to accelerate the decarbonisation of our value chain and go even further.

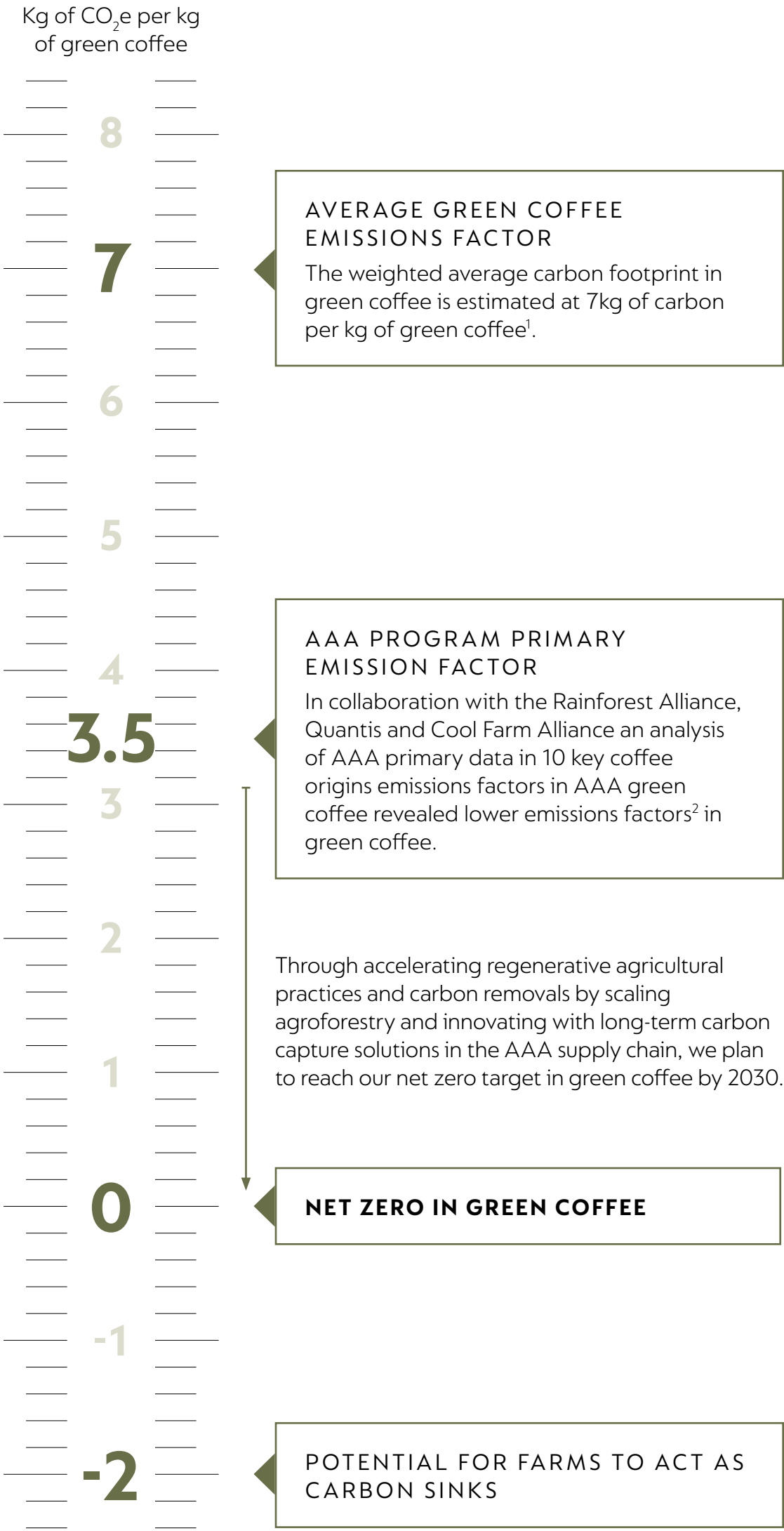
The use of agrochemicals such as fertilisers makes up the largest percentage of our carbon footprint in coffee, so we are actively working to reduce these and embed nature-based practices instead, without compromising on quality.

Carbon removals within our value chain, also called insetting, will make an important contribution as well. We continue to plant trees in the regions where we source coffee from and invest in long-term capture solutions. Planting four million trees every year in AAA regions will account for the majority of our carbon removal. In the future we can envisage AAA farms and surrounding landscapes to act as carbon sinks. In addition to tree planting, regenerative practices, including crop diversification and reduced tillage, can enable soil to store an even greater amount of CO₂ from the atmosphere.

REDUCTIONS AND REMOVALS TO REACH NET ZERO IN GREEN COFFEE BY 2030



NESPRESSO PATHWAY TO NET ZERO IN GREEN COFFEE BY 2030



1. Average green coffee emissions based on the World Food LCA database
2. According to 2022 primary data, the weighted average emission factor for the top 10 origins of Nespresso green coffee is 3.5 kg of CO₂e per kg of green coffee



“MOST COFFEE COMPANY EMISSIONS ARE IN AGRICULTURE, AND THE DATA FROM NESPRESSO SHOWS THAT THE AAA PROGRAM, CO-DEVELOPED BY NESPRESSO AND THE RAINFOREST ALLIANCE, REDUCES THOSE EMISSIONS SIGNIFICANTLY.”



DANIEL R. KATZ,
FOUNDER, BOARD CHAIR, AND FORMER PRESIDENT,
THE RAINFOREST ALLIANCE

CASE STUDIES

CLARITY THROUGH PRIMARY DATA TO STEER ACTIONS

The Cool Farm Tool is an online greenhouse gas, water and biodiversity calculator established by the Cool Farm Alliance that is already being used to capture primary data on AAA farms in Brazil and Colombia. We are rolling out seven new origins with the Rainforest Alliance and Quantis, covering 90% of our green coffee volume: Mexico, Nicaragua, Guatemala, India, Ethiopia, Costa Rica and Kenya. Primary data could reveal a lower emissions factor for some origins, bringing our overall emissions factor below its current level. By combining the data with our secondary data, we have a clearer picture of our main emissions drivers and where we should direct future investments.

TAKING FOREST PROTECTION TO NEW HEIGHTS

All farmers entering the AAA Program commit to zero deforestation on their farms and this is assessed as part of the Tool for the Assessment of Sustainable Quality (TASQ™) assessment tool and process. We know that the majority of land-use change risk is in Ethiopia, Indonesia, Nicaragua and Peru. Nespresso is working with Starling, a satellite-based monitoring system that was jointly developed by Airbus Defence and Space, the Earthworm Foundation (formerly The Forest Trust) and SarVision to monitor areas at risk of deforestation and to take concrete action.



INNOVATION AND RENOVATION IN PRODUCTS, SYSTEMS AND MARKETS

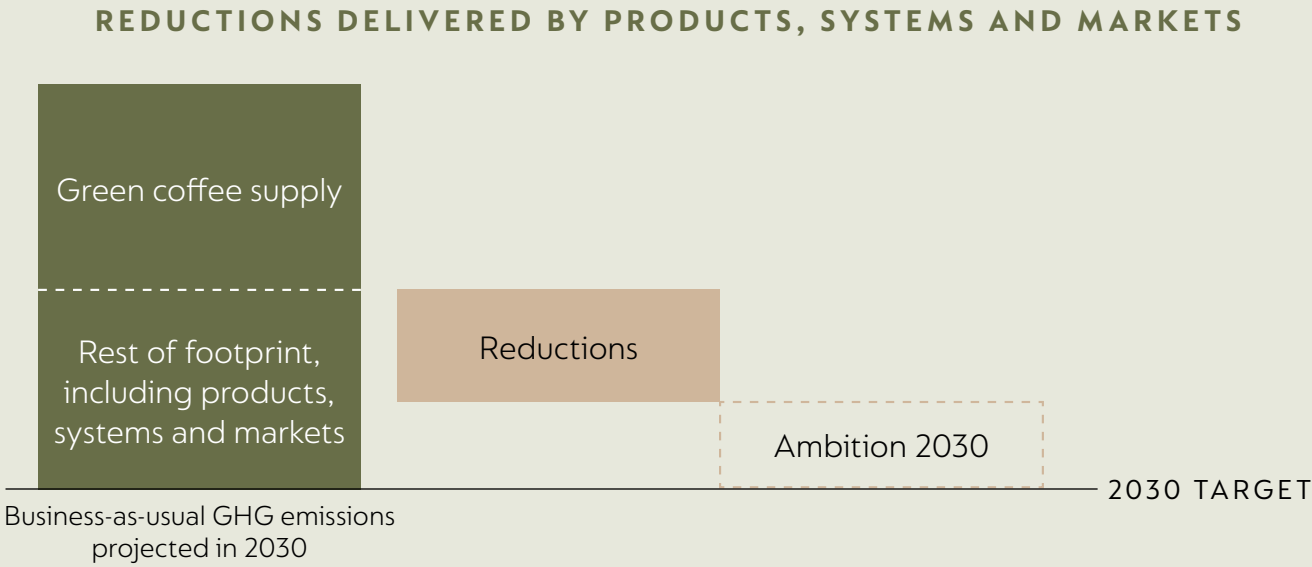
The circularity of our products and systems, both in-use and post-use, is an important driver of carbon reduction.

We have identified almost half of the emissions drivers across our machines, capsules and accessories that will set us on a path towards net zero.

Already, our actions to reduce emissions relating to our products and systems have resulted in a 24% reduction in the carbon footprint of each Nespresso cup¹ (2020 versus 2009). We plan

to close the gap by investigating innovations with our suppliers, monitoring progress and making meaningful reductions as we learn. For example, 47% of our machine models are now made using recycled plastics.

1. Carbon footprint reduction of a cup of 40ml of Nespresso coffee in 2020 (vs 2009 LCA study), as measured by independent external partner Quantis; starting in 2021 our corporate carbon footprint reduction is calculated per ml



THE ROLE OF PRODUCTS AND SYSTEMS IN ACHIEVING NET ZERO

PRODUCT INNOVATION
Ecodesign increases the use of recycled and recyclable materials in the design of capsules. Materials are considered resources rather than waste at the end of the life cycle, making it possible for them to re-enter the value chain. Today, 80% of the aluminium we use for home-use capsules is recycled aluminium.²

Providing consumers with complementary choices for recycling or composting is an important part of the journey to net zero. This is why we are proud to launch a pilot project with our first ever range of paper-based capsules that are home compostable.

[READ MORE](#)

2. Excluding Vertuo Carafe Pour-Over Style capsules

“WE WANT TO MAKE THE RIGHT CHOICES FOR THE LOWEST IMPACT AND THE HIGHEST PRODUCT QUALITY. THAT’S WHY WE TRANSFERRED OUR PRODUCTION OF CAPSULES FROM VIRGIN ALUMINIUM TO 80% RECYCLED ALUMINIUM.”



HÉLÈNE KOVALEVSKY,
GLOBAL OPERATIONS HEAD, NESPRESSO

OTHERS (INCLUDING ENERGY AND LOGISTICS)
We are continuously improving the environmental performance of our factories, offices and boutiques through energy efficiency and low-carbon logistics.

[READ MORE](#)

MACHINE ECODESIGN AND REFURBISHMENT
Focusing on circularity and innovation, we are increasing the use of recycled and recyclable materials in the design of machines and accessories, and we are promoting the refurbishment of our machines. We are expanding our RELOVE machines in Austria, France and the United States, and setting up a “bring back” system to make it easier for people to get involved. We are currently expanding the distribution of refurbished machines to new markets to give more consumers the opportunity to make sustainable choices.

[READ MORE](#)

47%
Machine models³ made using recycled plastics

-24%
Carbon footprint reduction of each Nespresso cup in 2020 versus 2009

3. Of 17 Original line/Vertuo line models

RELOVE

GET A REFURBISHED MACHINE LIKE NEW



OPTIMISATION OF ENERGY AND LOGISTICS

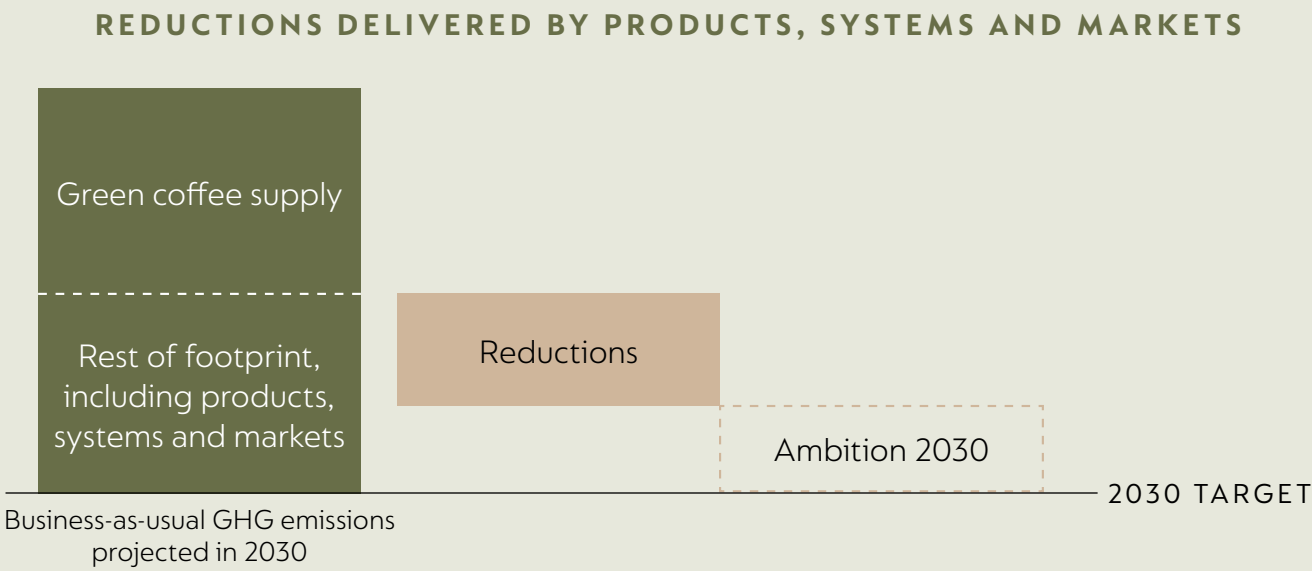
Nespresso production centres, offices, distribution centres and boutiques are subject to continuous environmental performance improvements.

We take definitive action to increase efficiency and the use of renewable energy across our operations.

Our three production centres are located in Switzerland and we operate in 81 countries. As these assets are under our direct control, we strive to reduce impacts even further in line with ISO 22000, ISO 14001 and OHSAS certification.



Our production centre in Romont is powered by 100% renewable energy



MEETING GOLD STANDARDS IN OUR OPERATIONS

All three of our Nespresso production centres are zero waste to landfill, and our production processes have been optimised to ensure heat and water are recovered and reused whenever possible. In our facility in Romont, Switzerland, the heat from the coffee roasters is recovered and used to pre-heat the green coffee and the factory itself. Any excess heat is redistributed to the local community. Romont was the first production centre in Switzerland to achieve Leadership in Energy and Environmental Design (LEED®) Gold certification (in 2015).

Some examples of our initiatives meeting LEED® requirements include the use of 20% recycled construction materials, heat recovery from the roasters, triple glazing and the use of LED lighting to reduce energy consumption.

ON THE ROAD TO LOW-CARBON LOGISTICS

Green coffee delivery includes transport by truck from farm to harbour, transport by ship from origin harbour to Rotterdam and transport by train from Rotterdam to Nespresso factories. We are currently exploring lower-carbon fuel options with our road and sea freight partners to reduce carbon emissions on land and at sea.



3.35

Total energy consumption in our three production centres (gigajoules per tonne of product)

53%

Renewable energy consumed across all operations¹

¹. Refers to Nespresso production centres

A POSITIVE MODEL FOR BOUTIQUES

The Positive Boutique Protocol is a performance scorecard that will help all permanent Nespresso boutiques drive further positive impact.

The scorecard has been inspired by the BREAM and LEED certifications, and consists of 69 criteria measuring sustainability performance.

The Positive Boutique Protocol seeks to change the energy mix by supplying boutiques with a renewable electricity contract. Low-carbon practices are also encouraged, such as using locally sourced suppliers of furniture.

Circularity and waste reduction are also prioritised by reusing as many elements as possible. For example, wood used for furniture is Forest Stewardship Council-certified and is repairable for the lifetime of the boutique. All Positive Boutiques also feature Armourcoat wall covering, which contains 34% recycled material, while tabletops are made with recycled coffee grounds.



Positive Boutiques are powered by renewable energy



OUR PERFORMANCE TO DATE

Our actions to reduce emissions both within and outside our direct control have resulted in a -24% reduction in the carbon footprint of each cup of *Nespresso*¹ (2020 versus 2009).

Since 2014, we have planted six million trees in AAA landscapes,² of which 4.2 million contribute to insetting, securing a carbon removals capital of 948,300 tonnes CO₂ over their lifetimes.³

We aim to continue to scale our efforts in order to plant a cumulative total of 32 million trees from 2021 to 2030, which will remove 7.5 million tonnes of CO₂e over their lifetimes.

In 2022, we fulfilled our commitment to make every cup of *Nespresso* coffee carbon neutral,⁴ through offsetting projects and reduction interventions. The [13 high-quality offsetting projects](#) (gold or VCS certified) across nine countries focused on removals and avoidance.

1. Carbon footprint reduction of a cup of 40ml of Nespresso coffee in 2020 (vs 2009 LCA study), as measured by independent external partner Quantis; starting in 2021 our corporate carbon footprint reduction is calculated per ml

2. 2014–2021

3. Based on PUR methodology to calculate carbon removals secured

4. Achievement of carbon neutrality of every cup of Nespresso Coffee in 2022 is described in the [Qualifying Explanatory Statement 2022](#), based on 2021 product emissions

20k

Scope 1 and 2 GHG emissions (tonnes CO₂e), 1% of total GHG emissions (2021)

SCOPE 1: 0.5%

Direct GHG emissions from owned or controlled sources (facilities, transportation and distribution)

SCOPE 2: 0.5%

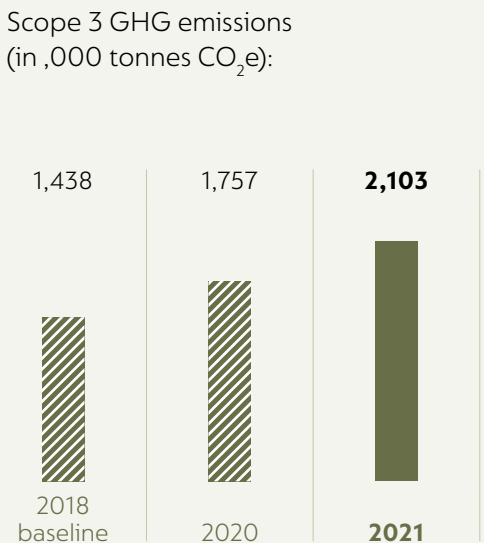
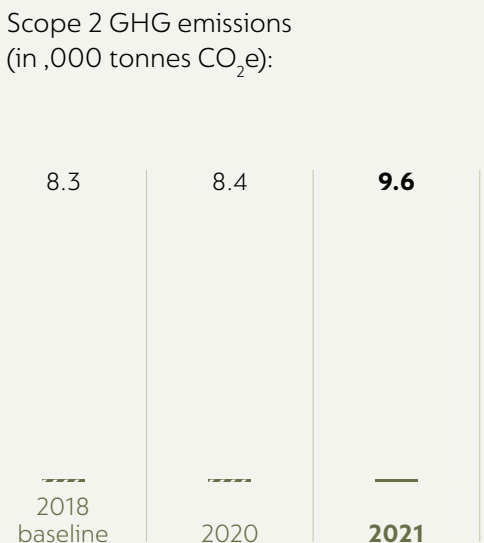
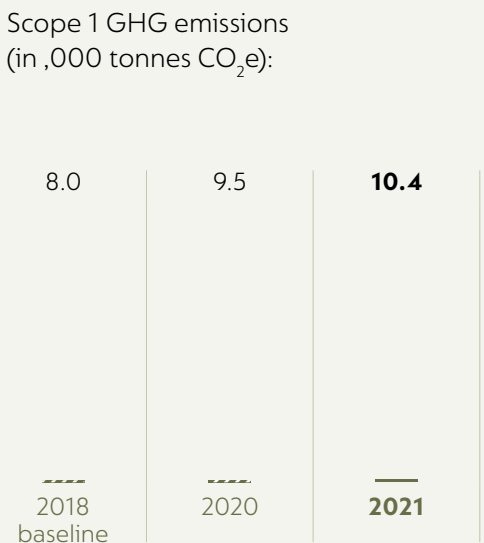
Indirect GHG emissions from the generation of purchased energy for own use (facilities, transportation and distribution)

2.1m

Scope 3 GHG emissions (tonnes CO₂e), 99% of total GHG emissions (2021)

SCOPE 3: 99%

Indirect GHG emissions (not included in Scope 2) that occur in the value chain, including both upstream (green coffee supply) and downstream (operations and post-use) GHG emissions



4.2m

Trees planted in AAA landscapes for insetting (of the 6m total planted 2014–2021)

948k

Tonnes of carbon removals secured (tonnes CO₂, 2014–2021)⁵

100%

Renewable electricity procured across our three production centres (2021)

5. Based on PUR methodology to calculate carbon removals secured

AAA coffee farm in Cauca, Colombia, after seven years of agroforestry transition ▶



REGENERATE LANDSCAPES

WE BELIEVE THAT
NATURE IS OUR
GREATEST ALLY
IN SECURING THE
FUTURE OF COFFEE

*Pollinators such as bees are an indicator of a healthy ecosystem
and they are critical to improve coffee productivity*



WE WILL SCALE UP REGENERATIVE AGRICULTURAL PRACTICES TO RESTORE LANDSCAPES AND ENHANCE FARMERS' LIVELIHOODS

Coffee agriculture can make a significant contribution to addressing the most pressing environmental and social challenges: mitigating climate change, halting and reversing biodiversity loss, and supporting sustainable livelihoods and food security.

GOAL

SOURCE 95%
REGENERATIVE
COFFEE¹

IN PARTNERSHIP WITH



GOAL TIMING

BY 2030

1. By 2030, we aim that 95% of our green coffee volume will be rated bronze on the Rainforest Alliance Regenerative Coffee Scorecard, out of which 70% will be rated gold



MILESTONES

By 2025, 80% of our green coffee volume will be rated bronze on the Rainforest Alliance Regenerative Coffee Scorecard

By 2025, 10 biodiversity priority areas, representing over 60% of the area managed under the AAA Program (in hectares), will have an action plan in place

OUR APPROACH

For 20 years, the Nespresso AAA Sustainable Quality™ Program has built strong relationships with coffee farmers across the world to protect the nature and life in landscapes where coffee is grown and to strengthen communities’ resilience.

As we move through a decisive decade, we have a tremendous opportunity to transition our industry to a model that supports ecosystem services, sequesters carbon and provides diversified sources of income to farmers. We call this regenerative coffee agriculture, a vision based on harnessing nature and its diversity as an asset.

Through the AAA Program, coffee farmers make a positive contribution to nature by adopting regenerative practices and by producing in ways that restore and protect biodiversity in and around their farms.

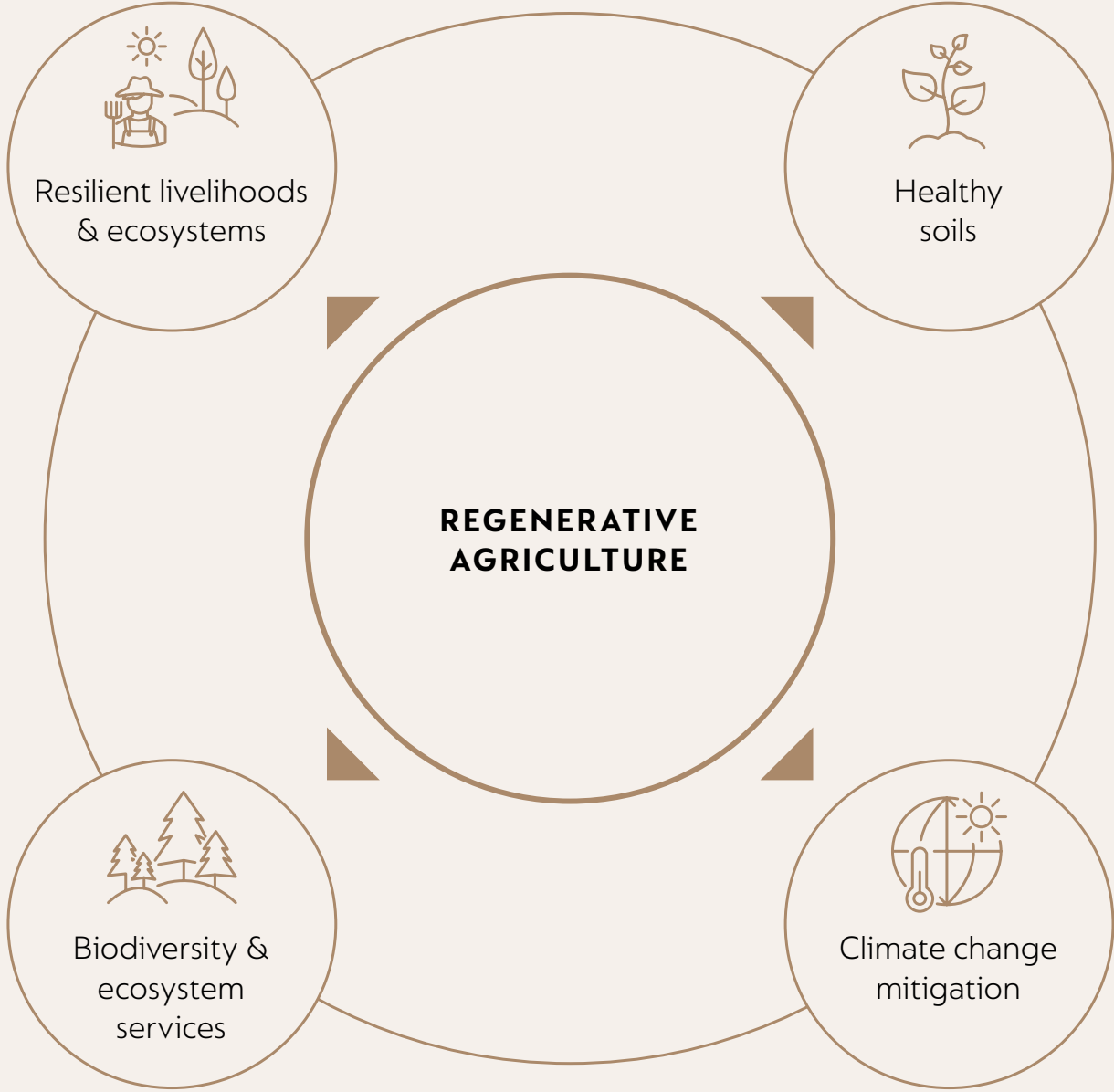


“WE HAVE WORKED TOGETHER WITH NESPRESSO FOR TWO DECADES CHAMPIONING SUSTAINABLE COFFEE AGRICULTURE. WE ARE COMMITTED TO ACCELERATING OUR SHARED JOURNEY TO REGENERATIVE FARMING THAT IMPROVES RURAL LANDSCAPES AND LIVELIHOODS.”



SANTIAGO GOWLAND,
CEO, THE RAINFOREST ALLIANCE

THE POSITIVE IMPACT OF REGENERATIVE AGRICULTURE
Nespresso and the Rainforest Alliance share a common vision of regenerative agriculture, which can contribute to healthy soils, flourishing biodiversity, climate change mitigation and resilient livelihoods and ecosystems.



OUR LEVERS TO REGENERATE LANDSCAPES

- NATURE-BASED AND RENOVATION ACTIONS
(see page 18)
- AGROFORESTRY
(see page 20)
- LANDSCAPE ACTIONS AND BIODIVERSITY
(see page 22)



FROM ACTION TO IMPACT

With a mindset of continuous improvement, Nespresso AAA agronomists support coffee farmers to adopt a set of practices to help maximise the regenerative impacts of coffee cultivation.

Key insights from four impact areas inform the approach:

BIODIVERSITY

Farms have a role to play in offering habitats or corridors for species. The most severe pressure on biodiversity comes from the risk of habitat degradation or loss and the use of certain agrochemicals.

We are monitoring the biodiversity status of ecosystems and the regenerative status of farms and landscapes.

SOIL

Ensuring the availability of organic matter in farms is critical to maintaining the living organisms needed for soil health. Healthy soil provides the capacity to retain and cycle nutrients, to sequester carbon and to store and filter water.

Our soil health mapping is under way and will provide further insights in 2023.

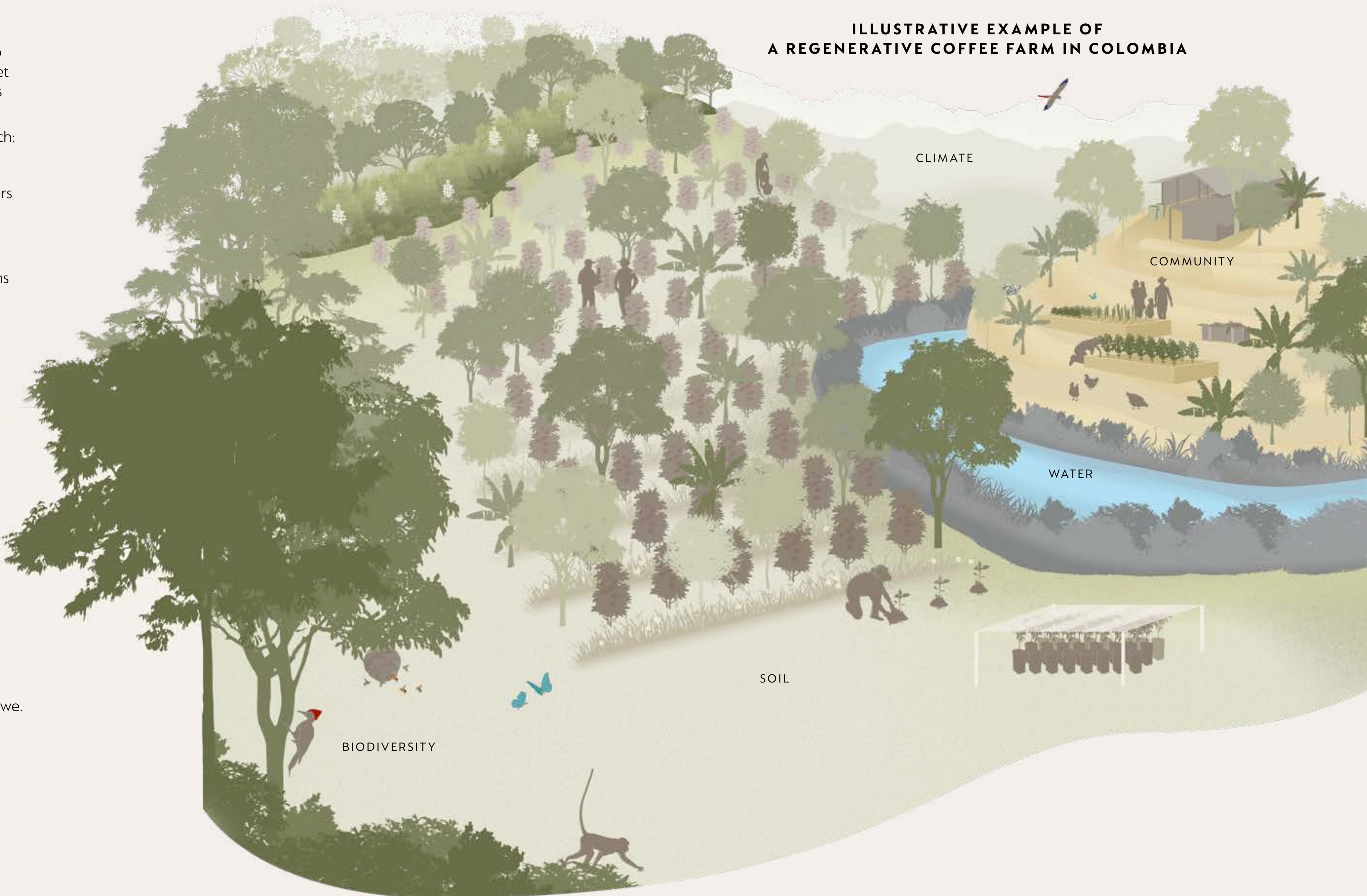
CLIMATE

Between 70 and 80% of the GHG emissions generated by coffee are driven by fertilisation practices and farm productivity – this makes the use and type of fertilisers and yield management important for carbon reduction.

WATER

Coffee farming principally relies on rain-fed water. The Nespresso AAA Sustainable Quality™ Program deploys irrigation in Brazil, India, Vietnam and Zimbabwe. The average water withdrawal in coffee is estimated at 10–13 litres per kilo of green coffee produced, related to coffee processing.

ILLUSTRATIVE EXAMPLE OF
A REGENERATIVE COFFEE FARM IN COLOMBIA



NATURE-BASED AND RENOVATION ACTIONS

Nature-based and renovation actions will help AAA farmers to increase coffee quality and productivity while strengthening climate resilience and enhancing livelihoods.

By harnessing the power of nature, coffee cultivation can regenerate the ecological services it relies on. These services range from soil regeneration, water replenishment, pest control and pollination, ultimately leading to sustainable, high-quality coffee.

Regeneration starts at farm level with practices that maintain or improve soil health at the nexus of productivity, climate, biodiversity and water. Farming solutions based on nature play a critical role, while renovations create the enabling conditions for crop yield and resilience.

Nature-based practices benefit farmers by giving them the opportunity to expand and adapt their operations, including achieving organic certification. These practices have already been triggered in cooperatives in the Democratic Republic of the Congo, Indonesia and Peru.

As we progress, organic certifications remain an option for AAA farmers if the transition is economically viable, the certification is obtainable in their region and farmers are keen to achieve it.

THE RAINFOREST ALLIANCE REGENERATIVE COFFEE SCORECARD

The Rainforest Alliance has established the Regenerative Coffee Scorecard, a continuous approach to improvement, from achieving greater efficiencies to redesigning farms.

The scorecard is currently being implemented to monitor the adoption of regenerative practices on AAA farms. Bronze, silver and gold levels are evaluated for a range of criteria across soil, ecosystems, crops and financial management.

We expect to have a holistic view verified by the Rainforest Alliance in 2023.

By 2025, we aim for 80% of our green coffee volume to be rated bronze on the [Rainforest Alliance Regenerative Coffee Scorecard](#).

	ACTIVITY	BRONZE LEVEL	SILVER LEVEL	GOLD LEVEL	MONITORING & EVALUATION
SOIL	Farms implement integrated weed management by:	Limiting herbicide spp., applications to aggressive / invasive weeds only, and not using pesticides following the lists in Rainforest Alliance Annex 7	No use of herbicides from the Exceptional Use Policy. Use of 2 or less active ingredients from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Use of at most one herbicide active ingredient from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Indicators to monitor: • Organic / synthetic fertilizer • Herbicide usage for bronze and silver only
	Farms promote soil health by:	Conducting a soil assessment and analysis, including, if relevant: • Erosion-prone areas and slope • Denitrification of compaction areas • Identification of areas with visible symptoms of nutrient deficiencies	No use of herbicides from the Exceptional Use Policy. Use of 2 or less active ingredients from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Use of at most one herbicide active ingredient from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	
	Farms contribute to landscape biodiversity also through agroforestry (according to local climatic conditions) by:	Conducting a soil assessment and analysis, including, if relevant: • Erosion-prone areas and slope • Denitrification of compaction areas • Identification of areas with visible symptoms of nutrient deficiencies	No use of herbicides from the Exceptional Use Policy. Use of 2 or less active ingredients from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Use of at most one herbicide active ingredient from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	
BIODIVERSITY	Farms promote soil health by:	Conducting a soil assessment and analysis, including, if relevant: • Erosion-prone areas and slope • Denitrification of compaction areas • Identification of areas with visible symptoms of nutrient deficiencies	No use of herbicides from the Exceptional Use Policy. Use of 2 or less active ingredients from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Use of at most one herbicide active ingredient from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Indicators to monitor: • Tree species diversity and density • Natural vegetation (including riparian) area
	Farms contribute to landscape biodiversity also through agroforestry (according to local climatic conditions) by:	Conducting a soil assessment and analysis, including, if relevant: • Erosion-prone areas and slope • Denitrification of compaction areas • Identification of areas with visible symptoms of nutrient deficiencies	No use of herbicides from the Exceptional Use Policy. Use of 2 or less active ingredients from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	Use of at most one herbicide active ingredient from the list of risk mitigation pesticides in Annex S07 of the Rainforest Alliance Standard	
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Partial screen capture only

READ THE REGENERATIVE COFFEE SCORECARD IN DETAIL

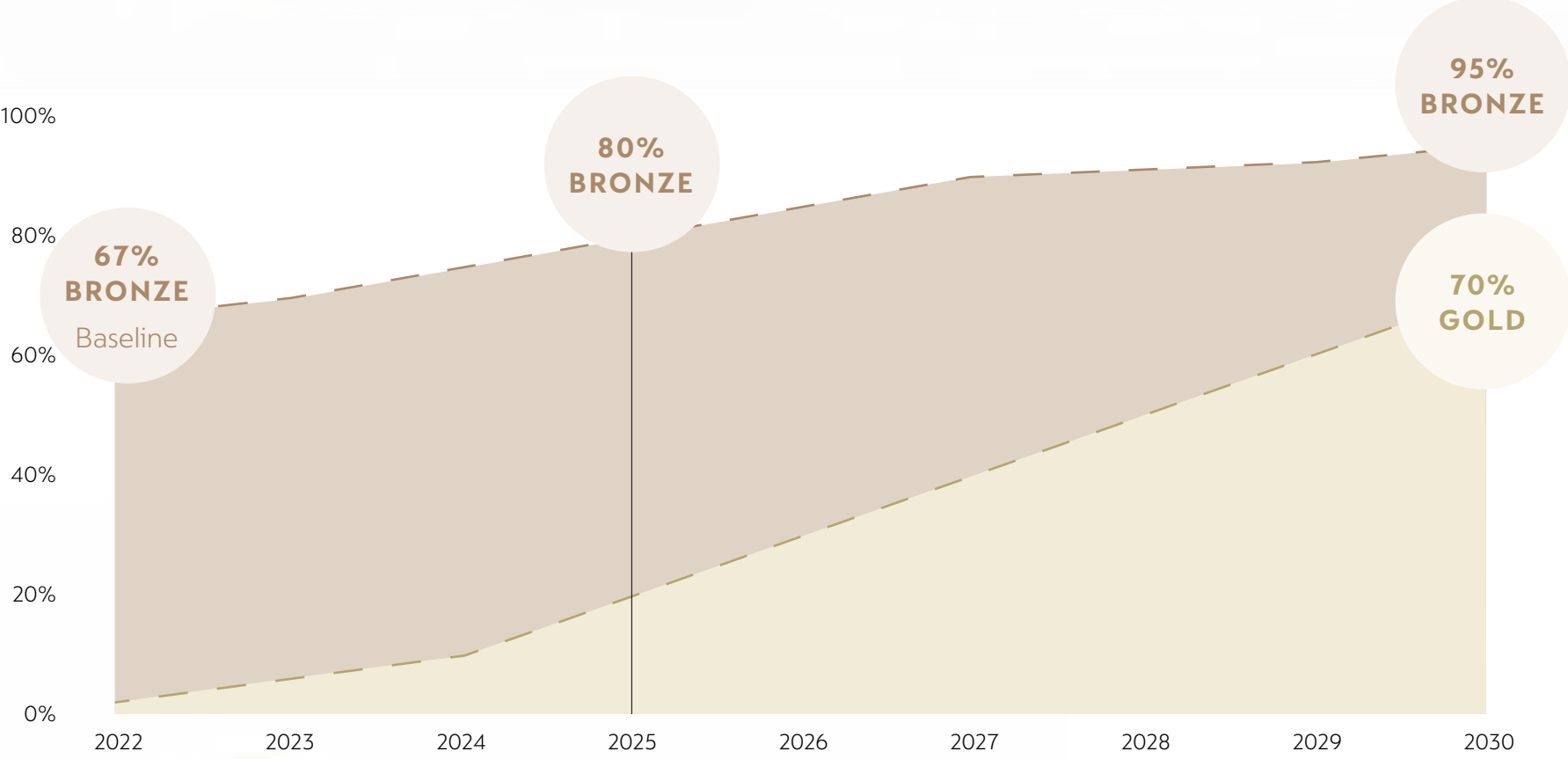
PERFORMANCE

67%

Of our green coffee volume was rated bronze¹ in 2022

1. Bronze on the Rainforest Alliance Regenerative Coffee Scorecard; first estimate based on Enveritas' M&E assessment of 95% of the AAA green coffee volume

NESPRESSO PATH TO REGENERATIVE COFFEE





ORGANIC: A NATURAL FIT

We expanded the scope of the Nespresso AAA Sustainable Quality™ Program to include organic coffee practices to promote regenerative agriculture. Organic farming is a natural fit with our commitment to protect nature and restore biodiversity.

AT FARM LEVEL

Achieving organic certification can represent a significant investment for farmers, which requires a minimum three-year commitment. Since 2019, we have been working with AAA farmers and field technicians in Indonesia's Aceh province to promote organic farming while improving productivity and farm profitability. In 2021, 74% of the coffee procured from this region achieved organic certification.

Further training on picking, composting, soil health and rejuvenation in line with organic practices is planned for 21 demonstration plots in 46 villages. We aim to increase the volume of green coffee certified by the Rainforest Alliance and/or organic to 50% in 2025.

FOR CONSUMERS

We launched single origins Peru Organic in 2020 and Congo Organic in 2021 as part of the Nespresso Professional range – our first two organic coffees on our regenerative journey. Two new organic coffees will be added to the Professional range in 2023. We look forward to expanding our organic coffee range for our consumers.

◀ AAA farmers in Aceh, Indonesia, where we promote organic farming practices

“REGENERATIVE AND ORGANIC COFFEE AGRICULTURE PROMOTE NATURE-BASED CULTIVATION FOR COFFEE FARMERS. THIS MEANS MORE DIVERSITY IN PLANT AND ANIMAL SPECIES, AND AN EVEN GREATER NUMBER OF TREES.”



JULIE RENEAU,
HEAD OF COFFEE SUSTAINABILITY,
NESPRESSO

PERFORMANCE

42%

Of green coffee volume certified by the Rainforest Alliance and/or organic in 2021¹

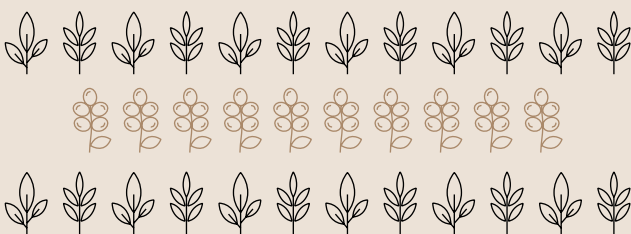
1. Organic certification included as of 2021



AGROFORESTRY IN AND AROUND COFFEE FARMS

Since 2014, agroforestry systems have been at the heart of our approach to farm redesign.

We promote three models of tree planting in our agroforestry systems:



1. At the perimeter of the coffee field



2. Intercropped with coffee trees

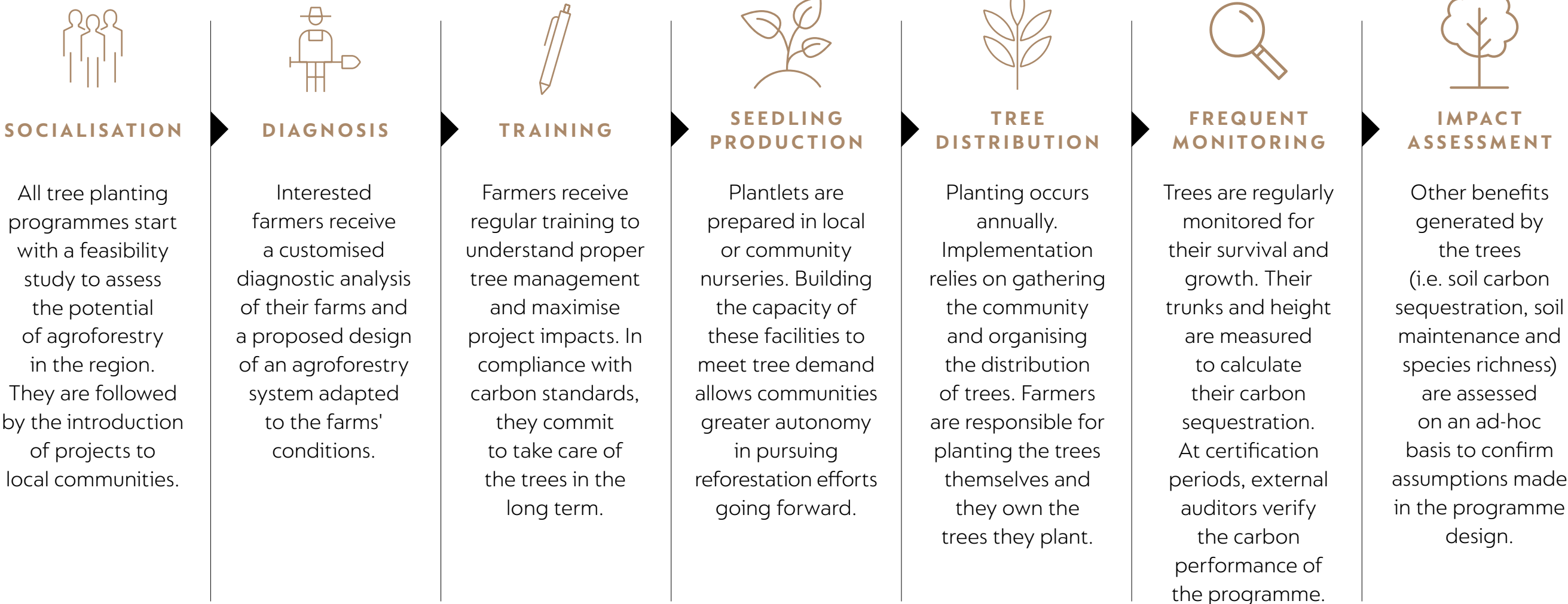


3. In high-density areas, outside coffee plots, such as in open pasture

AAA agronomists select species of trees with local communities and emphasise native planting.

Tree planting is customised at the regional level and the community level to deliver targeted environmental and socioeconomic benefits: carbon removal from the atmosphere, improved soil fertility, reduced erosion, water replenishment and the establishment of habitats for certain species and diversified sources of income, such as from fruit trees. In other words, well-managed agroforestry systems not only help adapt farms to climate change but they also can improve farmers' livelihoods and preserve ecosystems.

DEPLOYING AAA AGROFORESTRY TOGETHER WITH COMMUNITIES AND MEASURING PROGRESS



2021 PERFORMANCE

9

Countries with agroforestry or reforestation programmes



“RESTORING THE BALANCE BETWEEN TREES AND CROPS BENEFITS EVERYONE’S WELL-BEING, AS WELL AS BUSINESS, ECOSYSTEMS AND FUTURE GENERATIONS.”



TRISTAN LECOMTE, FOUNDER, PUR

CASE STUDIES

A GREEN CORRIDOR BETWEEN TWO AAA REGIONS IN COLOMBIA

All farmers entering the AAA Program commit to zero deforestation on their farms, which is assessed as part of the TASQ™ assessment process.

Over the last two decades, uncontrolled deforestation as a result of agricultural expansion in the Cauca and Nariño mountains in Colombia has resulted in fragmented forest patches with low ecological continuity and freshwater shortages during dry periods.

Set up on steep lands, coffee farms in these areas were highly vulnerable to soil erosion, landslides and the proliferation of pests and diseases.

In seven years, the AAA Program has connected the regions through the planting of almost two million trees. This has created a green corridor of about 200 kilometres, representing around 4,500 hectares of land, and benefiting more than 6,500 farmers.

TREES & LIVES IN HARMONY

In seven years, Nespresso and PUR have planted more than three million trees in four major coffee-producing countries. Together, we have published a book, *Trees & Lives*. The book is free to view

and download and details 30 of the species planted, which represent 30 ways of re-establishing harmony between people and nature.

[DISCOVER TREES & LIVES](#)

By 2025, we aim to plant an additional 12 million trees within Nespresso AAA Sustainable Quality™ Program landscapes. By 2030, we aim to plant 32 million trees in and around AAA coffee farms.

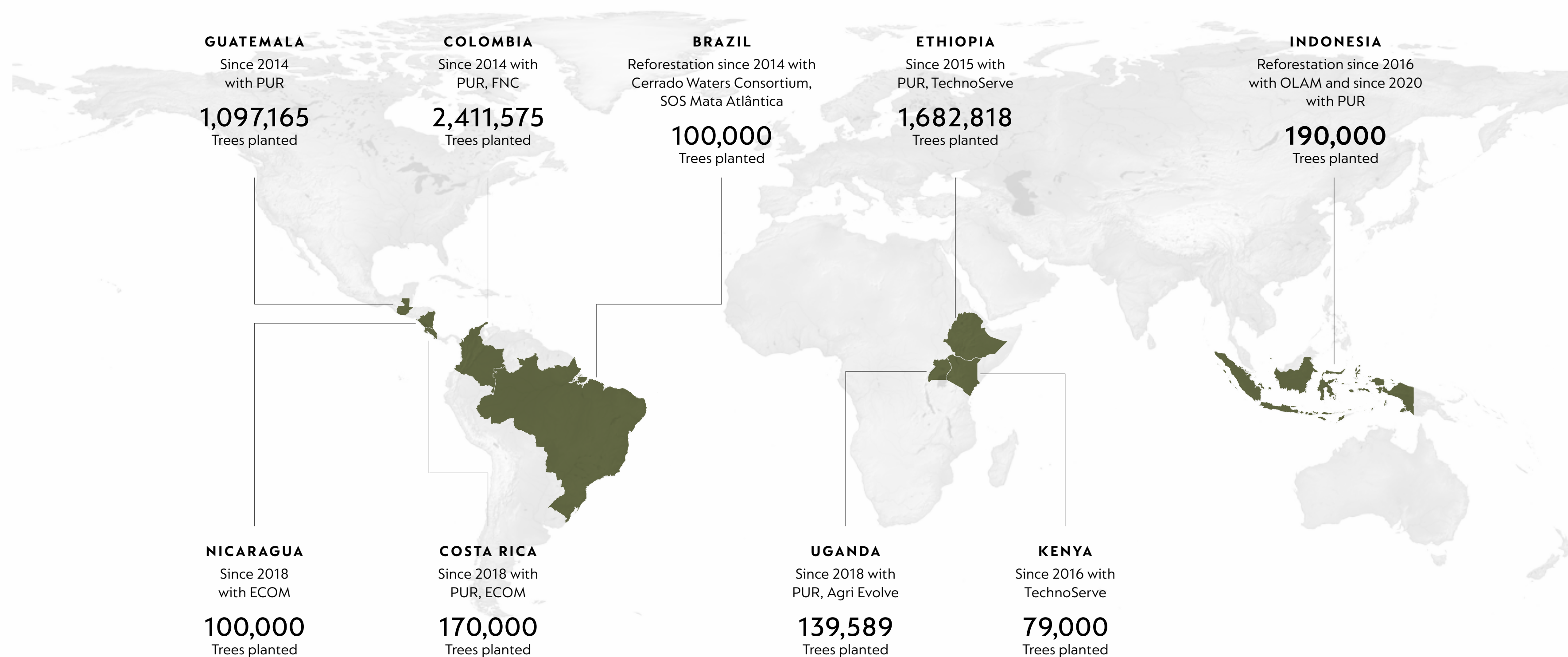
PERFORMANCE

6m

Trees planted in AAA Program landscapes (cumulative 2014–2021)

AGROFORESTRY IN ACTION

(2014–2021)



LANDSCAPE ACTIONS AND BIODIVERSITY

Integrated landscape actions help to protect the habitats of endangered species and restore biodiversity. These occur where coffee farming takes place and adjacent to internationally important nature reserves.

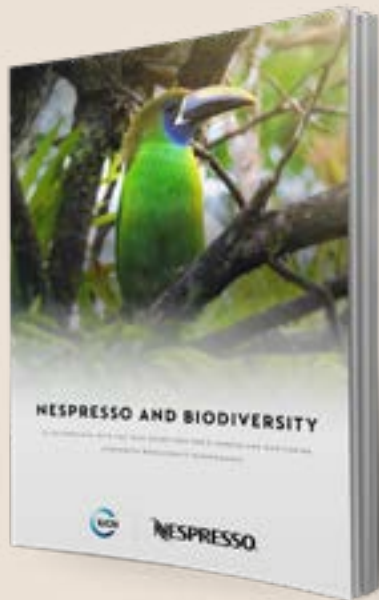
Above and beyond our nature-based actions at farm level, we are inspired by the work of organisations such as the International Conservation of Nature (IUCN) and the World Business Council for Sustainable Development (WBCSD) to deliver a positive impact on nature.

The ambition requires a science-based framework to measure and track contributions towards protecting and restoring nature. Our consultations with partners is forming this vision, with the IUCN recognising that a broad range of stakeholders must act at landscape level to halt and reverse the loss of nature measured from its current status.

This is important because landscape action is the only way to create an integrated positive impact on climate, soil, water and biodiversity values at scale, and because the conservation and restoration of endangered species requires the protection and connectivity of their habitats.

With practices such as agroforestry in and around farms, our actions have laid the foundations for a landscape approach that protects the habitats of endangered species and aims to achieve better outcomes for nature.

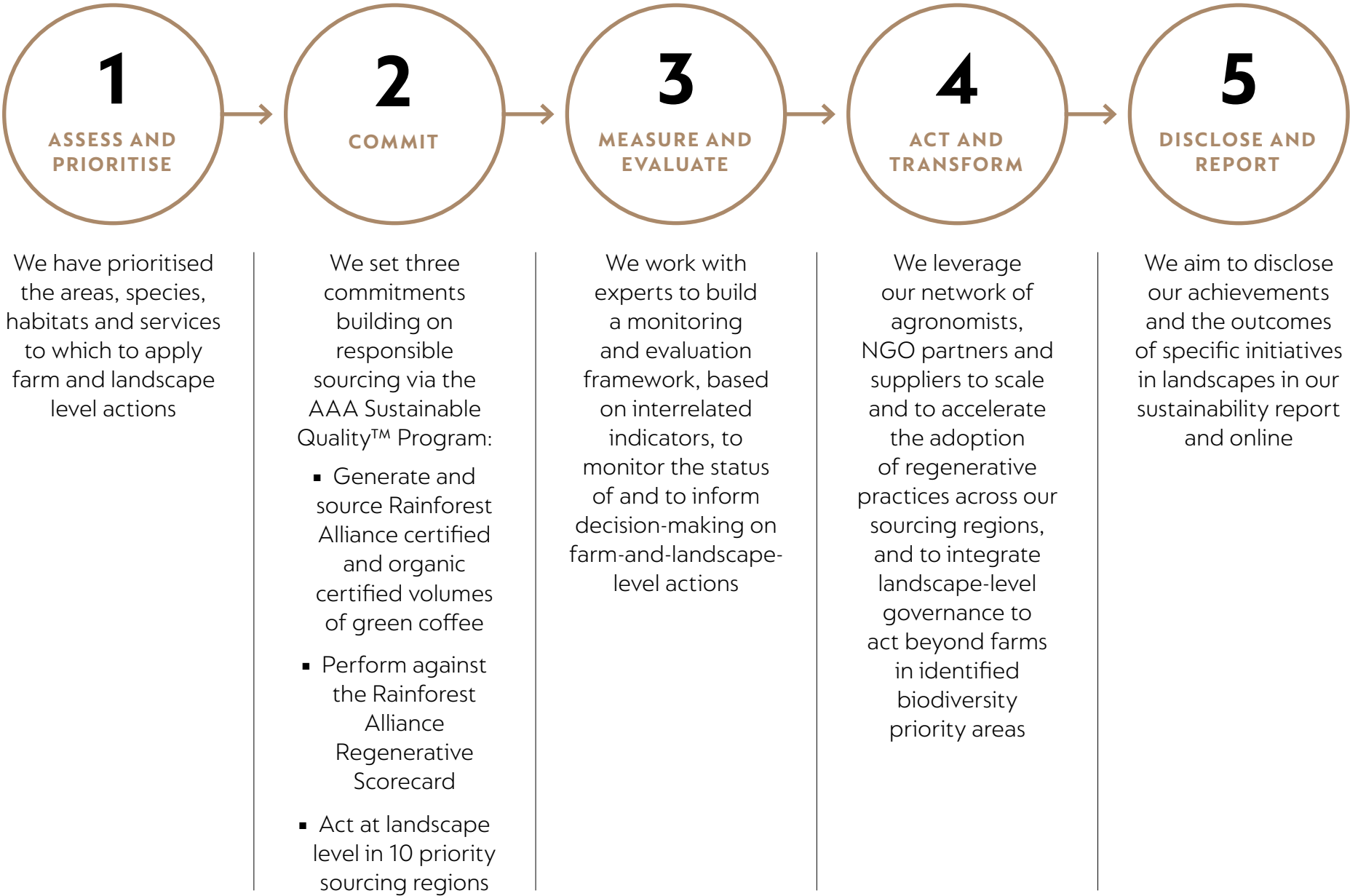
Leveraging our 10-year collaboration with the IUCN, we built on the recommendations established in the [2021 Nespresso and Biodiversity report](#) to monitor biodiversity performance at corporate level and put an action plan in place.



A common blue morpho or Helenor blue morpho (*Morpho helenor*) on a coffee farm in La Giorgia Cluster, Costa Rica. Photograph courtesy of IUCN

A POSITIVE IMPACT ON NATURE

Our action plan is based on the [five-step approach](#) recommended by WBCSD. The operationalisation of our actions is guided by our longstanding partners such as the Rainforest Alliance, PUR and the IUCN. They will advise on robust methodologies to inform the measurement of impacts on biodiversity, soil, water and carbon.



“NESPRESSO IS IN A STRONG POSITION TO BUILD ON ITS WORK AND ACT AT LANDSCAPE LEVEL TO CREATE BETTER OUTCOMES FOR NATURE.”



TOM WILLIAMS,
SENIOR DIRECTOR, NATURE ACTION,
WORLD BUSINESS COUNCIL FOR
SUSTAINABLE DEVELOPMENT (WBCSD)



BIODIVERSITY PRIORITY AREAS

Based on the Species Threat Abatement and Restoration (STAR) metric and the IUCN Red List of Threatened Species, the IUCN identified 10 areas of interest for landscape action in our sourcing areas. The STAR score quantifies the potential contribution of tackling threats and implementing restoration activities towards reducing the risk of species extinction globally.

The selection of the 10 biodiversity priority areas for threat abatement and restoration was complemented by other input, such as that relating to the presence of Nespresso or IUCN in the region, and that from existing initiatives and partners on the ground.

LATIN AMERICA

COSTA RICA	Orosi
COLOMBIA	Caldas-Antioquia Cauca
BRAZIL	Cerrado

AFRICA

DR CONGO	Kivu
KENYA	Mount Kenya
UGANDA	Rwenzories

ASIA

INDIA	Western Ghats
INDONESIA	Aceh Sunda Hejo

2021 PERFORMANCE

330,000+

Area managed under the AAA Sustainable Quality™ Program (in hectares)

2

Biodiversity priority areas with an action plan in place: Cerrado (Brazil) and South Kivu (Democratic Republic of the Congo)



“HALTING AND REVERSING CURRENT TRENDS IN BIODIVERSITY LOSS IS CRITICAL FOR HUMAN AND PLANETARY WELL-BEING.”



DR. BRUNO OBERLE,
DIRECTOR GENERAL,
INTERNATIONAL UNION FOR
CONSERVATION OF NATURE (IUCN)

CASE STUDIES

WATER STEWARDSHIP AND WILDLIFE IN THE CERRADO

The Cerrado is a large Brazilian biome renowned for both its biodiversity and agricultural capacity. It provides water for more than 40% of Brazil’s population. Today, the Cerrado is impacted by droughts, exacerbating conflicts in the use of water between agriculture and the local population.

Leveraging an initiative started in 2013 by Nespresso and IUCN, major coffee brands and trading companies joined forces in 2019 to financially support the Cerrado Waters Consortium, an independent public-private platform to safeguard nature and to protect life and water in Brazil’s central highland plains.

READ MORE

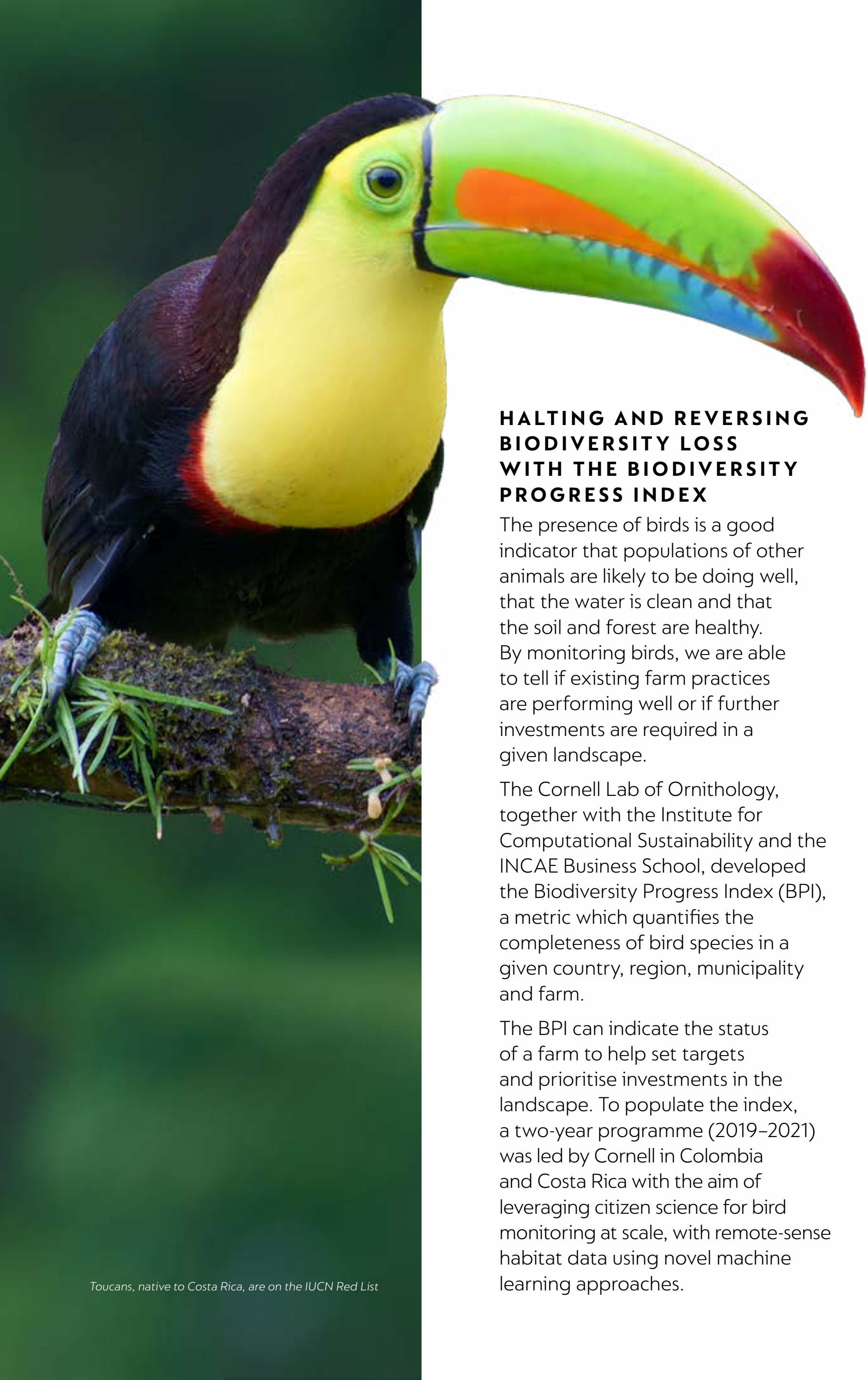
GORILLA CONSERVATION IN SOUTH KIVU

In South Kivu, in the Democratic Republic of the Congo, we are supporting the Gorilla Coffee Alliance. It works with community institutions so that local people become advocates for conserving nature in the Kahuzi-Biega National Park, which is threatened by poaching and deforestation. This is in addition to helping local families establish environmentally sustainable ways to earn income and to improving access to health services.

READ MORE

The Cerrado in Brazil is a biodiversity priority area; it provides water for more than 40% of Brazil’s population ▶





Toucans, native to Costa Rica, are on the IUCN Red List

HALTING AND REVERSING BIODIVERSITY LOSS WITH THE BIODIVERSITY PROGRESS INDEX

The presence of birds is a good indicator that populations of other animals are likely to be doing well, that the water is clean and that the soil and forest are healthy. By monitoring birds, we are able to tell if existing farm practices are performing well or if further investments are required in a given landscape.

The Cornell Lab of Ornithology, together with the Institute for Computational Sustainability and the INCAE Business School, developed the Biodiversity Progress Index (BPI), a metric which quantifies the completeness of bird species in a given country, region, municipality and farm.

The BPI can indicate the status of a farm to help set targets and prioritise investments in the landscape. To populate the index, a two-year programme (2019–2021) was led by Cornell in Colombia and Costa Rica with the aim of leveraging citizen science for bird monitoring at scale, with remote-sense habitat data using novel machine learning approaches.

CASE STUDIES

BIRD PRESENCE AND AAA PERFORMANCE IN COSTA RICA

The BPI was leveraged to evaluate the landscape-level contribution of AAA farms in relation to other conservation programmes, including the Payment for Ecosystem Services (PES) programme and the Protected Areas System of Costa Rica programme. In these programmes landowners receive payments in return for protecting biodiversity on their land.

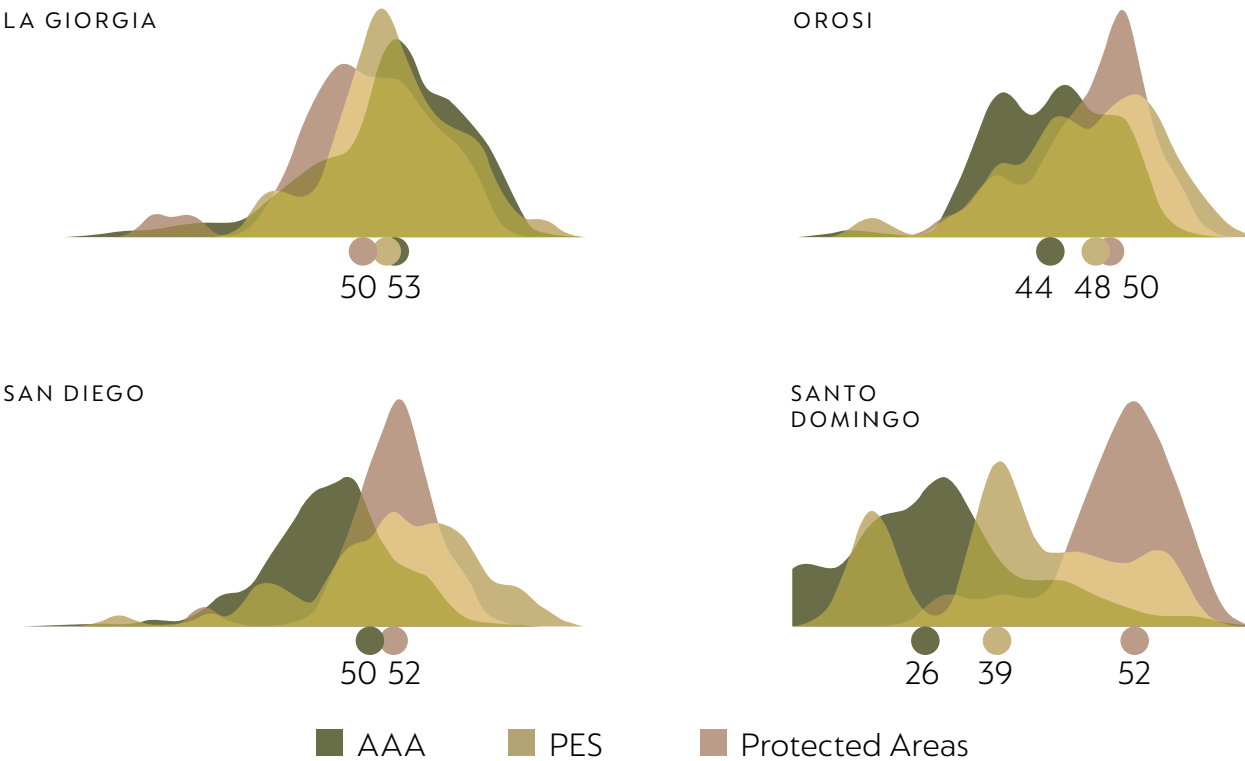
BPI measures ‘completeness’, which is the richness of bird species within a region. A completeness index can then be used comparatively across farms in other regions.

In most cases, AAA cluster farms performed almost as well as the protected areas, and in some cases performed better than the PES areas.

This suggests that AAA cluster farms are key contributors to the biodiversity of their respective landscapes and that targeted efforts could improve the status of endangered species, including the enhancement of forested habitats, both in terms of quality and connectivity with nearby protected areas.

A total of 212 species of birds were detected in Costa Rica in 2019 and 2020, including six species on the IUCN Red List and 48 species on the regional Partners in Flight (PIF) Watch List. Of these, a total of 187 species were identified in AAA farms, including all IUCN Red List and 39 PIF Red Watch List species.

AAA FARMS – PLAYING AN IMPORTANT ROLE IN PROTECTING BIODIVERSITY (% COMPLETENESS OF ALL SPECIES)



“SCIENTIFIC EVIDENCE SHOWS HOW THE SUSTAINABILITY EFFORTS OF AAA FARMERS PAY OFF, DELIVERING BIODIVERSITY CONSERVATION AND RESTORATION.”



VIVIANA RUIZ, CORNELL LAB OF ORNITHOLOGY

BIRDS, FARM COMMUNITIES AND ECONOMIC OPPORTUNITIES IN JARDIN, COLOMBIA

The yellow-eared parrot is an extremely rare bird that used to be found in all three Andean ranges across Colombia and Ecuador. Now this species only survives in scattered localities in Colombia and is thought to be extinct in Ecuador. The large-scale clearance of wax palm trees, where the birds feed and nest, has precipitated a major species decline. In the coffee-sourcing area of Jardin, Colombia, the yellow-eared parrot was identified thanks to the conservation of their species' food and habitat by the AAA cluster.

As part of our intergenerational work with coffee growers, an environmental education curriculum called 'Amigos del Café' was developed for schools in farm communities. As a next step, the 'Our Coffee Our Birds' programme is aimed at certifying the skills of trained farmers and youth in eco-tourism activities around bird watching.



Yellow-eared parrots by William Price/Macaulay Library



OUR PERFORMANCE TO DATE

Nespresso is transitioning to regenerative agriculture on a global scale.

In 2003, the Nespresso AAA Sustainable Quality™ Program was co-developed by Nespresso and the Rainforest Alliance to create a sustainable supply of the highest quality coffee, while improving the situation for coffee farmers and their communities. As of 2021, more than 330,000 hectares are managed under the AAA Program.

In 2021, we worked with a community of partners to co-create the Rainforest Alliance Regenerative Coffee Scorecard. The Scorecard is a voluntary tool for certified and non-certified coffee supply chains that guides farmers through a pathway from efficient practices to nature-based farming. In total, 12 criteria related to livelihoods, water, biodiversity, soil and crop resiliency are rated bronze, silver or gold.

We have updated TASQ™ to more easily assess the level of adoption of regenerative agriculture practices on AAA farms. Initial estimates are that 67% of our coffee volume are rated bronze on the Regenerative Coffee Scorecard.¹

Our work to regenerate landscapes is expanding with the identification of 10 biodiversity priority areas.

1. Bronze on the Rainforest Alliance Regenerative Coffee Scorecard; first estimate based on Enveritas' M&E assessment of 95% of the AAA green coffee volume

CHF 23m

Cumulative investment in climate actions (2014–2021)

92.5%

Coffee sourced through the AAA Program (2021)

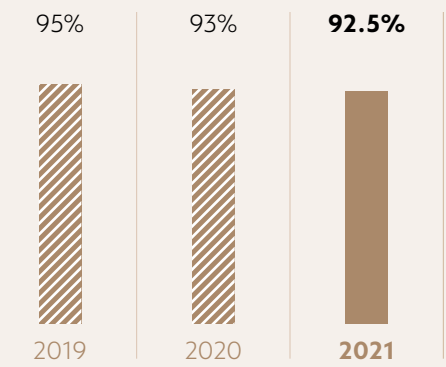
6m

Trees planted in AAA Program landscapes (cumulative 2014–2021)

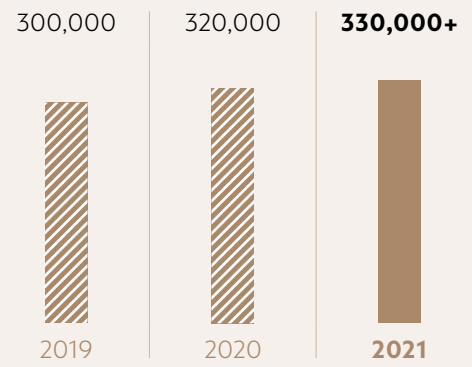
67%

Of our green coffee volume rated bronze¹ in 2022

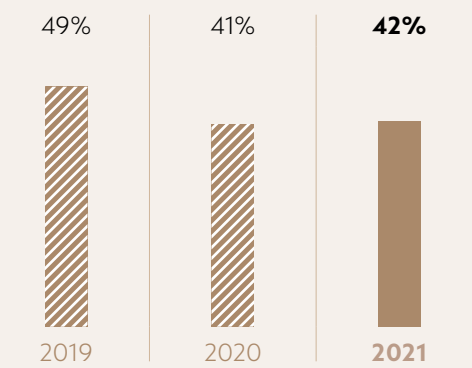
Green coffee sourced via the AAA Program



Area managed under the AAA Program (hectares)



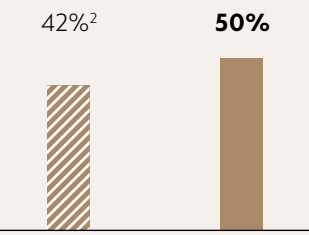
Green coffee volume certified Rainforest Alliance and/or organic²



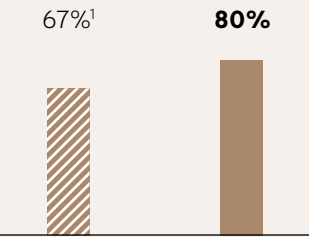
2021 STATUS 2025 TARGET

NATURE-BASED AND RENOVATION ACTIONS

% green coffee volume certified Rainforest Alliance and/or organic

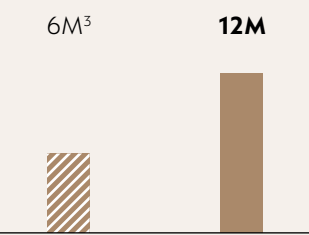


% volume rated bronze against the Rainforest Alliance Regenerative Coffee Scorecard



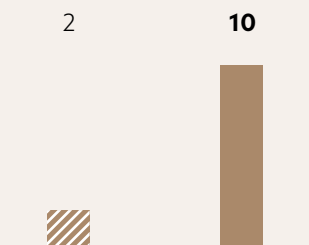
AGROFORESTRY

Trees planted in and around farms



LANDSCAPE LEVEL

Biodiversity priority areas with an action plan in place



2. Organic certification included as of 2021

3. 2014–2021

A farmer sows a plantlet in Colombia as part of our agroforestry programme in the region ▶



EMPOWER COMMUNITIES

WE BELIEVE THAT
EVERY FARM AND
FARMER IS UNIQUE
AND NO ONE SHOULD
BE LEFT BEHIND

Coffee farmers in the Democratic Republic of the Congo,
where we launched a Reviving Origins programme



WE WILL EXPAND PROVEN SOLUTIONS THAT BUILD RESILIENT COMMUNITIES AND TRANSFORM LIVELIHOODS

The Nespresso AAA Sustainable Quality™ Program promotes the cultivation of superior quality coffee through sustainable agriculture, provides solutions tailored to farmers’ specific circumstances and incentives through AAA premiums.

Our direct relationships, technical assistance and social initiatives mean we can contribute to making a tangible difference for farming families and communities, and help to improve social and economic resilience.

GOAL

ALL AAA SMALLHOLDER FARMERS RECEIVE THE LIVING INCOME REFERENCE PRICE¹

IN COLLABORATION WITH



GOAL TIMING

BY 2030

1. In origins where the LIRP has been established by Fairtrade International and the majority of AAA coffee farmers are smallholders



MILESTONES

By 2025, we aim to scale the Living Income Reference Price with Fairtrade International implemented in all AAA farms in Colombia, Peru, Indonesia, Mexico and Guatemala

By 2030, we aim to achieve Fair Labor Association accreditation across AAA origins

OUR APPROACH

Sustainable coffee starts with care for farmer communities. We aim to empower farmers and build greater resilience for their families and futures in coffee agriculture. The AAA Program is designed to make this positive difference.

Firstly, we work with suppliers, cooperatives, NGO partners and communities to ensure that human rights are respected, protected and promoted throughout our value chain. Major focus areas include child protection and the inclusion of women in the AAA value chain.

Our relationships extend beyond the farm to address deficiencies in the provision of important social services in the community,

such as clean and safe water, and help to provide greater access, especially in remote rural regions.

A third significant dimension of our strategy is to improve the livelihoods of farmers through high-quality sustainable coffee, a founding principle of the AAA Program.

Nespresso coffees have to meet certain quality criteria based on “terroir” and weather, and this predetermines the geographies where we source coffee. This means that we work with a broad cross-section of farm types, from large “professionalised” farm estates to smallholders for whom coffee alone is not a viable single source of household income.

Whatever the specific characteristics of these farms, our intention is always to maximise and protect incomes for the farming household, as well as de-risk coffee agriculture in the context of the many challenges farmers face. We use our farm-level knowledge to recommend solutions that are tailored to the particular characteristics of the farm. AAA agronomists support this journey in a broad range of long-term interventions.

In all of this work, we collaborate with expert NGO partners and service providers that share our mission. We aim to work with partners to be at the forefront of efforts to help AAA farmers generate living incomes and improve livelihoods.



“NESPRESSO HAS SHOWN REAL COMMITMENT TO LIVING INCOME AND OUR COLLABORATION HAS RESULTED IN IMPACTFUL SOLUTIONS TO IMPROVE COFFEE FARMERS’ LIVELIHOODS.”



CARLA VELDHUYZEN VANZANTEN, SENIOR ADVISOR FOR SUSTAINABLE LIVELIHOODS, FAIRTRADE INTERNATIONAL





THE NESPRESSO
AAA SUSTAINABLE
QUALITY™ PROGRAM
WAS CREATED WITH
THE RAINFOREST
ALLIANCE IN 2003.

This tailor-made coffee
sourcing programme
acts at farm, community
and landscape level
to help ensure we can
offer the highest quality
coffee, while creating
sustainable livelihoods
and protecting
the environment.

142,754
Farmers enrolled

330,000+
Area managed
(in hectares)



AAA PROGRAM AROUND THE WORLD – 2021

AFRICA		FARMERS	HECTARES
Democratic Republic of the Congo	Since 2020	6,546	1,924
Ethiopia	Since 2012	38,447	9,612
Kenya	Since 2014	28,634	4,306
South Sudan	Since 2015	159	
Uganda	Since 2018	5,172	2,520
Zimbabwe	Since 2017	392	233

AMERICAS		FARMERS	HECTARES
Brazil	Since 2005	1,289	121,962
Colombia	Since 2004	41,700	91,421
Costa Rica	Since 2003	4,158	22,159
Guatemala	Since 2005	1,279	10,534
Hawaii		290	
Mexico	Since 2004	1,833	4,863
Nicaragua	Since 2009	435	16,870
Peru	Since 2014	3,235	8,075

ASIA		FARMERS	HECTARES
China		16	
India	Since 2011	1,767	40,696
Indonesia	Since 2014	6,839	4,732
Vietnam		563	

A coffee farmer in the Democratic Republic of the Congo



HUMAN RIGHTS DUE DILIGENCE

The promotion and respect of human rights is a core principle of the Nespresso AAA Sustainable Quality™ Program. Human rights due diligence is a defining pillar of this commitment. With partners and throughout our value chain, it means collaborating to identify risks and take swift remedial action whenever necessary.

To protect human rights, we identify and address any actual or potential adverse impacts arising directly or indirectly through activities and business relationships. Of primary importance is addressing the risk of child labour and other unacceptable human rights violations, through a strengthened due diligence framework and the expansion of our capacity to prevent, monitor, identify and remediate any identified instances. Non compliance with our strict

policies leads to farmers being excluded from the AAA Program until corrective measures and training have been introduced. Our commitment to certification with Fairtrade International, Fair Trade USA and the Rainforest Alliance enshrines human rights in the AAA Program approach. In 2020, we strengthened our existing relationship with the Fair Labor Association (FLA) to undertake an accreditation process for third-party verification of our human rights due diligence.

DUE DILIGENCE



Women sorting coffee beans by hand in Indonesia. Increasing women's economic empowerment is a fundamental part of the AAA Program ▶



A PROTECTIVE AND CARING VALUE CHAIN BASED ON SALIENT ISSUES

In accordance with the UN Guiding Principles Reporting Framework, we have identified eight salient issues based on the most severe potential impact on people and the highest likelihood of occurrence. Our human rights strategy works towards FLA accreditation in existing AAA origins by 2030.

HUMAN RIGHTS
SALIENT
ISSUES

CHILD & YOUTH PROTECTION	FARMER & WORKER WELL-BEING	GENDER EQUALITY
<ul style="list-style-type: none">▪ Child labour and access to education	<ul style="list-style-type: none">▪ Forced labour and responsible recruitment▪ Working conditions, wages, freedom of association and collective bargaining▪ Safety and health▪ Farmer living income▪ Adequate living standards including sanitation, access to safe water, food and health services	<ul style="list-style-type: none">▪ Gender equality▪ Non-discrimination and non-harassment
Tackling child labour risk	Protect worker rights and dignify living conditions for farmers	Increase women's social and economic empowerment, change social norms and behaviours for the better

“NESPRESSO HAS BEEN OPEN, TRANSPARENT AND FULLY COMMITTED TO IDENTIFYING HUMAN RIGHTS RISKS AND PUTTING INDEPENDENT VERIFICATION PROGRAMMES IN PLACE.”



SHARON WAXMAN,
PRESIDENT AND CEO,
FAIR LABOR ASSOCIATION

FAIR LABOR ASSOCIATION ACCREDITATION

The FLA is a non-profit organisation committed to protecting workers’ rights and improving working conditions worldwide by promoting adherence to international labour standards.

As a result of FLA assessment, with Fairtrade Max Havelaar and our partners in the field, we have developed a joint strategy to tackle child labour risks and promote child protection and education.

By 2030, we aim to achieve FLA accreditation across all existing AAA origins. FLA accreditation moves us beyond farm-level certification to indicate that our global compliance programme and systems successfully hold Fair Labor standards across 74 key performance indicators. It also expands our capacity to prevent, monitor and remediate issues such as the risk of child labour.



CHILD AND YOUTH PROTECTION

Child protection has been a key priority since the creation of the Nespresso AAA Sustainable Quality™ Program in 2003. Working together with the Rainforest Alliance and Fairtrade International, we have embedded zero tolerance of child labour for 20 years. If a farmer fails to maintain compliance with the criterion, we will not buy coffee from this farm until it has been demonstrated that the standard is respected, and that the farmer complies once again with ILO standards and local law. We will support farmers in this because we believe that simple exclusion will not help remedy the problem of child labour.

Unfortunately, child labour continues to be an issue in many tropical agricultural supply chains. As Nespresso sources coffee from some regions characterised by small farms and migrant labour, there is a risk of children undertaking work in the field. The causes of and solutions to this challenge are many and varied, and the issue is complex. This is why we work with multiple agencies, locally in the clusters and globally to ensure best practice and adherence to our policies wherever we source coffee.

With the support of Terre des Hommes, we are moving towards a community-based child protection approach in origins where we have identified a higher risk of child labour.

Since 2021, with the support of local partners, such as Cafe Export, Fundación de la Caficultura para el Desarrollo Rural (FUNCAFE) (Guatemala), Seeds for Progress (Nicaragua) and the International Volleyball Federation (Indonesia), we have helped to create childcare and education programmes to support families and children during the harvest season.

In the 2021 calendar year, these programmes reached 817 children, providing opportunities to learn and grow in a safe space.

Globally, AAA agronomists undertake child rights and child protection capacity building. In 2021, we trained more than 80 agronomists to increase their understanding of child rights and ensure that any potential breaches are handled correctly.

2021 PERFORMANCE

88

Agronomists enrolled in the child rights capacity building programme

“WE ARE WORKING WITH COFFEE FARMING COMMUNITIES AND SPECIALIST NGO PARTNERS TO ENSURE THE PROTECTION OF CHILDREN AND TO ADDRESS THE ROOT CAUSES OF CHILD LABOUR.”



MARTA GAROFALO,
SOCIAL IMPACT MANAGER,
NESPRESSO

CASE STUDIES

CULTIVATING EDUCATION
IN NICARAGUA

Run in partnership with Seeds For Change, the Cultivating Education programme in Nicaragua offers free-of-charge structured classes focusing on the personal, cultural, recreational and physical development of children while their parents harvest coffee. The programme reached 67 children during the 2020–21 harvesting seasons.

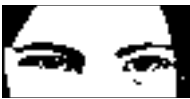
A NEW SYSTEM FOR MONITORING
AND REMEDIATION IN UGANDA

In Uganda, the partnership with Terre des Hommes developed a new digital holistic, multi-sectoral and integrated community-based Child Rights Monitoring and Remediation System. The system focuses on prevention, monitoring, identification and remediation of child protection risks and concerns in our supply chain, and on defining and implementing sustainable solutions.

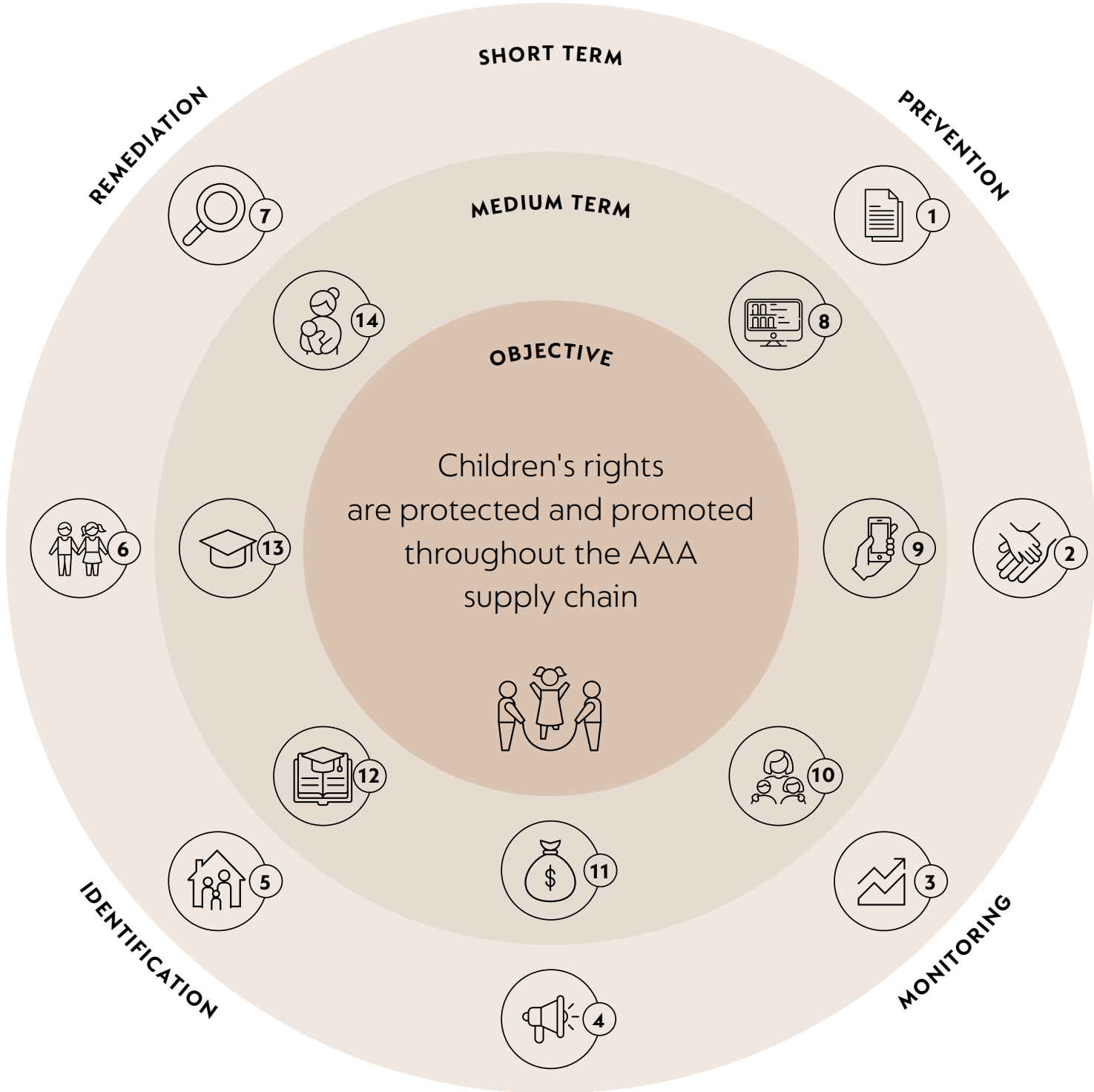
COFFEE CAMP AND COFFEE
KINDERGARTEN IN GUATEMALA

With the support of FUNCAFE and Cafe Export, Coffee Kindergarten (for children ages four to six) and Coffee Camp (for children ages seven to thirteen) were established in AAA coffee farms in Huehuetenango, Guatemala. The educational framework provides opportunities for learning and skills development and is accredited by the Guatemala Ministry of Education. The programme reached 348 children during the 2020 and 2021 coffee harvesting seasons.

STRENGTHENING CHILD PROTECTION



Terre des hommes
Helping children worldwide.



SHORT-TERM MEASURES

- 1 Institutional policies and procedures
- 2 Community-based committees and AAA social workers
- 3 Enhanced actor capacities
- 4 Awareness raising
- 5 Household monitoring, identification and safe referrals
- 6 Children- and youth-led initiatives
- 7 Stakeholder mapping, capacity assessments and local referral pathway mapping

MEDIUM-TERM MEASURES

- 8 Monitoring and remediation system
- 9 Innovative digital solutions
- 10 Local community responses to protect children
- 11 Maximise income through Good Agricultural Practices and access to Community Child Protection Funds
- 12 Contribute to quality education
- 13 Contribute to apprenticeship and vocational training
- 14 Contribute to childcare facilities



GENDER EQUALITY

Gender equality isn’t just a basic human right, it is a precondition for sustainable development and the foundation for any successful organisation.

We promote gender inclusion and equality through the Nespresso AAA Sustainable Quality™ Program and have published a [full report](#) on our approach to and our toolbox for gender inclusion.

Gender inclusion is a comprehensive enabler to human development; it reduces poverty and improves children’s access to education. The benefits of educating and providing women with opportunities extend to families and communities on many different levels, including increased productivity, helping to meet future demand for coffee.

Tackling the root causes of gender inequality is the only way to ensure the elimination of all forms of discrimination – from agronomists to female farmers who often lack access to resources, such as land, credit and information. Empowering women to be more represented and active in AAA communities all around the world helps families strengthen communities and build resilience. Training and capacity building are required to ensure that women are properly equipped and enabled.



Collaborative action helps to unleash women's potential

We focus on two key areas of gender inclusion in the AAA supply chain: women’s social and economic empowerment, and changing social norms and behaviours.

A field-tested gender analysis tool is applied to AAA farm clusters. Developed in partnership with gender experts from our partner TechnoServe, International Food Policy Research Institute and the Food and Agriculture Organization, the tool is informed by rigorous data collection and in-depth gender analysis of men and women in farming households. The insights are used to target actions, so that women are given access to the resources they need and are empowered to be part of the decision-making process. To advance industry-wide change, we have made the tool publicly available.

2021 PERFORMANCE

491


AAA Program agronomists

33%


Of AAA Program agronomist positions are held by women

CHF 370,000

Investment in field programmes related to gender equality



“FEMALE FARMERS CAN UNLOCK ENERGY IN THE COMMUNITY THROUGH THEIR DILIGENCE AND DETERMINATION. THAT GIVES US A RESPONSIBILITY TO REMOVE BARRIERS TO ENTRY FOR THEM.”



JULIE FRANCOEUR,
CEO, FAIRTRADE CANADA AND FAIRTRADE INTERNATIONAL EXECUTIVE TEAM

MEASURE FOR REACH AND IMPACT

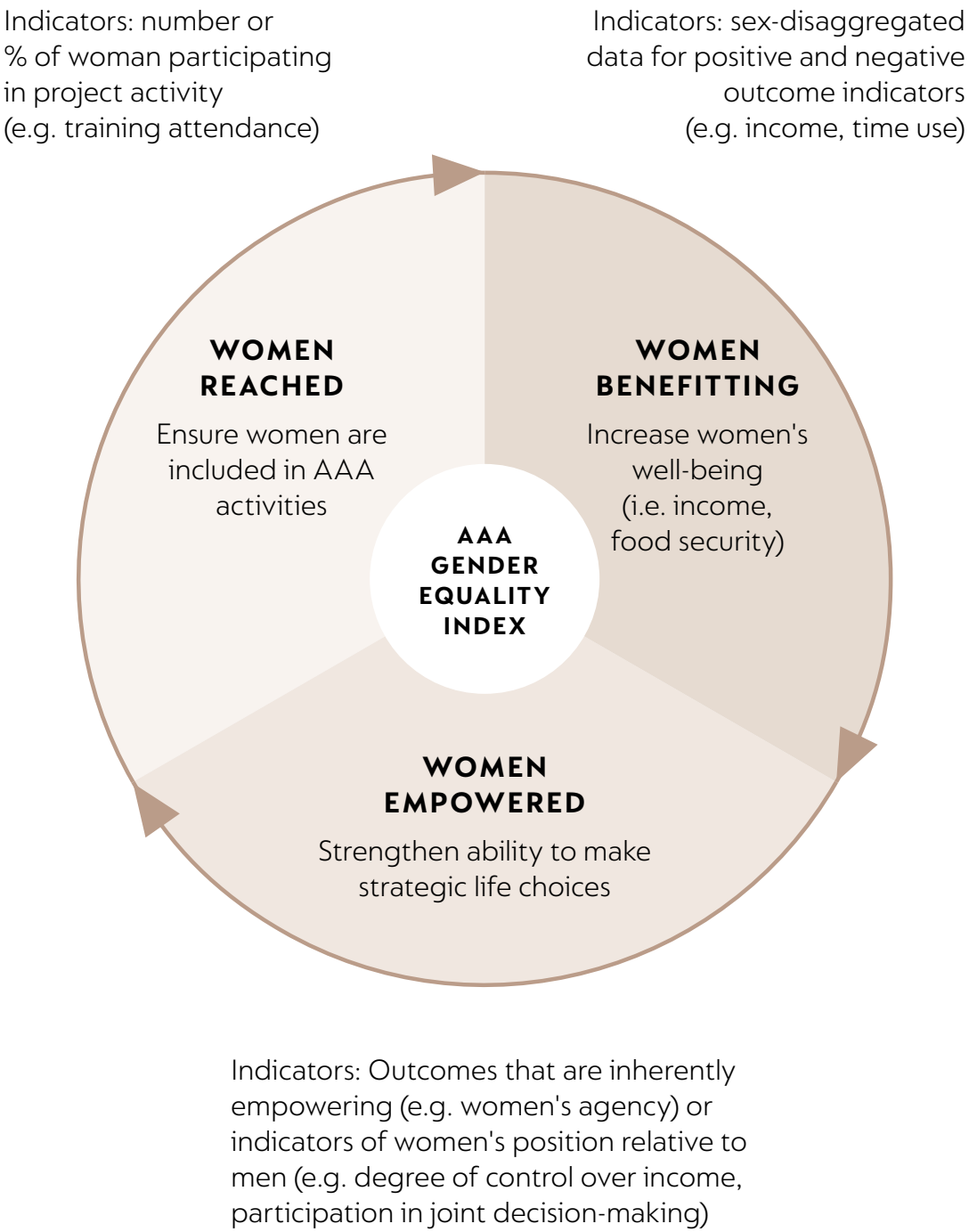
From 2023, the AAA Gender Equality Index will measure progress against 10 key performance indicators in three categories. These tools will guide Nespresso interventions in AAA origins.

- REACH

 - % of AAA agronomists that are women
 - % of AAA agronomists that have completed the transformative learning module for gender issues
 - % of AAA agronomists that are female farmers trained in agronomy
 - % of AAA farmers that are trained in non-agricultural knowledge and skills related to gender equality and women's empowerment
- BENEFIT

 - % of AAA farms managed by women (independently or jointly) that adopt best practices
 - % of female cooperative members
 - % of cooperatives, mills and washing stations that are gender equitable
- EMPOWER

 - % of AAA farms (independently or jointly managed) where women report they provide input into key farm decisions
 - % of women in leading positions within AAA supply chain actors, such as cooperatives, intermediaries and exporters
 - % of AAA farmers demonstrating a positive attitude towards gender equality





**UNLOCKING WOMEN'S
POTENTIAL IN THE
AAA PROGRAM**

“MY TRAINING
ON SAVINGS
AND FINANCIAL
PLANNING HAS
HELPED ME TO
PLAN MY INCOME
FOR THE COFFEE
OFF-SEASON.
I WANT TO CONTINUE
APPLYING BEST
PRACTICES TO MY
FARM, INCREASE
MY COFFEE
PRODUCTION,
AND EDUCATE
MY DAUGHTER
THROUGH COLLEGE.”



AMARECH ABERA,
COFFEE FARMER, ETHIOPIA

◀ AAA farmer Etagu Lalego has become a leader in her community and in her own household to change gender bias; she and her husband have participated in several AAA gender trainings in Aleta Wondo Woreda, Ethiopia

CASE STUDIES

**FEMALE ROLE MODELS
MAKE A DIFFERENCE**

Our gender survey includes a question that most women farmers have never been asked: what is your dream? Low literacy rates and lack of confidence affect women’s self-esteem and cause them to doubt their capabilities.

This is where women agronomists have a critical role to play. They often understand the hopes and challenges of women farmers. In coffee field operations, we have learned that the presence of female agronomists is crucial in enabling greater participation of women farmers in training. They can also become a powerful force in shifting the perception of women farmers, from invisible labourers to producers in their own right.

Currently, 33% of AAA Program agronomists are women, who serve as powerful role models for other women, men, boys and girls in the rural communities where they work. In line with our gender equality strategy, we aim to increase the proportion of female AAA agronomists to 40% by 2025 and to 50% by 2030.



AAA agronomists have started to work with AAA farmers in the Aleta Wondo Woreda area in Ethiopia on gender equitable business practices

**CLOSING THE GAP
FOR WOMEN FARMERS**

Since 2018, we have been collaborating with KIT Royal Tropical Institute to develop the Catalysts for Gender Transformative Change programme. Taught over four to six months, regional gender trainers work with agronomists to understand and identify gender inequalities in the field.

Agronomists become equipped with the necessary skills to increase women’s access to knowledge, participation and learning, ultimately strengthening attitudes and behaviours for a more equal society.

This work has increased understanding of the barriers that stand in the way of women participating and benefitting from existing and established programmes, and has become an integral part of the AAA Program design.

**EMPOWERMENT
THROUGH LEARNING**

TechnoServe's training in the field focuses on capacity building in the areas of financial planning, decision-making, leadership and nutrition, while aiming to increase women’s participation and confidence.

For example, “Safe Spaces Exchanges” is a learning activity that was designed to strengthen relationship skills and to transform gender attitudes and beliefs. Men and women participate to explore opportunities to improve communication and joint decision-making in their households and on their farms. The partnership programme was rolled out in Ethiopia in 2021 for over 6,000 farmers.



IMPROVED ACCESS TO SOCIAL SERVICES

In some AAA sourcing origins, there is limited or no access to services such as healthcare or clean and safe water. Working with partners, we aim to put the infrastructure in place to increase the provision of these services to communities.

We source our coffee from regions that have the best soil and weather conditions to grow high-quality coffees. Some of these regions are remote rural communities that still lack access to the full range of social services present in more developed regions.

We work with farmer groups, cooperatives, NGOs and other institutions to assess gaps in the provision of important services and provide practical solutions.

We are working with Asili to establish water access points across the Kivu region of the Democratic Republic of the Congo ▶



CLEAN AND SAFE WATER FOR COFFEE COMMUNITIES

Many of the smallholder farms we work with are located in areas where access to potable water is lacking, scarce or unsafe as a result of improper storage and collection methods. Among the most effective methods of providing access to clean water is filtering.

Our potable water projects have been providing clean water access to thousands of people in coffee farming communities in rural areas of Colombia, Guatemala, Mexico and Nicaragua since 2019, and benefitted more than 8,500 families in 2021 alone. These projects have contributed to better health conditions by reducing risks from diseases contracted through contaminated water, while also benefitting the larger community, including children's homes, schools, health clinics and hospitals.



“THE PREMIUMS NESPRESSO PAYS THROUGH FAIR TRADE USA HAVE ENABLED US TO WORK WITH LOCAL COMMUNITIES AND PROVIDE ACCESS TO SAFE WATER FOR 26,000 HOUSEHOLDS.”



PAUL RICE,
FOUNDER AND CEO OF
FAIR TRADE USA

CASE STUDIES

POTABLE WATER IN NICARAGUA

In 2021, alongside CISA Exportadora, we equipped more than 200 coffee farming families who had poor or no access to clean water with Agua Nica Filters, which are capable of filtering 10 gallons of water in 24 hours with 99.99% efficiency. The filters were delivered to the smallholder farmers by CISA Exportadora, which also provided training on how to use them.

WATER TREATMENT PLANTS IN COLOMBIA

Following a survey carried out by Fair Trade USA, Nespresso concluded that over half of Cauca-based coffee farmers reported that the water sources in the region were either somewhat or very polluted.

Farmers in Cauca voted to use their Community Development Funds (paid by Nespresso through Fair Trade USA) to build water treatment plants in 2016 with Fair Trade USA and AAA Program partners.

To date, we have already installed 43 operational aqueducts. By the end of 2022, clean water was made available to over 11,000 households in Cauca and 15,000 in Nariño, plus all schools, community centres and health centres in the area. This directly impacts over 44,000 people in these two regions, providing them with access to clean, safe drinking water.

NEW HOPE IN THE DEMOCRATIC REPUBLIC OF THE CONGO

Alongside TechnoServe and Virunga Coffee, we have been supporting farmers in South and North Kivu in the Democratic Republic of the Congo to revitalise coffee growing in the region, where we now reach 6,546 farmers in total.

In 2021, we added KAHAWA ya CONGO or ‘Hope of Congo’ to our permanent Reviving Origins range from the Democratic Republic of the Congo.

Additionally, co-financing with USAID and partnership with the Eastern Congo Initiative has enabled social enterprise Asili to establish 23 water access points across the Kivu region, with the potential to supply clean and safe water to 80,000 people.

Asili’s primary and mobile health clinics will also deliver 13,000 health consultations per year, while supporting the fight against cholera. These facilities are especially vital to women and children.



LIVING INCOME AND RISK PROTECTION

A holistic approach is necessary to influence living income¹ and mitigate climate risk in the value chain, including for the most vulnerable smallholders.

Our long-term direct relationships with farmers enable us to provide them with tailored solutions suited to their specific needs.

The Sustainable Trade Initiative (IDH) has produced a strategic framework to illustrate what companies can do to influence farmer incomes.

Of the 11 potential levers identified, we are currently applying eight through the Nespresso AAA Sustainable Quality™ Program, with an additional two levers addressed in our Living Income strategy.

WHAT COMPANIES THINK THEY CAN DO TO INFLUENCE FARMER INCOME

WHAT THEY ACTUALLY CAN DO TO INFLUENCE FARMER INCOME

Deliver services to increase yield	✓	Commit to transparency and data sharing
	✓	Invest in traceability across entire supply base
	✓	Improve procurement practices
	✓	Ensure price increases are retained at farmgate
	✓	Build demand and engage consumers and brands
	✓	Invest in services with attention to cost of production
	—	Support inclusive land formalisation and management
Deliver services to improve quality	⌘	Support on and off-farm income diversification
	✓	Proactively partner within and outside your supply chain
	⌘	Build targeted strategies for different farmer segments
	✓	Apply a gender lens to optimise outcomes for the entire household

✓ Currently in the AAA Program ⌘ Part of AAA evolution — Not currently planned

1. The Living Income Community of Practice defines a living income as “the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household”

With the support of the Sustainable Food Lab, we joined the International Coffee Organization taskforce and share its vision to achieve economic resilience for coffee farmers. We collaborate and use our internal data to establish benchmarks for our origins, with the aim to build resilient communities and transform livelihoods.

The Living Income Community of Practice defines a living income as “the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.” This includes a nutritious diet, clean water, decent housing, education, healthcare and other essential needs, plus a little extra for emergencies and savings, once farm costs are covered.

As part of our living income strategy, together with partners, we have identified that farms need to meet certain criteria in order to achieve a living income from coffee alone. This is the concept of viability.

A viable farm² is one that is big enough to generate a living income from coffee cultivation and where everyone in the household that is eligible to work is employed on the farm. The size of farms that are considered viable varies across our sourcing origins.

On every farm, working with our partners and AAA agronomists, we use tailored solutions to help farmers boost their productivity to maximise the amount of coffee that can be harvested from their available land or protect their income from the impacts of climate change or market volatility.

2. According to Fairtrade International, farms that are big enough to fully absorb the available household labour should generate a living income. This is considered a viable farm size or a 'full-employment farm size'

AAA farmer and her family at the launch of the pension fund in Caldas, Colombia ▶



“HIGHER PRICES, GREATER PRODUCTIVITY, LAND TENURE, BETTER PROCUREMENT PRACTICES, AND DIVERSIFICATION STRATEGIES CAN ALL CONTRIBUTE TO BETTER INCOMES. BUT NONE OF THEM PROVIDES A COMPLETE SOLUTION, ESPECIALLY IF WE WANT EQUITABLE RESULTS THAT EXTEND TO ALL HOUSEHOLDS AND THE ENVIRONMENT.”



ASHLEE TUTTLEMAN,
SENIOR INNOVATION MANAGER,
THE SUSTAINABLE TRADE INITIATIVE



MAXIMISE FARMER INCOMES

One of the most important ways by which we improve the economic resilience of farmers is by paying premiums for coffee that has been grown according to AAA principles. In 2021, we paid a total of CHF 45 million in technical support and AAA premiums. Beyond paying premiums, the best way we can help to drive farmer incomes is through agronomy support. The 490+ team of AAA agronomists provides technical assistance to improve agricultural practices and cost management of farms.

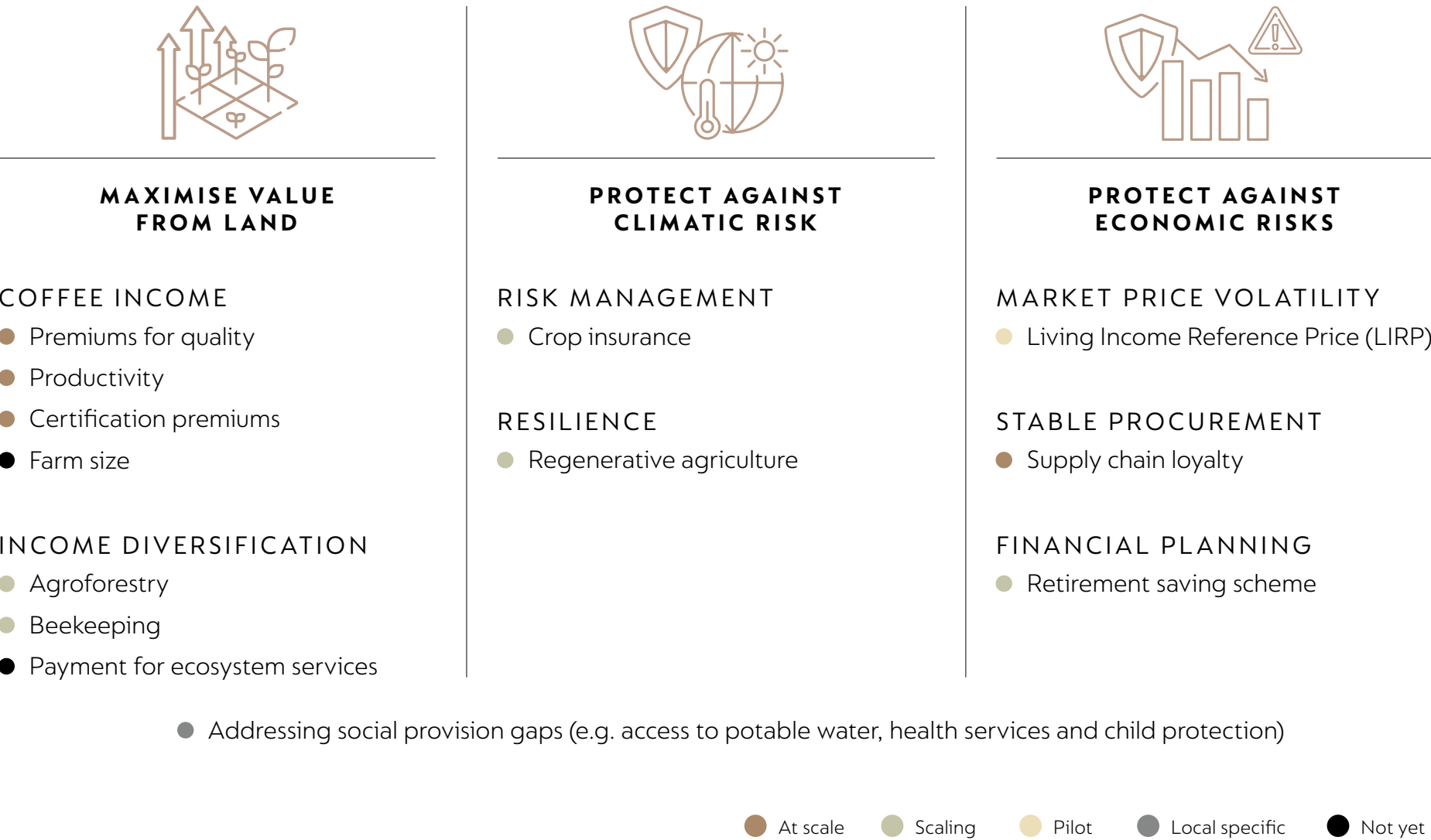
Nespresso works with a range of partners to help farmers renovate the coffee trees on their farms with new high-yield, disease-resistant varieties. For farms that are too small to derive an income from coffee production alone, we innovate to find new alternative

sources of income. One such pilot has been the partnership with Ubees in Colombia, which integrates beehives into AAA farms. The initiative creates additional revenue from the honey production and increases farm productivity through improved coffee pollination. Ubees estimates that this initiative contributes to approximately 30 to 40% additional profit per hive.

We are scaling agroforestry to diversify incomes through the cultivation of fruit trees and we are looking at other ways to increase incomes, for instance through the Payment for Ecosystem Services programme. The programme offers incentives for farmers in exchange for applying practices linked to regenerative agricultural and/or carbon reductions.

PORTFOLIO OF INCOME INTERVENTIONS

Our holistic approach towards living income combines a tailored mix of interventions to maximise and protect farmers’ incomes and assets.



TRACK DATA FOR IMPACT

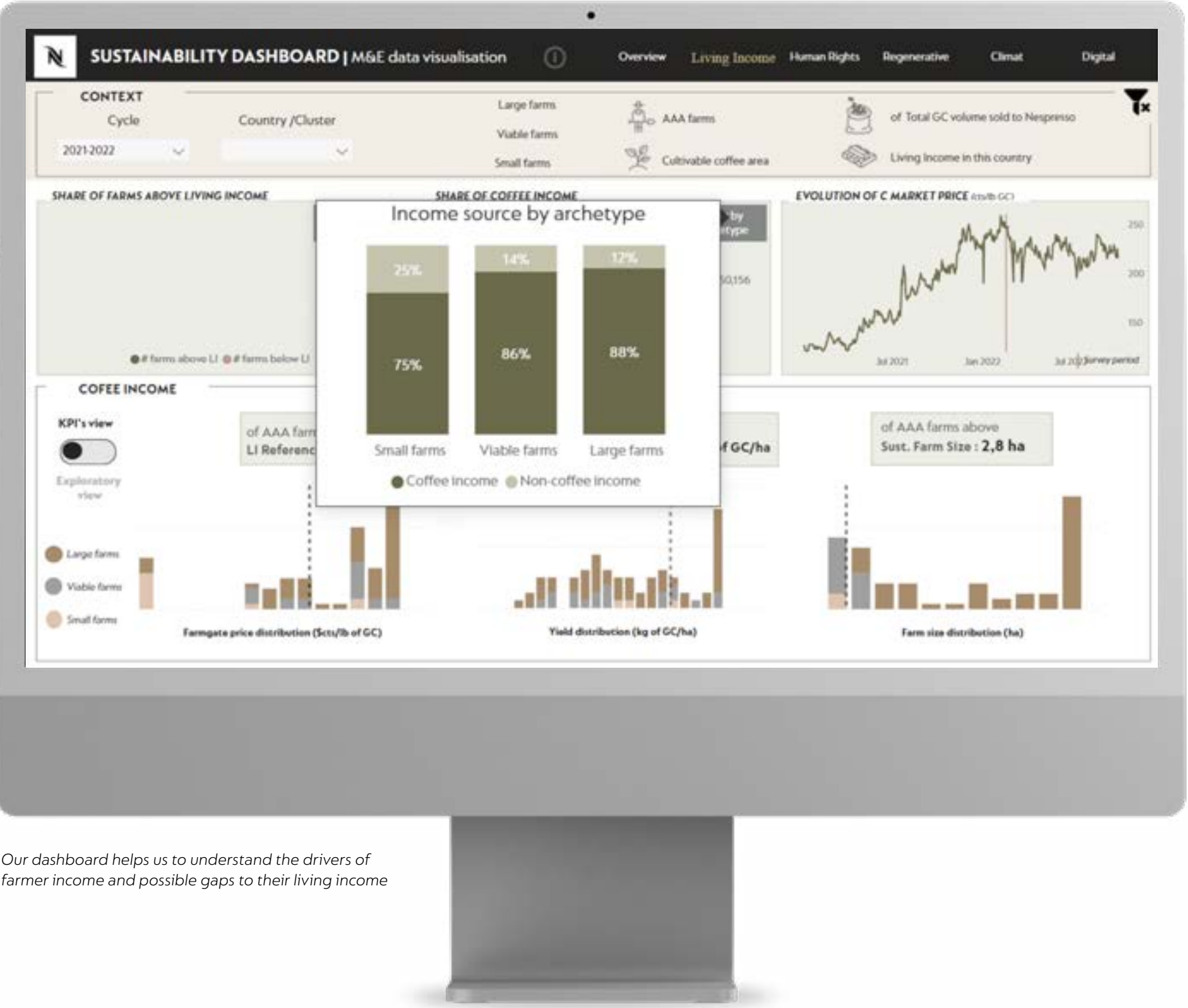
We select coffees carefully based on terroir and taste from the same farmers taking part in the AAA Program year after year. Our living income strategy is based on farmer segmentation, targeted to the reality of their needs.

At the core of our strategy is the ability to monitor progress and evaluate impact.

Each AAA farmer is named and registered in our database, including their farm location and size, the coffee variety grown and the yield. We trace 82.4% of our green coffee volume through financial transactions to the cooperative or farm level. This allows us to closely monitor payments to farmers, including premiums.

We have partnered with Enveritas to deploy independent monitoring and evaluation of our 2030 strategy across most AAA origins.¹ We aim to leverage the verification results to understand the gaps relating to living income, establish benchmarks and design interventions to drive change at origin.

1. 95% of 2021 volume.



Our dashboard helps us to understand the drivers of farmer income and possible gaps to their living income

2021 PERFORMANCE

100%
Of AAA farmers known and named in our database

82.4%
Of our global green coffee volume purchased through financial transactions traceable to farmers and cooperatives

RISK PROTECTION FOR FARMER INCOMES

Farmers, and in particular smallholders, are subject to a wide range of risks that can wipe out their incomes. This is why we are working with partners to pilot crop insurance and retirement savings schemes that can provide greater security for families, and incentivise the next generation to pursue coffee farming in the future.

The challenge remains that coffee prices, determined by the international New York coffee market, can be very volatile. Along with fluctuations in local currency exchange rates with the US dollar, the price farmers actually receive for their harvest can be much less than anticipated. Despite the AAA and certification premiums, farmer incomes can be adversely impacted.

One way of protecting against this volatility is through the Fairtrade Minimum Price. In 2020, FLOCERT verified that 95% of our global coffee purchases for 2019 met the Fairtrade Minimum Price.¹

It's important to go even further, which is why we are exploring a pilot in Caldas, Colombia, together with Fairtrade International, to test a Living Income Reference Price.²

This mechanism means that whatever happens to the New York price, and irrespective of currency fluctuations, AAA farmers will receive the equivalent of the price to be paid at the farm gate to ensure that a viable³ farm can earn a living income.

Once the pilot has been evaluated, the plan is to roll out the Living Income Reference Price to other origins that have a high proportion of smallholders with the greatest exposure to price risk. Our goal is for all AAA smallholder farmers to receive the Living Income Reference Price⁴ by 2030, setting a path forward for greater economic security that does not leave the most vulnerable behind.

1. To green coffee suppliers

2. *FT International definition of LIRP: a Living Income Reference Price indicates the price needed for a typical farmer household with a viable farm size and a sustainable productivity level to make a living income from the sales of their crop*

3. According to Fairtrade International, farms that are big enough to fully absorb the available household labour should generate a living income. This is considered a viable farm size or a 'full-employment farm size'

4. In origins where the LIRP has been established by Fairtrade International and the majority of AAA coffee farmers are smallholders

2021 PERFORMANCE

9,463

AAA farmers with access to financial resilience programmes



“HAVING AN INSURANCE SOLUTION THAT PROTECTS OUR MEMBERS FROM THE DEVASTATING EFFECTS OF CLIMATE CHANGE IS CRITICAL FOR THE COOPERATIVES.”



CESAR JULIO DÍAZ,
HEAD OF AGUADAS, NORTE DE CALDAS,
OCCIDENTE DE CALDAS AND ANSERMA
COFFEE GROWERS COOPERATIVES

Blue Marble

“NESPRESSO HAS BEEN A PRIME MOVER IN THE PROTECTION OF SMALLHOLDERS AGAINST THE EFFECTS OF CLIMATE CHANGE. WE ARE COMMITTED TO WORKING IN PARTNERSHIP TO ENSURE THE MOST VULNERABLE ARE PROTECTED THROUGH INSURANCE.”



JAIME DE PINIÉS,
CEO, BLUE MARBLE

CASE STUDIES

WEATHERING RISK WITH CROP INSURANCE

In partnership with Cafe Export, Blue Marble and Seguros Bolivar, an initiative was developed to pilot affordable crop insurance in the face of the adverse effects of climate change within the Aguadas, Alto and Norte de Caldas cooperatives.

Satellite technology is being used innovatively to determine coffee output in relation to amounts of rainfall and whether crop yields have suffered from too much or not enough rainfall during each growing

phase. When the satellite technology detects that there has been too much or not enough rainfall for a phase, payouts are made directly to the registered coffee grower of the affected hectares. No notices of loss, formalities or claims processes are required. In 2021, the scheme insured 4,445 AAA farmers' crops and over 10,534 hectares. Nespresso and Blue Marble are now scaling the project to other regions in Colombia and other countries.

SECURING THE TRANSITION TO YOUNG FARMERS WITH RETIREMENT SAVINGS

In 2014, a pioneering retirement savings plan for smallholder coffee farmers was developed in partnership with the Colombian Ministry of Labour, the Aguadas Coffee Growers Cooperative and Fairtrade International, in the Caldas region of Colombia. To motivate coffee producers to save a minimum amount per year, the Colombian government matches 20% of what farmers invest.

Currently, 2,265 farmers have enrolled in the retirement savings scheme and 567 farmers have used the funds since the programme was created. The aim is to extend the number of registrations to 40,000.

The initiative also seeks to incentivise the next generation to enter the industry.

In 2022, Nespresso was awarded top prize in the Fairtrade Max Havelaar Switzerland Awards' "Innovation" category, which recognises Swiss organisations that have invested in and promoted fair trade practices and products. We are proud and humbled to receive this recognition. But the journey does not stop here.

The success in Colombia led to the creation of a pension fund in Aceh, North Sumatra, where farmers similarly lack access to retirement savings. We engaged Bank Syariah Indonesian, Fairtrade International, Root Capital, coffee sourcing partner OLAM and local Fairtrade-certified coffee cooperatives to create the SIMPONI pension fund programme (known today as TAPENAS). By the end of 2021, 2,753 farmers were registered in the programme.



Protection from climate risk is important for the future of farmers, and in Colombia crop insurance is providing a security net for the first time



REVIVING COFFEE COMMUNITIES

Reviving Origins is perhaps one of the strongest examples of how we seek to maximise the incomes of farmers and protect livelihoods in the face of huge challenges.

The programme is a long-term commitment to enter into coffee regions that have experienced socio-economic, geopolitical or environmental adversity and re-empower communities to rebuild a vibrant coffee sector that can contribute to the overall revitalisation of the regions in question.

Following pilot projects in post-civil conflict South Sudan in 2014, Reviving Origins was formally launched in 2019. It is grounded in the belief that quality coffee, and the premiums farmers earn from it, can be a catalyst for the long-term sustainability and resilience of farming communities and economies – even and especially in regions blighted by war or disaster. The global Nespresso team is especially proud of this work to help bring hope and opportunity through quality coffee cultivation and market access.

To date, we have introduced the programme in seven countries: Colombia, Cuba, the Democratic Republic of the Congo, Puerto Rico, South Sudan,¹ Uganda and Zimbabwe.

These products also create a direct and powerful opportunity for Nespresso consumers to combine their interest in new flavours and coffee origins with a desire to have a positive impact in communities that have endured hardship and where coffee cultivation and export is a powerful way to contribute to rebuilding the economy.

2021 PERFORMANCE

7
Countries with
Reviving Origins
programmes¹

11,700+
Farmers benefitting
from the Reviving
Origins programme

¹ Our operations in South Sudan are on hold as a result of unstable conditions following a return to armed conflict

CASE STUDY

REBUILDING COFFEE COMMUNITIES IN PUERTO RICO

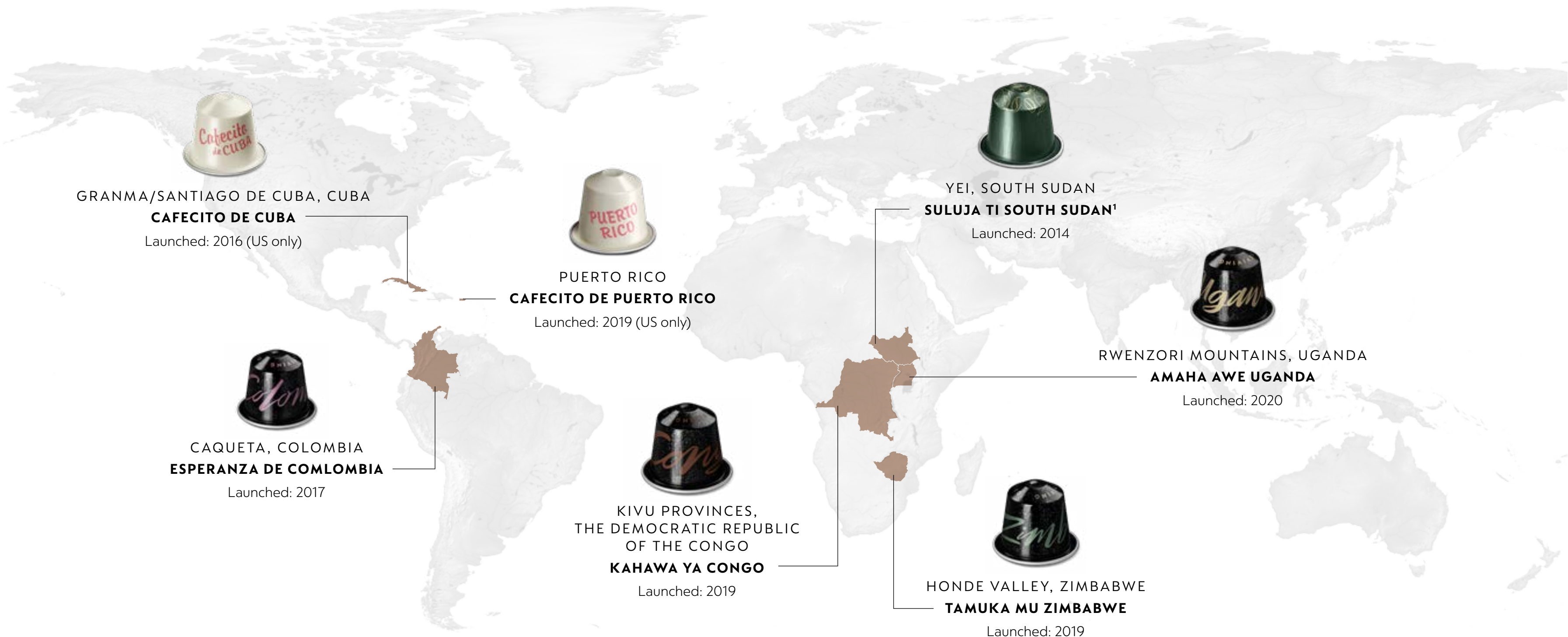
Many coffee farmers saw their livelihoods disappear overnight when Hurricane Maria made landfall in Puerto Rico in September 2017. Over 80% of the island’s coffee trees were destroyed.

Since then, the Revivamos Nuestro Café multi-year programme has been the driving force behind the Nespresso Reviving Origins range, released in 2019. Working alongside the Hispanic Federation, Fundacion Colibrí, the Rockefeller Foundation and TechnoServe, the programme is aimed at delivering training to

coffee farmers in order to increase farm productivity and at supporting processing mills in order to increase the quality of their product and the sustainability of their operations.

As of December 2021, 725 farmers have gone through Coffee Farm College, of whom more than a quarter are women.

With Hurricane Fiona impacting Puerto Rico just five years after Hurricane Maria, we are currently meeting with partners to understand how we can support relief and recovery efforts.



“THROUGH TRAINING AND IMPLEMENTING OF WHAT WE HAVE LEARNED, WE SEE THE POSITIVE RESULT IN COFFEE CROPS. EVERYONE KNOWS THAT HURRICANE MARÍA WAS DEVASTATING. WE LOST A LOT, BUT AT THE SAME TIME WE WERE ABLE TO START OVER AND WITH BETTER AGRONOMIC PRACTICES.”

RAFAEL RODRÍGUEZ HERNÁNDEZ,
FOURTH-GENERATION COFFEE GROWER
IN PUERTO RICO



OUR PERFORMANCE TO DATE

In 2021, the Nespresso Sustainable Quality™ Program expanded successfully to three new countries, adding around 20,600 farmers. There are now more than 140,000 farmers enrolled in the programme.



We source 92.5% of our coffee volume through the AAA Program, including 49.3% from Rainforest Alliance, Fair Trade USA, Fairtrade International or organic certified farms.

In 2021, we invested CHF 45 million in technical assistance and AAA premiums.

Our network of 491 agronomists made 85,475 visits to farmers throughout the year, providing training and advice in sustainable practices and production. In 2021, we piloted affordable crop insurance to de-risk cooperatives in Aguadas, Alto and Norte de Caldas in Colombia, insuring 4,445 AAA farmers' crops and over 10,534 hectares. Nespresso and our partner Blue Marble are now scaling the project to more regions in Colombia and other countries.

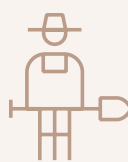
We are exploring a pilot with more than 9,000 farms in Caldas, Colombia, together with Fairtrade International, to test a Living Income Reference Price. Nespresso and Fairtrade International are aiming to scale the project in five relevant origins: Colombia, Guatemala, Indonesia, Mexico and Peru, representing more than 50,000 farms.

In order to support financial inclusion and stability, we will introduce village savings and loan associations in AAA communities in 2023.

Reviving Origins has been introduced to seven countries: Colombia, Cuba, the Democratic Republic of the Congo, Puerto Rico, South Sudan,¹ Uganda and Zimbabwe, bringing new opportunities to farmers in regions where coffee crops and farms have been under threat.

1. Our operations in South Sudan are on hold as a result of unstable conditions following a return to armed conflict

18
Countries with the AAA Program (2021)



142,754
Farmers in the AAA Program (2021)



49.3%
Certified green coffee volume² (2021)

2. Certified by the Rainforest Alliance, or Fairtrade International, or Fair Trade USA, or organic

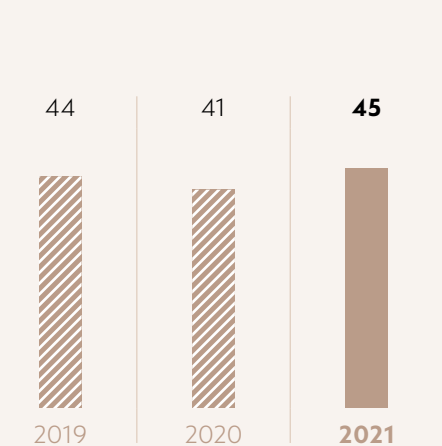
CHF 316m
Cumulative investment in coffee operations (technical assistance and AAA premiums, 2014–2021)

CHF 45m
Investment in coffee operations (technical assistance and AAA premiums, 2021)

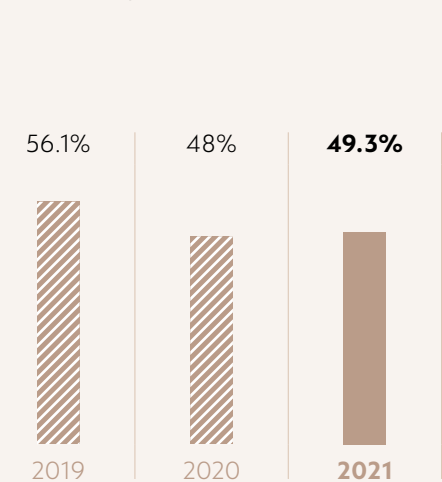
490+
AAA Program agronomists (2021)

33%
Of AAA Program agronomist positions held by women (2021)

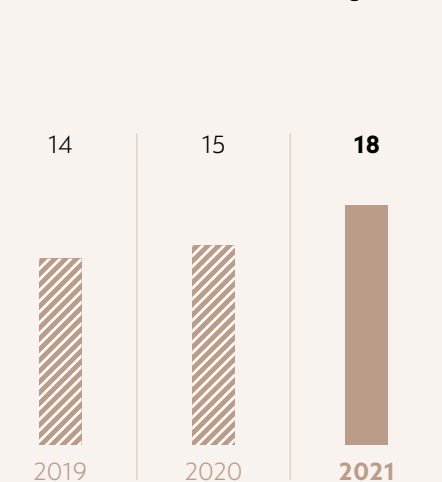
Annual investment in coffee operations (CHF millions)



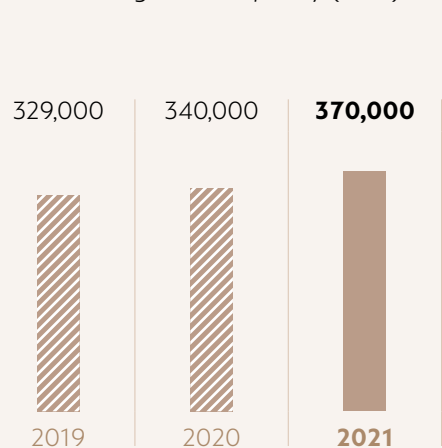
Certified green coffee volume¹



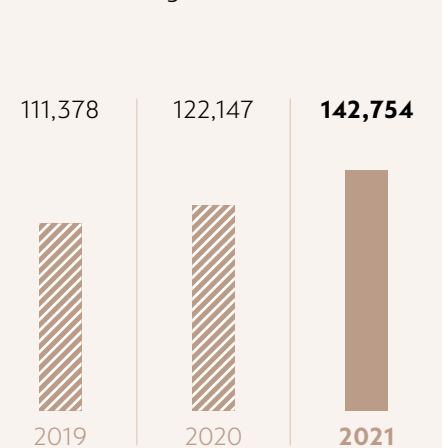
Countries with the AAA Program



Investment in field programmes related to gender equality (CHF)



Farmers enrolled in the AAA Program



A farmer in Indonesia with his high-quality facility for drying coffee beans ▶





ADVANCE CIRCULARITY

WE BELIEVE THAT
NO RESOURCE
SHOULD BE
THROWN AWAY

Nespresso boutiques include recycling points for used capsules

WE WILL DO EVERYTHING WE CAN TO WASTE NOTHING

Resources are precious. *Nespresso* has known this from the start, with the creation of the first portioned coffee system that optimises the use of water, energy and coffee through precise quantities to brew one cup of *Nespresso* at a time.

GOAL

CIRCULTYICS™
RATING A¹

AS MEASURED BY



GOAL TIMING

BY 2030

1. Pending evolution of Circulytics™ standards; Circulytics™ is an assessment tool developed by the Ellen MacArthur Foundation that allows companies to measure circularity across their entire operations



MILESTONES

By 2025, our aim is that at least 10% of our machine sales will be refurbished machines

By 2025, we aim to achieve a global capsule recycling rate of 50%²

By 2025, we aim to reach Circulytics™ rating A-

2. In dedicated and collective systems

OUR APPROACH

We have chosen aluminium for our capsules to protect the high quality of the coffee we select and to ensure the freshness of the aromas for each cup of coffee. Aluminium provides strong protection against oxygen, light and humidity, which can really affect taste. Moreover, aluminium is lightweight and infinitely recyclable.

When we choose our resources, quality comes first. Precision and circularity are the attributes that help us maximise their value and reduce waste. Following circularity principles, we use only the resources we need in our value chain and reuse and recycle them whenever possible.

PRECISION AND CIRCULARITY IN OUR VALUE CHAIN

	AGRICULTURE	SOURCING	MANUFACTURING	CONSUMPTION
PRECISION	Regenerative agriculture practices encourage use of inputs only when absolutely necessary and help to increase yield from the same land.	Responsible sourcing of virgin materials.	Zero waste to landfill from our three production centres.	Our machine and capsule coffee system is founded on precision consumption, optimising resource usage at each stage.
CIRCULARITY	Enhanced water stewardship including reuse of water where possible.	All of our original line capsules are made using recycled aluminium.	Heat and water created during manufacturing are recovered and reused.	Almost 88% of <i>Nespresso</i> consumers have access to convenient recycling solutions. We are expanding our range and markets for refurbished RELOVE <i>Nespresso</i> machines.

ENVIRONMENTAL IMPACT OF PORTIONED COFFEE

Our machines use the precise amount of water, energy and coffee that allow coffee lovers to enjoy their cup without throwing out excess coffee or grounds.

A Quantis holistic life cycle assessment³ of different coffee preparation systems showed that a cup made from a *Nespresso* Original capsule has a similar environmental impact to filter coffee and mocha, and a favourable environmental impact compared to a cup prepared in a fully automated machine (approximately 23% lower). This performance is obtained by a lower amount of coffee per cup and a lighter weight coffee machine for the *Nespresso* system.

3. Source: 2018 European Comparative life cycle assessment of a cup of Lungo coffee made with an Original capsule

THE CIRCULAR IMPERATIVE

A circular model transforms the take-make-waste economy into one that tackles climate change, biodiversity loss, waste and pollution. At *Nespresso*, we endorse circular principles where end-of-life materials are conceived as resources from the very start. We base our actions in accordance with the following principles:

- Eliminate waste and pollution
- Circulate products and materials
- Regenerate nature

OUR LEVERS FOR CIRCULARITY

**INNOVATION
AT EVERY STEP**
(see page 42)

**INFRASTRUCTURE
AT SCALE**
(see page 44)

**INSPIRATION
FOR CONSUMERS**
(see page 45)





“OUR AMBITION FOR CIRCULTYICS™ IS TO HELP ANY BUSINESS, IN ANY INDUSTRY, ANYWHERE IN THE WORLD RECOGNISE AND UNLOCK THE POTENTIAL OF THE CIRCULAR ECONOMY. WE LOOK FORWARD TO THE NEXT STAGE OF NESPRESSO’S CIRCULAR ECONOMY JOURNEY SUPPORTED BY CIRCULTYICS™.”



ROB OPSOMER,
EXECUTIVE LEAD, SYSTEMIC INITIATIVES,
ELLEN MACARTHUR FOUNDATION

CIRCULTYICS™: BRINGING CLARITY TO PROGRESS

The Ellen MacArthur Foundation Circulytics™ tool measures how effective a company is in making the transition from linear to circular models.

The tool’s comprehensive set of indicators is broken down into key enablers (strategy and planning; innovation; people and skills; systems, processes and infrastructure; and external engagement) and outcomes (which provide a snapshot of how circular a company is in terms of material flows, product design, energy use and more).

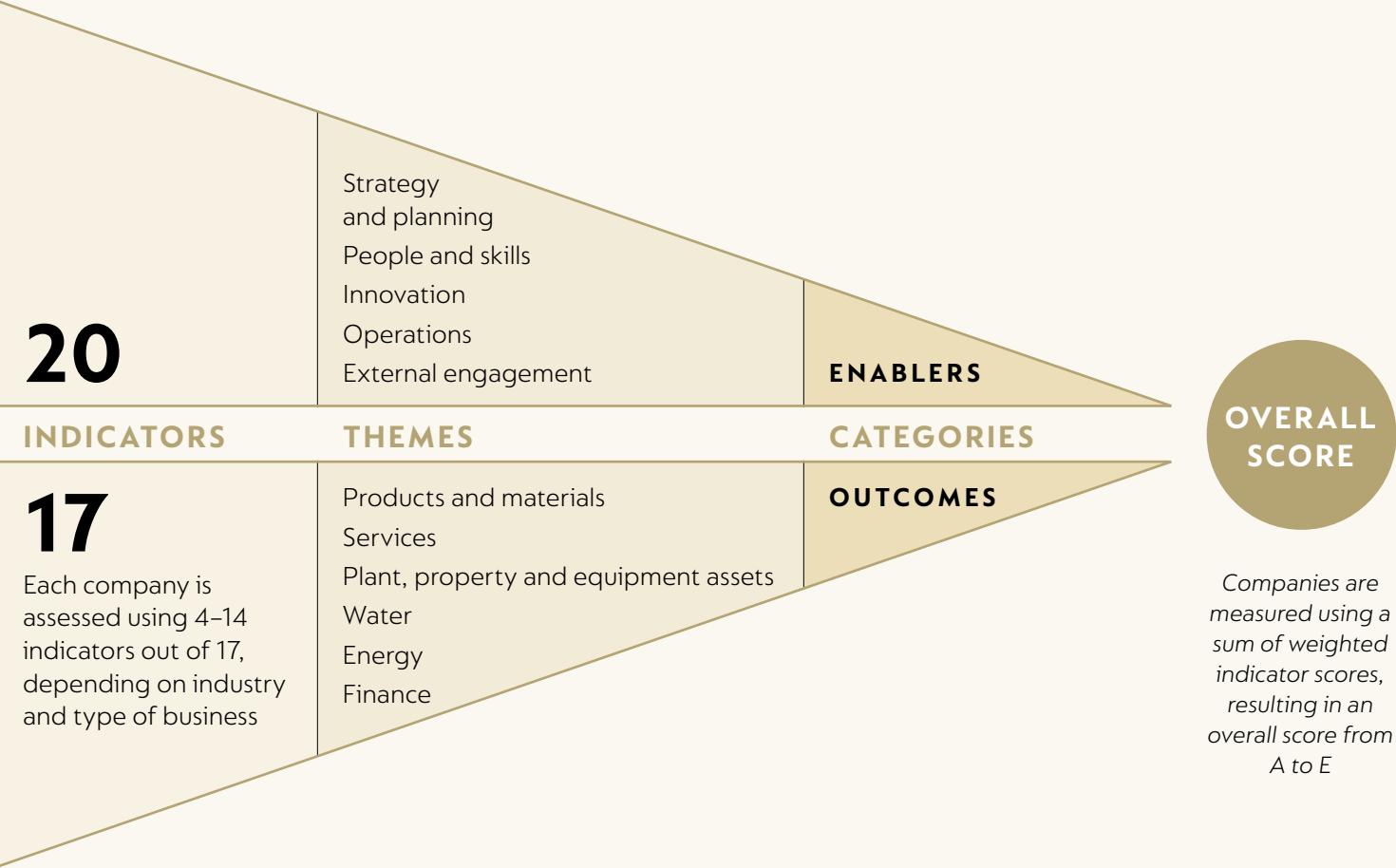
This methodology allows a company to measure its progress and obtain a clear picture of where interventions and innovations can drive tangible change.

Nespresso is committed to ensuring that our strategy continues to be closely aligned with the enablers

of Circulytics™. We are focusing on identifying enterprise-wide initiatives that will encompass all facets of our organisation, functions and operations.

To achieve our aims related to Circulytics™, we intend to reinforce our approach to innovation, reinvigorate our internal and external communications, and redouble efforts in regenerative coffee production, capsule recycling and machine refurbishment. Engagement with our employees, stakeholders, partners, customers and coffee farmers will continue to have an increasingly key role to play. Our Circulytics™ rating was calculated at B in 2020, forming our baseline score on a scale of A to E. As a next step, we will complete a new self-assessment in 2023.

CIRCULTYICS™ ASSESSMENT METHODOLOGY



INNOVATION AT EVERY STEP

Excellent performance, quality, sustainability and coffee experience are at the heart of our product design. Innovation and renovation help us to fully realise these attributes without compromise.

We strive to make recycling, circularity and sustainability as easy as possible for our customers, and one of the best ways to do this is by offering them choice.

Aluminium was chosen for our capsules because of its intrinsic characteristics of robustness and recyclability.

We have continued to innovate to enhance the sustainability of our range, and this has led to the creation of our first ever pilot range of paper-based capsules that are home compostable.

We are delighted to offer our customers another sustainable choice.



Nespresso Paper Collection, our first ever range of paper-based capsules certified home compostable

COMPLEMENTARY SOLUTIONS

One of the best ways to make progress towards circularity and sustainability is through complementary solutions that provide consumers the choice of system most convenient and accessible to them. We continue to innovate to provide customers with a greater choice of solutions to accelerate the path to circularity. Both composting and recycling can be effective solutions to ensure valorisation of used materials. At Nespresso, working with our public and private partners across the globe, we are innovating to help provide our customers with a range of solutions to improve environmental performance at scale.

A PAPER-BASED BREAKTHROUGH

After years of research and development, we are proud to announce the launch of Nespresso Paper Collection, our first ever pilot range of paper-based capsules that are certified home compostable. The capsules meet the composting requirements of international certification body TÜV. Compatible with existing Nespresso Original machines, they deliver the high-quality coffee that consumers love.

Four sustainably sourced coffees have been crafted by our experts, each one carefully designed to interact with the paper-based capsule and give premium in-cup results. They will complement our existing range of capsules in our pilot countries, France and Switzerland. Nespresso consumers may recycle their capsules made using aluminium or compost their paper-based capsules at home after they have enjoyed their coffee.

In the years to come, we will accelerate our efforts, bringing this innovation to more markets and providing our customers with complementary choices of recycling and compostability.

“WHETHER ALUMINIUM OR PAPER BASED, WE ARE LOOKING TO EVOLVE OUR OFFERING TO HELP CONSUMERS CHOOSE THE BEST SOLUTION FOR THEM, WITHOUT COMPROMISING ON THE NESPRESSO QUALITY STANDARD.”



PASCAL LEBAILLY,
GLOBAL HEAD OF COFFEE AND
SYSTEMS INNOVATION, NESPRESSO



“NESPRESSO IS COMMITTED TO DRIVING CIRCULARITY IN ALUMINIUM AND IS NOW EXTENDING THESE PRINCIPLES TO APPLIANCES, TOO. THE METALS STORY IS ONE WE ALL SHARE IN, AND IS A KEY PART OF COLLECTIVE ACTION FOR GLOBAL SUSTAINABILITY GOALS.”



DR. FIONA SOLOMON,
CEO, ALUMINIUM STEWARDSHIP INITIATIVE

ALUMINIUM: HIGH PERFORMANCE AND RECYCLABLE

Aluminium offers excellent performance and environmental benefits. It protects the aromas and flavours of our coffees to ensure every cup is of consistent high quality. It also keeps coffee fresh by preventing exposure to oxygen, moisture and light. More generally, it protects any food from degradation, reducing waste.

Aluminium is not just recyclable, but infinitely recyclable.¹ No matter how many times it is recycled and recast into different forms, aluminium retains its original material properties.

Currently, 80% of the aluminium we use for home-use capsules is recycled aluminium, excluding Vertuo Carafe Pour-Over Style capsules.

Nespresso was one of the founding partners of what is now known as the Aluminium Stewardship Initiative (ASI), which sets out standards to promote the protection of biodiversity, respect for indigenous peoples' rights, water management and low-carbon emissions during the production of aluminium.

1. According to the [Aluminium Association](#)

2021 PERFORMANCE

80%

Recycled aluminium content in all Nespresso Original capsules

85%

Recycled aluminium content in 88% of Nespresso Vertuo capsules



INNOVATION AND RENOVATION IN OUR MACHINES AND ACCESSORIES

Old becomes new when we embrace circular thinking. By making smarter use of plastic, incorporating recycled materials, and increasing the availability of refurbished machines and innovating our materials, we are valuing the precious resources that make up our coffee system.

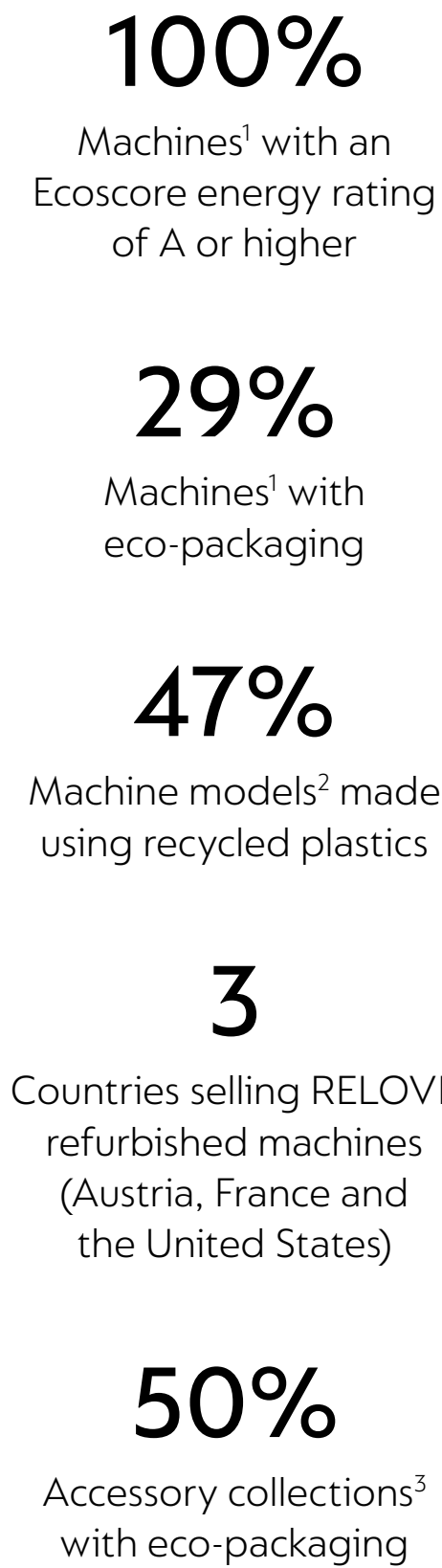
Nespresso machines are designed to be robust, repairable and energy efficient. Machines have a key role to play in helping achieve our overall net-zero goals.

We calculate the GHG emissions generated by the production of coffee machines and the impact of their distribution to fully understand their role in our overall footprint.



Vertuo Pop is small, light and mighty with an energy consumption rating of A+

2021 PERFORMANCE



1. Home-use machines
2. Of 17 Original line/Vertuo line models
3. Out of the eight accessories collections

CASE STUDY

SECOND LIFE FOR MACHINES

Our machines are designed to last and we want to extend their use by giving them more than one life. Not only does this reduce waste, the carbon footprint of a refurbished machine is lower than the production of a new one.

While refurbished machines have been available in Switzerland and Canada for some years, the RELOVE pilot was launched in Austria, France and the United States in 2021, allowing Nespresso machines to be returned and shipped to repair centres.

A two-year warranty helps to reassure consumers that the refurbished machines look and work like new.

Currently, the volume of machines we sell is small. However, with each sale, we learn more about the appeal for consumers and the impact of this new circularity model. It is just the beginning of our journey.

Over the coming years, we will continue to expand the refurbishment of our machines. Denmark, Italy, Portugal, Romania and Sweden joined the pilot in 2022.

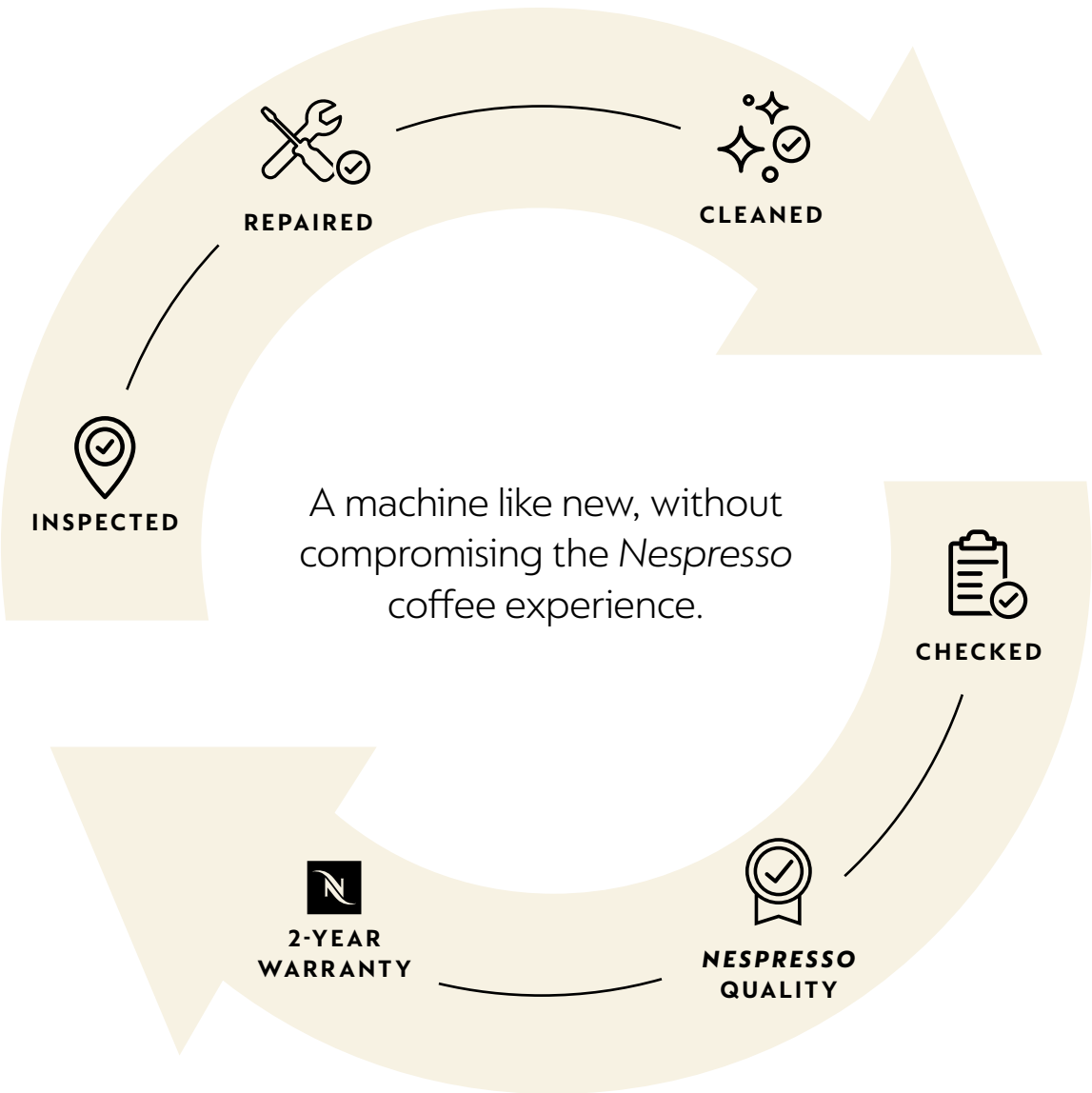
“WE ARE RECEIVING VERY POSITIVE FEEDBACK FROM CONSUMERS ON THE LAUNCH OF OUR RELOVE RANGE OF REFURBISHED MACHINES.”



GUILLAUME CHESNEAU,
MANAGING DIRECTOR, NESPRESSO FRANCE

RELOVE

HOW ARE NESPRESSO MACHINES REFURBISHED?



STEP 1
Machines are sometimes returned to Nespresso or have been damaged

STEP 3
Machines are then repackaged and made available for purchase via our direct sales channels (i.e. Boutique, CRC, e-commerce)

STEP 2
If a machine can be refurbished, it will be carefully inspected, repaired when necessary and cleaned. Parts will be changed proactively and machine software will be updated⁴

STEP 4
All Nespresso refurbished machines are Nespresso quality assured, with the same warranty conditions as a new Nespresso machine

4. Changes if necessary and updates where applicable



INFRASTRUCTURE AT SCALE

Starting in 1991, we have taken an active stance in working with partners to develop municipal recycling solutions.

This means collaboration with governments and local authorities and investment in tailored infrastructure to make aluminium capsule recycling as easy and convenient as possible.

More than 30 years ago, we helped to develop the first recycling system dedicated to *Nespresso* capsules in Switzerland. Today, consumers have access to capsule recycling systems in 70 of the 81 countries where our capsules are sold. A network of more than 100,000 *Nespresso* collection points can also be found at our boutiques, select retail partners and parcel drop-off points.

Recycling is truly a collective effort. In many countries, established collective recycling schemes are unable to separate lightweight metals from other packaging. We work with

a range of municipalities and businesses to invest in initiatives that enable the recycling of aluminium capsules – and we collaborate to help enable simple and convenient consumer access. In Finland, Germany and Sweden, for example, coffee capsules can be recycled in the same way as other household packaging.

We have already opened our infrastructure to other coffee manufacturers as well. However, despite the fact that 88% of consumers now have access to a convenient recycling solution, we know that there is still work to do to increase the capsule recycling rate.

CASE STUDIES

SMALL-SIZED WASTE IN A BIG CITY

In most cities, the size and weight of small aluminium items – including coffee capsules, foil and can lids – require that they be divided from other mixed recyclable metals using special equipment. We supported the New York City Department of Sanitation and its partner Sims Municipal Recycling (SMR) to improve the recovery of small aluminium and better allow for kerbside recycling. Our investment enabled SMR to better sort and capture these articles with new technology, increasing the efficacy of New York City’s recycling programme.

TOGETHER WE ACHIEVE MORE

The Podback scheme was set up as a non-profit organisation in the UK by *Nespresso*, NESCAFÉ Dolce Gusto, JDE, Tassimo and other capsule brands. Their goal was simple: to make coffee capsule recycling as easy as possible, so that anyone, anywhere in the UK, could recycle their aluminium or plastic pods through one simple service. The scheme uses a mix of kerbside pickup, Podback containers at recycling centres and Collect+ locations for drop off.

In April 2021, Cheltenham Borough Council introduced a Podback kerbside recycling service, where residents put their Podback bags out for collection with their other waste and recycling. To date, the service has inspired coffee drinkers to recycle 2.2 million capsules. It has also contributed to building a circular model of consumption: the coffee grounds are used to create biogas and compost, while the aluminium is currently made into car parts and drinks cans; the plastic is turned into long-life products.

2021 PERFORMANCE

CHF 71m

Investment in collection capacity and recycling systems¹

1. Includes investment in technology

88%

Estimated collection capacity

28%

Estimated global recycling rate²

2. In dedicated and collective systems



“BY UNITING THE INDUSTRY AROUND A COMMON GOAL OF MAKING RECYCLING SIMPLE FOR PEOPLE, WE CAN DELIVER ON PODBACK’S AMBITION OF A WORLD WHERE EVERY COFFEE POD ENJOYED IS EASILY RECYCLED.”



RICK HINDLEY,
EXECUTIVE DIRECTOR,
PODBACK



AXEL TOUZET,
HEAD OF ZONE WESTERN EUROPE,
NESPRESSO



INSPIRATION FOR CONSUMERS

Because consumer participation is essential to making recycling a success, everyone must feel inspired to give a second life to their capsules and coffee grounds.

The transformation of waste needs infrastructure, information and sometimes a little additional inspiration to act. In the case of our consumers, this means taking the time to bring coffee capsules to the closest recycling point and eliminating waste to landfill.

Once collected, capsules are transferred to recycling centres managed by different partners where the aluminium and coffee grounds are separated from one another. While the coffee grounds are transformed into renewable energy or compost, the aluminium recovered is melted down to be reused in numerous other products, such as cans, window frames, bicycles and even automotive parts.

Giving this second life to coffee capsules and their grounds is in the hands of coffee drinkers. This is why, in 2021, we took steps to engage consumers in the habits of sustainable consumption with our ‘Doing is Everything’ campaign, building on 30 years of our dedication to recycling. In Switzerland, it showed how our spent coffee can be turned into biogas and used to create electricity for Swiss homes and businesses, or become compost used by Swiss vineyards. It also celebrated the free ‘Recycling at Home’ collection scheme, operated in collaboration with the Swiss postal service since 2012, and revealed how aluminium can be used to create designer objects by brand partners.



◀ Our partnership with Caran d'Ache allows consumers to enjoy the second life of Nespresso capsules



A campaign installation by artist Briony Douglas celebrates the endless possibilities for recycled aluminium

2021 PERFORMANCE

55%

Used capsule valorisation rate¹

1. Recycled capsules and capsules incinerated for heat recovery

CASE STUDIES

WRITE WAY FOR CIRCULARITY

Collaborating with Caran d'Ache led to an exclusive re-design of its iconic mechanical pencil, Fixpencil. The body is made from recycled aluminium Nespresso capsules and the lead is comprised of recycled coffee grounds. The new collection was also launched with a set of graphite pencils carved from FSC-certified beechwood encasing leads made from coffee grounds.

GROUNDS FOR SUSTAINABLE FASHION

We partnered with zero-waste fashion start-up Zèta to create RE:GROUND, a stylish sneaker made using recycled coffee grounds. The limited-edition capsule collection was inspired by the principles of zero-waste, eco-design and French style. Each pair of RE:GROUND sneakers contains 12 cups' worth of coffee grounds from our capsule recycling scheme, which have been integrated into the vegan leather uppers as well as the soles of the shoes. The rest of RE:GROUND is made using 80% recycled and sustainable materials.

zzèta

“NESPRESSO’S PASSION FOR RECYCLING AND UPCYCLING HAS BEEN AN INSPIRATION AND WE HAVE BENEFITTED HUGELY FROM THIS PARTNERSHIP TO CREATE RE:GROUND, A STYLISH SNEAKER MADE USING RECYCLED COFFEE GROUNDS.”



LAURE BABIN,
FOUNDER AND CEO OF ZÈTA





CASE STUDIES

CHICCO A CHICCO
(GRAIN TO GRAIN)

In Italy, since 2011, we have invested more than six million euros in projects to develop and implement a capsule collection system, to make recycling easier for consumers and to turn coffee grounds into compost for rice fields. *Nespresso* then buys the rice and donates it to food banks in Lazio and Lombardy, which provides meals to people in need.

This investment and hard work has brought 128 collection points to *Nespresso* boutiques and “eco-islands” in the country. This contributes to the recovery of 6,500 tonnes of used capsules, about 400 tonnes of aluminium and over 3,300 tonnes of used coffee.

We have also introduced innovative projects to simplify the recovery of capsules, including collection services in Lecco, Lodi, Milan and Monza Brianza that allow consumers to recycle their capsules by mail rather than returning them to the appropriate collection points.

The project has highlighted the potential to increase the number of capsules we recover and has inspired plans to replicate the programme in other cities in Italy.

THE POWER OF
COFFEE GROUNDS

Wherever possible, we try to separate and repurpose spent coffee grounds in our recycling process, which can be repurposed into nutrient-rich fertiliser or used to create green energy in the form of biogas.

Since 2016, the coffee ground waste from our production centres and recycled capsules in Switzerland has been processed at the Henniez biogas plant in the country. Representing less than 20% of the biogas plant input, coffee grounds generate more than 60% of the biogas output.

The plant supplies electricity to the Henniez water bottling plant and provides the equivalent of 1,000 households’ electricity requirements. An assessment has shown that the coffee from one recycled capsule entering a biogas factory generates as much energy as the production of one capsule made from recycled aluminium.

FULL-CIRCLE INCENTIVES
FOR RECYCLING

In Switzerland, our new programme *Nespresso* Circle encourages consumers to recycle their used capsules by rewarding them for their efforts. The pilot began in September 2022 in the canton of Neuchâtel, with a rollout planned for the rest of the country after the first year.

We developed a “smart” recycling bag for the programme, which is equipped with a chip that tracks each enrolled consumer’s recycling efforts.

For every bag of used capsules returned, consumers receive 100 tickets for a prize draw and *Nespresso* donates CHF 1 to local charity Caritas.

The newly designed bags feature the work of Zurich artist Stefan Kunz and can be collected through the Recycling at Home service.



OUR PERFORMANCE TO DATE

Going beyond assessing products and material flows, we aim to measure circularity in our full value chain.

Despite COVID-19-related challenges and our continued growth, in 2021 we were able to offer a convenient used-capsule recycling solution to 88% of our consumers worldwide. For all capsules sold, we estimated the recovery rate to be 28%.¹

In 2021, our investment in collection capacity and recycling systems totalled CHF 71 million (an additional CHF 13 million vs 2020) and covered 70 countries, with infrastructure shared with other capsule manufacturers in nine countries.

In 10 countries, consumers could recycle their capsules through collective packaging schemes, known as Packaging Recovery Organisation, while in another 42 countries, we offered a partial or nationwide 'Recycling at Home' option that allowed consumers to benefit from used capsule collection from their place of residence.

We continue to help give consumers sustainable solutions without compromising on coffee quality. Refurbished RELOVE machines were made available in three markets in 2021. We have also announced the pilot of our first paper-based compostable capsules in France and Switzerland.

B
Circulytics™ rating (2020)



70

Countries with capsule recycling systems² (2021)



28%

Estimated global recycling rate¹ (2021)



0%

Waste to landfill from our three production centres (2021)

1. In dedicated and collective systems
2. Out of 81 countries where we sell capsules

CHF 313m
Cumulative investment in collection capacity and recycling systems³ (2014–2021)



88%

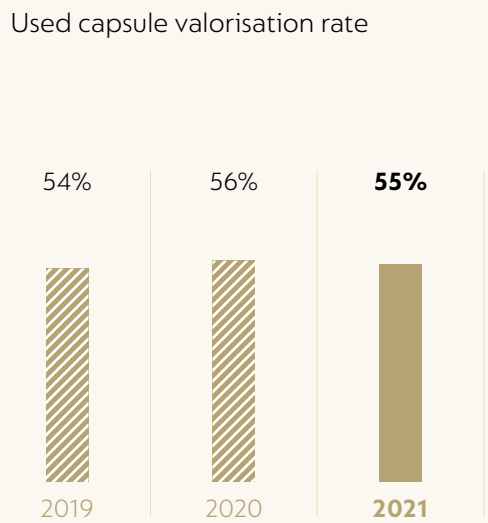
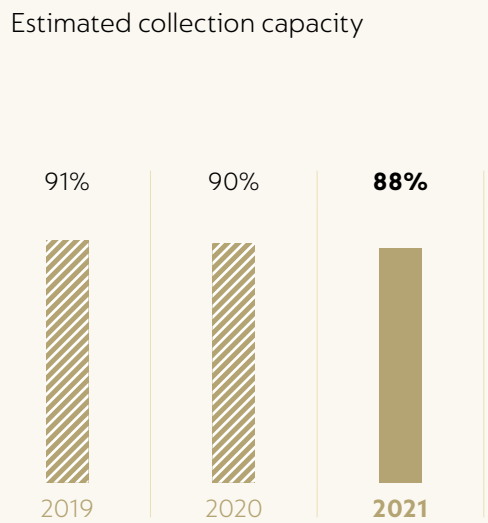
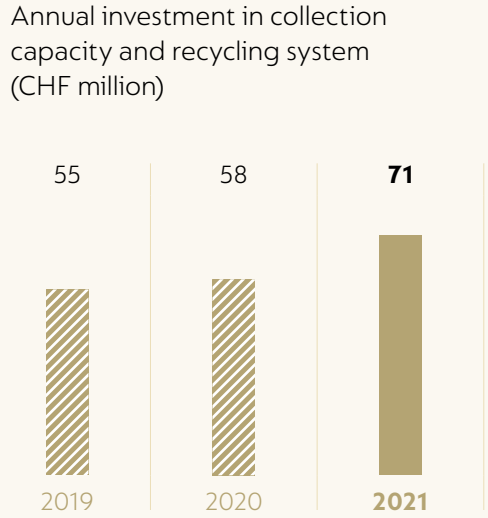
Estimated collection capacity (2021)



55%

Used capsule valorisation rate⁴ (2021)

3. Includes investment in technology
4. Recycled capsules and capsules incinerated with heat recovery



Eye-catching installations in our boutiques help to engage consumers with recycling ▶



Certified



Corporation

INSPIRE COLLECTIVE ACTION

WE BELIEVE THAT
COFFEE MUST BE
A FORCE FOR GOOD



WE WILL HARNESS THE STRENGTH OF OUR BRAND, PEOPLE AND PARTNERSHIPS FOR POSITIVE IMPACT

In April 2022, Nespresso became B Corp™ Certified, joining a global community of purpose-led businesses that meet high standards of sustainability and social responsibility.

GOAL

**RENEW B CORP™
CERTIFICATION
WITH A B IMPACT
SCORE ≥90¹**

AS MEASURED BY



GOAL TIMING

BY 2025

1. Pending evolution of B Lab standards



2. Projected cumulative investment in The Positive Cup, 2014–2025

MILESTONES

By 2025, we will have invested more than CHF 1 billion in Positive Cup initiatives²

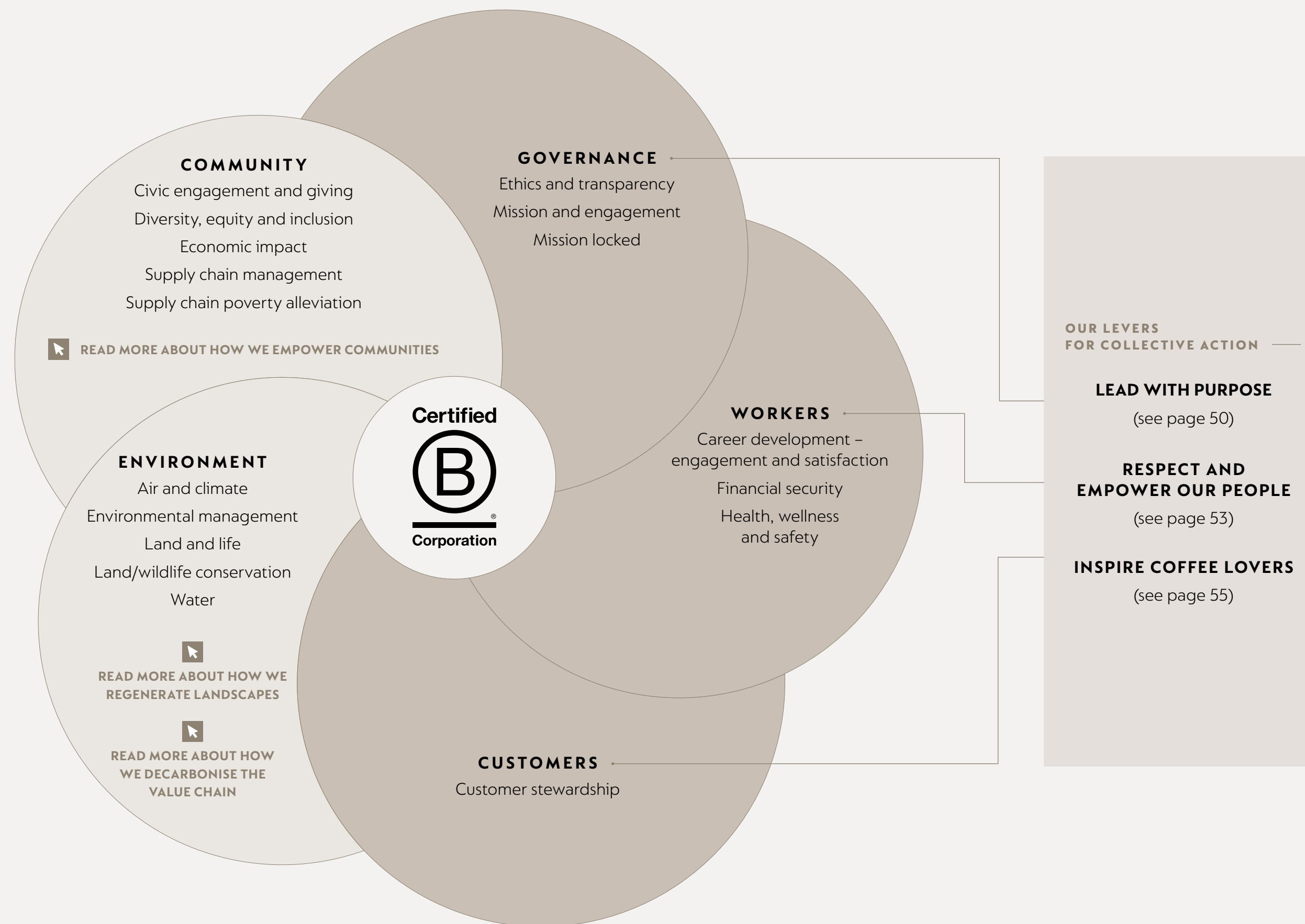
OUR APPROACH

B Corp™ Certification is an important reflection of our commitment to sustainability over the last 30 years. It marks an important milestone along our continuous journey to scale long-term impact and drive systemic change in the coffee sector. Still, there is more to be done

and we cannot do it alone. In the new context of urgency, we feel even more responsibility to contribute and to aim for greater scale and acceleration of our efforts. We will work together across the sector and inspire our consumers and all coffee lovers to join us in going faster and further to make

a positive impact. We are leveraging the strength of our brand, our communities and our business to create a sustainable future for coffee – one that promotes inclusive growth for all stakeholders and inspires collective action.

B CORP™ IMPACT ASSESSMENT CRITERIA



LEAD WITH PURPOSE

The choices we make matter. We care for communities, climate and circularity with the same dedication that goes into every cup of Nespresso coffee. The future depends on being responsible now and in the years to come.

Making every cup a Positive Cup is a company-wide effort. B Corp™ Certification provides a benchmark against which we can measure our actions, highlighting our weaknesses and our strengths, and offers a roadmap that we can use to help improve and accelerate our actions. The milestone inspires us and everyone in our value chain to go further, to do more and to scale our impact.

A wide range of strategic partnerships has been integral to our progress and we have strengthened our internal processes and governance to improve decision-making.

We are also involved in setting up and participating in a range of coalitions with organisations that bring relevant expertise and a strong commitment to transforming practices for a more sustainable future.

We owe it to our employees, coffee farmers, farming communities and consumers to lead with purpose and care for people and the planet.

As part of our continuous investment in The Positive Cup, we have invested around CHF 100 million annually in sustainability initiatives. By 2025, we aim to have invested over CHF 1 billion in The Positive Cup since its inception.¹

1. Projected cumulative investment in The Positive Cup, 2014–2025

17

Members of the Nespresso Sustainability Advisory Board (NSAB)

26

Full-time employees on the sustainability team at Nespresso HQ and in AAA regions

CHF 11m

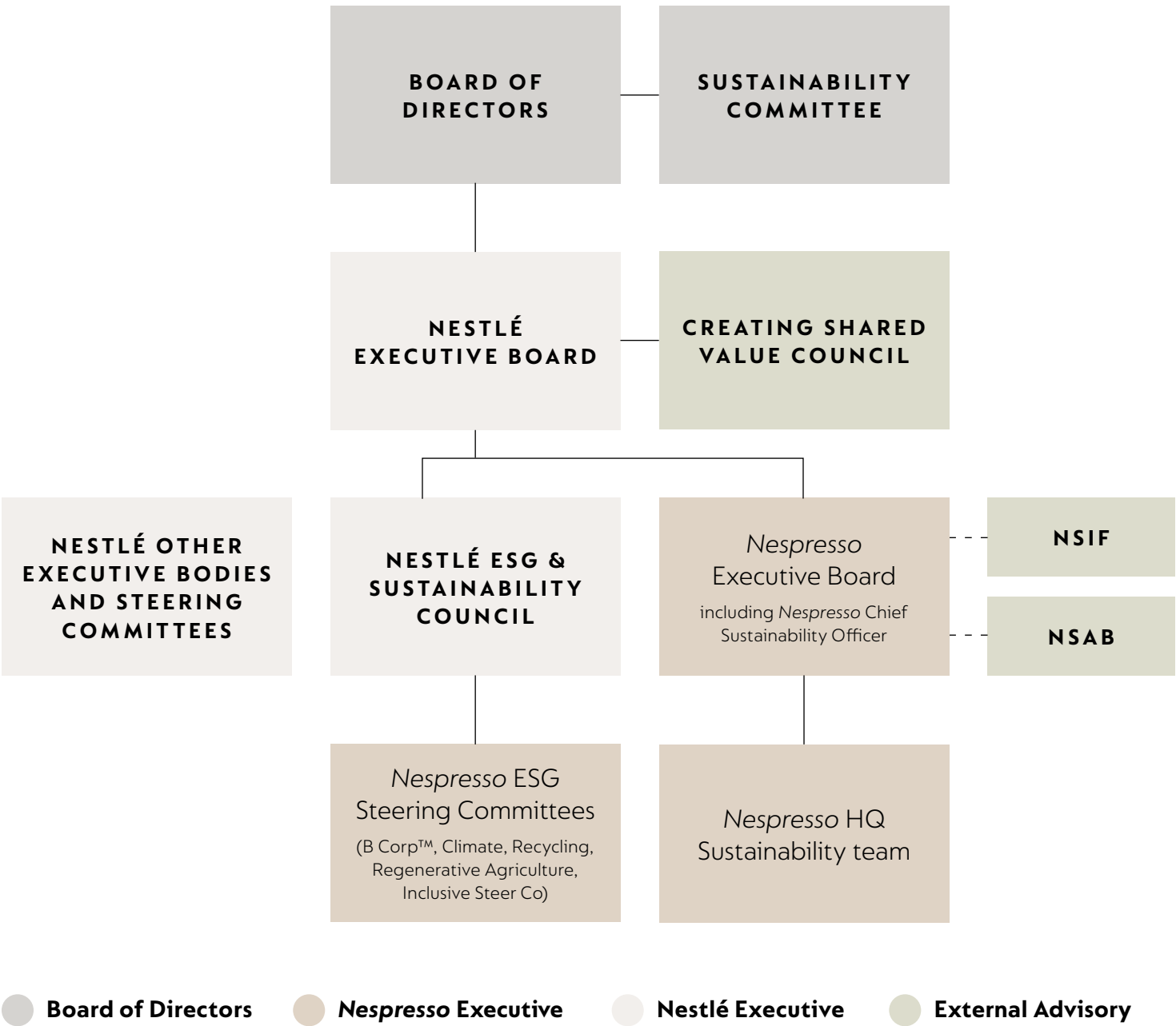
Investment in engagement and governance



NSAB Annual Meeting in Washington D.C., October 2022

SUSTAINABILITY GOVERNANCE

Sustainability is built into everything that we do and it is embedded in our company’s structure and governance.



NESPRESSO SUSTAINABILITY ADVISORY BOARD (NSAB)

Governance means integration of sustainability into our business, but it also means being open to external advice. This is why we bring together experts and thought leaders in the Nespresso Sustainability Advisory Board (NSAB). Made up of NGOs, academics, international organisations and our brand ambassador, George Clooney, the board channels external advice on the role of private sector organisations in addressing societal and environmental challenges. The NSAB also represents some of our closest and longest-standing partnerships and is a team for action.

Discussions focus on the areas where we can drive tangible change: coffee production, aluminium management and climate risks. The Board’s engagement and presence ensures that our internal strategy is both complemented and challenged by external consultation.

NSAB EXTERNAL MEMBERS, 2022



RECOGNITION FOR
OUR COMMITMENT

In June 2021, Nespresso was named the “Most Sustainable Company in the Coffee Processing Industry 2021” by World Finance Magazine, which honours commitments by companies in environmental protection and sustainability. With this award, the international jury recognised our contributions to sustainability over the past 30 years and our continuing efforts to accelerate change.

INVESTMENT IN
SUSTAINABILITY
INNOVATION

In 2016, we launched the Nespresso Sustainability Innovation Fund (NSIF). The Fund has been successful in attracting additional funding into programmes initiated and led by Nespresso. We continue to pursue this approach to further scale our positive impact and in October 2022, we announced a new USD 4.5 million investment of the International Finance Corporation into Reviving Origins in Africa, with a focus on gender inclusion.

To date, alongside USAID, the World Bank Group and other partners, we have supported projects focused on resilience and economic development.

Since 2016, the NSIF has invested more than CHF 39 million in financing novel approaches that are aimed at stimulating growth in coffee-farming regions, particularly in relation to agroforestry projects and our Reviving Origins programme.



Nespresso CEO Guillaume Le Cunff met with US Vice President Kamala Harris and members of the Partnership for Central America in Washington, D.C. in December 2021

PERFORMANCE

CHF 39m

Cumulative investment
in the Nespresso
Sustainability Innovation
Fund since 2016

FULLY INTEGRATED
SUSTAINABILITY

We believe that everyone can contribute to advancing The Positive Cup, starting with our employees.

In 2021, we introduced Sustainability Champions in almost every market and within our headquarter functions. These 86 employees engage people and promote best practices among colleagues. The dedicated group meets regularly, sharing ideas and updates that they then bring back to their markets to motivate their teams.

We have launched a sustainability incentive tied to employees’ compensation that is aimed at rewarding and nurturing a truly sustainable culture that helps us to reduce our environmental impact and advance circularity of our products and systems.

86

Sustainability Champions
around the world



“NESPRESSO HAS BEEN
CERTIFIED AND JOINED
OUR GLOBAL COMMUNITY.
WE AT B LAB HAVE LEARNED
A LOT ABOUT OURSELVES
AND WORKING WITH
LARGE ORGANISATIONS
FROM DOING THIS
WORK TOGETHER.”



ANDREW KASSOY,
CO-FOUNDER AT B LAB

“FOR THE PAST TWO YEARS,
OUR MARKET HAS ENGAGED
WITH SUSTAINABILITY
LEADERS AND EXPERTS
TO INVITE OPINIONS AND
CHALLENGE THINKING –
EVEN WITH ACTIVISTS WHO
MAY NOT SHARE OUR POINT
OF VIEW. WE EMPOWER
OUR EMPLOYEES TO
BECOME AMBASSADORS OF
SUSTAINABILITY AND INCLUDE
EVERYONE IN THE DIALOGUE.”



MARIANNE NEUMÜLLER-KLAPPER
OPERATIONS AND SUSTAINABILITY DIRECTOR,
NESPRESSO, AUSTRIA

A CALL FOR ACTION
IN CENTRAL AMERICA

Nespresso is proud to be a founding participant of the Partnership for Central America.

It is a response to the Call to Action issued by the United States in 2021 for businesses and social enterprises to make new, significant commitments to sustainably address the root causes of irregular migration from Central America by promoting economic opportunity.

As a result, we have expanded the AAA Sustainable Quality™ Program in Guatemala and to El Salvador and Honduras, three countries forming what is known as the Northern Triangle.

We aim to support the local economy with a minimum of USD 150 million across coffee operations by 2025, more than doubling both the number of coffee farms we work with and total coffee volumes.

We have already begun sourcing coffee from a new region in Guatemala and will bring the AAA Program to 2,000 farmers in Honduras and 600 in El Salvador.

SPEAKING UP
IN THE INDUSTRY

We participated in a number of industry events in 2022. Nespresso Global Head of Sustainability Jérôme Perez joined the Nespresso Germany team and other speakers at Greentech in Berlin to share how a company can be a force for good. Our sustainability platform leaders shared our strategy on living income at The Sustainable Trade Initiative (IDH), presenting alongside speakers from companies including Nestlé, Mars, OFI, Olam, Symrise, Touton and Unilever. Also, in partnership with the Business Commission on Tackling Inequality, Julie Reneau, Nespresso Global Head of Coffee Sustainability, presented a case study on the IUCN guidelines for planning and monitoring corporate biodiversity performance with her IUCN counterparts as a participant in the EU Business & Biodiversity Platform webinar series.

We made the discussions from our reNature regenerative Coffee Workshop with farmers and agronomists from the AAA Program in Minas Gerais, Brazil, available online.

Nespresso was one of more than 200 companies to sign [The Climate Pledge](#). We participated in COP26 in Glasgow, contributing in areas from regenerative agriculture to recycling, learning from others and sharing experiences.



REGENERATIVE REWARDS

Each year we organise the *Nespresso* AAA Sustainable Quality™ Program Farmers and Agronomists Awards, where we get a chance to shine the spotlight on select farmers and agronomists who have done inspiring work for their individual communities while focusing on sustainable practices alongside us in the AAA Program.

As we expand the AAA Program towards regenerative agriculture, we recognise that the journey will take both imagination and perseverance. This is why we were particularly proud that the AAA farmers chosen in 2021 are showing that this process is well under way.

In December 2021, we were delighted to once again celebrate the achievements of our AAA farmers and agronomists during our ninth awards ceremony, held virtually. We welcomed 10 winning teams from nine countries – a testament to the truly global nature of our coffee sourcing programme – and connected them to *Nespresso* employees to create a truly unique and memorable event.

DISCOVER OUR AAA FARMER AWARDS



The 2021 AAA Farmer and Agronomist Awards were held virtually

A tree stands in the lobby of Nespresso headquarters, each branch featuring the names of farmers in the AAA Program ▶



RESPECT AND EMPOWER OUR PEOPLE

More than 14,000 people are employed by *Nespresso*. Throughout our company and as we grow, we have a responsibility for well-being and development, and for promoting a culture of respect.

Diverse backgrounds, points of view and experiences are not just welcome in our workplace, they make us stronger as a company. Our diversity and inclusion efforts are focused on gender balance, people with disabilities, the LGBTQ+ community and race and ethnicity.

Gender equality throughout our value chain is a key focus of our ongoing work. We are addressing issues of gender inequality in the workplace: ensuring that women are part of our succession plan and working with employees to tackle unconscious bias.

This requires investment in employee development to identify and support women in junior positions and at country market level – to build their capacity and confidence, and to grow their network as they advance in their career.

Guided by the *Nespresso* maternal and paternal leave policy, we are building an inclusive workplace that supports parents and encourages mothers to continue in their careers.

From the end of 2022, primary caregivers in the company have the right to a minimum of 18 weeks' paid leave to care for new children. The primary caregiver is also granted the right to extend their leave for up to a total of six months, in accordance with local laws and regulations or local practices.

For the first time, secondary caregivers also have four weeks' minimum parental leave. The policy is gender neutral and includes children who are adopted.

2021 PERFORMANCE

113

Number of nationalities at *Nespresso* globally

57%

Women employees

33%

Workforce under 30 years of age

“WE WANT TO CREATE A WORK ENVIRONMENT WHERE WE CAN ALL THRIVE, BELONG, AND FEEL INSPIRED TO BE AT OUR BEST.”



VALÉRIE ROBERT,
GLOBAL HEAD OF
HUMAN RESOURCES, NESPRESSO

CASE STUDIES

THE POWER OF PARENTAL LEAVE

Tristan Champion is a CRM Manager at *Nespresso*, a proud father of three and an activist and author on gender equality.

When Tristan's third child was born in Switzerland, he was pleased to take the full four-week allocation of secondary caregiver leave offered by *Nespresso* and Nestlé. He feels he returned to work as a better parent, intensely bonded to his children and more empathetic to others. By taking this leave, he also set an example for other working fathers and secondary caregivers.

He remarks that taking a month's leave from work could have been perceived as a “risky move”, but the opposite has been true. On the team there has been 100% uptake of the extended leave with supportive management.

Today, Tristan speaks on the subject to other organisations, including the United Nations. One critical takeaway: the more time men spend on paternity leave, the higher women's salaries rise. “If you want to build a stronger, more gender equal world, there is one relatively easy thing every father can do, which is to step away and take paternity leave,” he says. “It has a really positive impact on women's careers and is becoming much more commonplace. Parental leave is an easy step towards gender equality.”

THE ART OF PRIDE

The Ali Forney Center in New York City is a non-profit organisation that supports over 2,000 LGBTQ+ young people by providing housing, meals and employment training. Many of the young people they serve have experienced rejection from their families and homelessness.

Artist Justin Teodoro recently created three murals in a housing facility inspired by the Ali Forney Center's spirit of belonging. Our partnership with the Center resulted in limited edition mugs featuring his artwork. *Nespresso* accompanied each sale with a donation and was able to raise USD 500,000 for the Center.

The partnership was initiated by the *Nespresso* Pride employee group, which works to support the advancement of LGBTQ+ employees and allies.

INTEGRATION AT HQ

At our headquarters in Vevey, Switzerland, employees can enjoy lunch on site and find plenty of coffee options throughout The N. In 2021, we engaged the Polyval Foundation to manage these crucial parts of our workspace.

Polyval's mission is to integrate people with disabilities and social difficulties into society and the world of work. Today, their team of employees prepares and serves food and manages the cash register at The Square restaurant and runs the coffee corners.

SPREADING JOY

Café Joyeux in France is celebrated as the first cafe-restaurant chain to employ and train people with mental and cognitive disabilities. Joining forces, we created a limited edition coffee *Nespresso* pour Café Joyeux, donating part of the sales to the creation of jobs for around 40 new Café Joyeux team members in 2022.



A team breakfast with Café Joyeux in France

AN INCLUSIVE LEGACY

Throughout *Nespresso*'s 25-year presence in France, we have supported inclusive employment. Working alongside organisations focused on finding jobs for people with disabilities, *Nespresso* France has provided employment to more than 200 disabled people who have taken up positions and opportunities to train and obtain professional certifications, including in machine repair and order preparation.



**A HEALTHY AND SAFE
WORK ENVIRONMENT**

In line with the Nestlé Code of Business Principles, we are committed to preventing accidents, injuries and illness related to work, and to protecting employees, contractors and others involved along the value chain.

Our recordable injury rate is used to log accidents that occur within the business, covering our employees, and extends to the care of the customers who visit our boutiques. In 2021, our recordable injury rate was 1.9 per million hours worked.

As part of the expansion of the Romont production centre in Switzerland, we made employee health and well-being a key focus – creating an environmentally friendly and accessible environment for the 380 employees on site. In response to COVID-19, we continued to provide regular updates and support to ensure that employees prioritised their physical and mental health. For those working on site, we provided free tests to limit the spread of the virus.

2021 PERFORMANCE

1.9

Recordable injury rate
for total Nespresso and
contractor workforce
(per million hours worked)



CASE STUDIES

SUPPORT DURING COVID-19

Since the outbreak of COVID-19, we have engaged even more closely with our employees on matters of health and safety. The pandemic affected all areas of our operations: production centres, offices, boutiques and farms all had to adjust to social distancing and related guidelines. Throughout 2022, we wanted to ensure that employees, partners and coffee farmers felt safe and supported, and were kept up to date regarding new protocols – including mask-wearing and testing recommendations and requirements. We maintained an increased level of communication, especially at times of heightened risk such as holidays, and introduced programmes to support farmers by providing guidance, as well as food and medical supplies.

At Nespresso HQ, we offered employees and their family members the option of on-site vaccination as part of the local authority’s effort to protect the people living and working in the canton of Vaud, Switzerland. We also promoted global vaccine equity, encouraging employees to play a role in this effort.

◀ Quality testing in our production centre

SAFETY AT OUR BOUTIQUES

For our Nespresso boutiques around the world, we have a simple goal: to create a working environment in which employees and customers feel safe. Since 2019, we have taken a centralised approach, providing the same training and guidelines to all boutiques. These include designating a Boutique Security Champion and holding weekly safety talks, as well as ensuring that mandatory training has been completed.

As soon as an incident happens, the Boutique Security Champion must report what has happened, how it was dealt with and how it was resolved. These reports are shared with headquarters and are accessible to all markets, making employees in other boutiques aware of the risk and ensuring that the same incident does not happen again.



INSPIRE COFFEE LOVERS

At Nespresso, we love coffee.
And when you love something this precious,
you care for it.

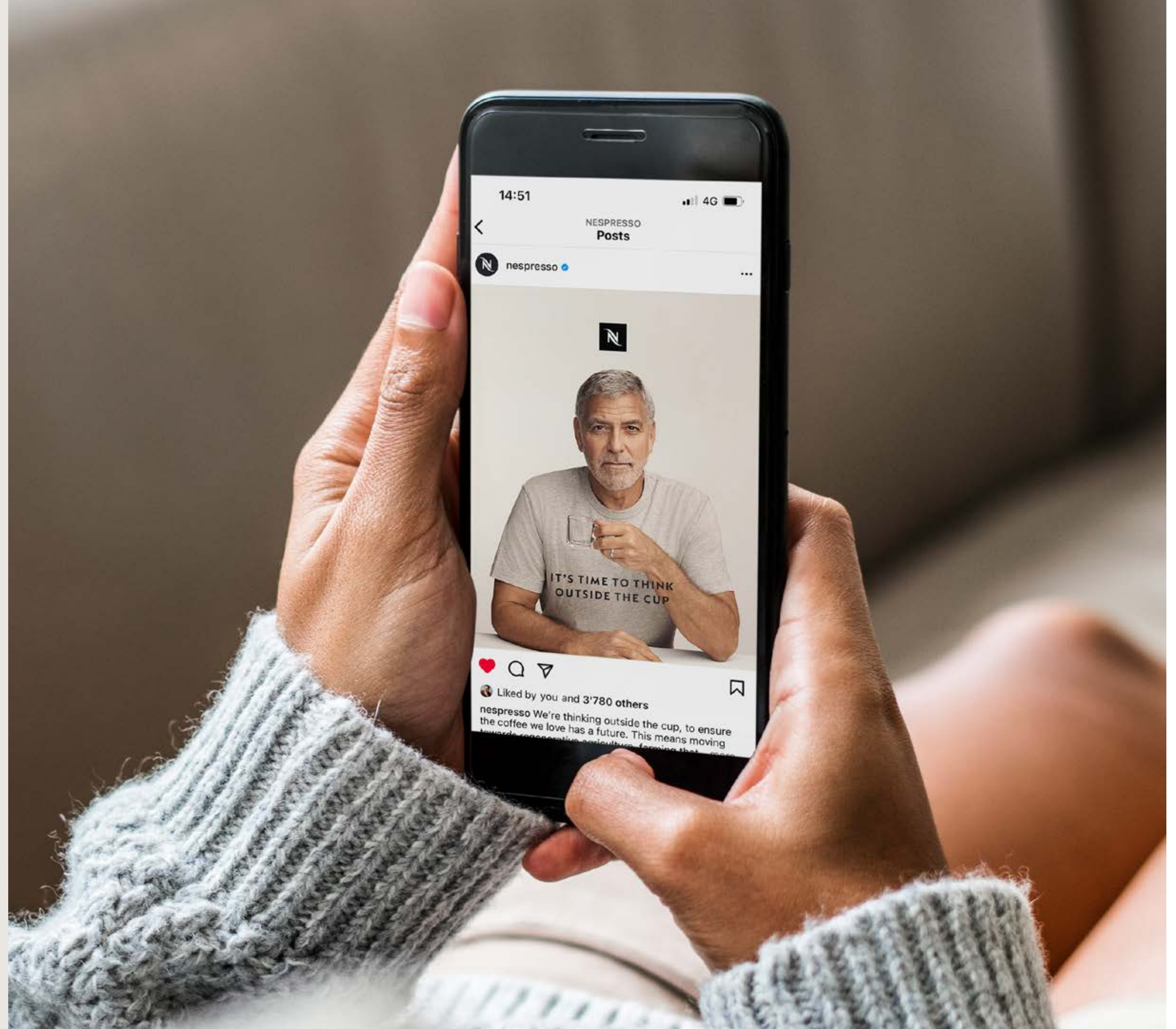
The exquisite taste, high quality and specialty coffee blends that are important to coffee lovers are at risk. We must act to protect coffee and coffee communities against climate change. So to mark International Coffee Day on October 1, we launched a new campaign to highlight the threat posed by climate change to global coffee production and to shine a spotlight on efforts to protect it.

“The Empty Cup” features brand ambassador George Clooney holding an empty coffee cup as a symbol of the risk facing many coffee growers around the world, of which over 140,000 work directly with Nespresso. Currently, 60% of wild coffee species are endangered and 50% of the land used to grow coffee today could be unviable by 2050. Fine-grade Arabica is particularly vulnerable to weather shocks.

Empowering farming communities to protect their land against weather shocks while simultaneously combatting the causes of climate change is critical to the future sustainability of high-grade coffee. At Nespresso, we are doing this through regenerative agriculture: an approach that has the potential to not only reduce global agri-food emissions but to increase rural resilience against the impacts of climate change.

Climate change is not something that a single company or even an entire industry can fix. We are calling on entities – both private and public – to take action that will make a tangible difference.

In The Empty Cup campaign, Nespresso Brand Ambassador George Clooney helps shine a spotlight on the risk that climate change poses to farming communities ▶



OUR PERFORMANCE TO DATE

In 2021, we invested over CHF 135 million in The Positive Cup, bringing the total invested to CHF 720 million since 2014.

We strengthened our external advisory body, welcoming two new members to the Nespresso Sustainability Advisory Board (NSAB) to increase the breadth of perspectives.

We also increased our investment in the Nespresso Sustainability Innovation Fund (NSIF) to CHF 7.5 million, bringing our total investment to CHF 39 million to date.

With 81 markets and over 14,000 employees, we are honoured to have become one of the largest company to achieve B Corp™ certification to date. We are ready to keep improving and go further to accelerate the change we want to see for communities and the planet. We will continue to work together – and inspire collective action – to make coffee a force for good.

[READ MORE ABOUT OUR B IMPACT ASSESSMENT](#)

CHF 720m

Total cumulative investment in The Positive Cup (2014–2021)¹

CHF 39m

Cumulative investment in the Nespresso Sustainability Innovation Fund since 2016

81

Countries where we operate (2021)

14,000

Employees worldwide (excluding agents' employees, 2021)

3

Production centres (2021)

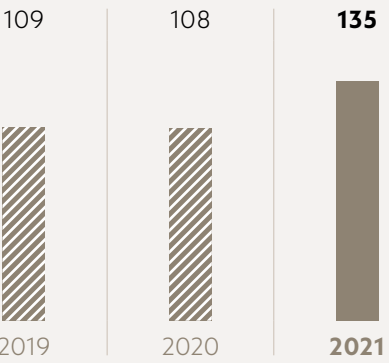
804

Boutiques worldwide (2021)

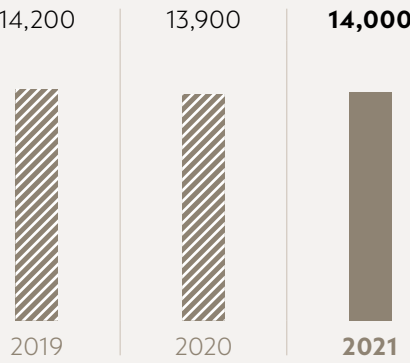
85

Permanent coffees (2021)

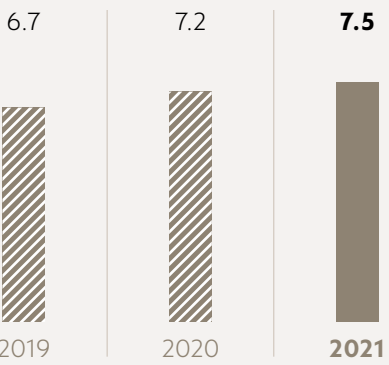
Total annual investment in The Positive Cup (CHF million)



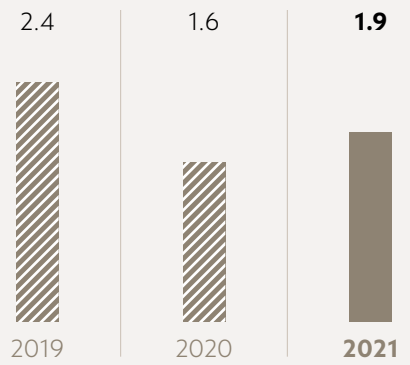
Number of employees worldwide (excluding agents' employees)



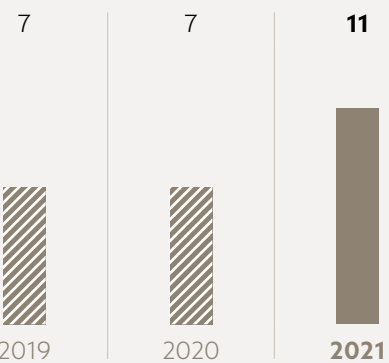
Annual investment in the Nespresso Sustainability Innovation Fund (CHF million)



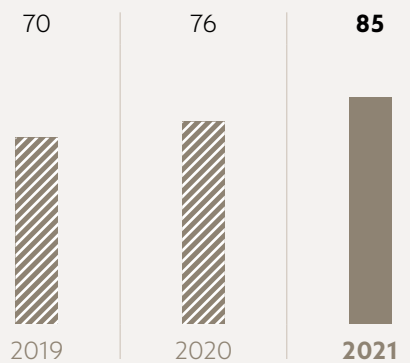
Recordable injury rate for total Nespresso workforce (per million hours worked)



Annual investment in engagement and governance (CHF million)



Number of permanent coffees



1. Includes investment in technology

At our boutiques, we aim to create a working environment in which our employees and customers feel safe ▶





DECARBONISE THE VALUE CHAIN		We plan to reduce our GHG emissions by 50% vs the 2018 baseline ¹ through regenerative agriculture, innovation in products and systems, and energy efficiency	Net zero³
		We aim to achieve net-zero emissions in AAA green coffee production ²	
REGENERATE LANDSCAPES	80% of our green coffee volume will be rated bronze on the Rainforest Alliance Regenerative Coffee Scorecard		
	10 biodiversity priority areas, representing over 60% of the area managed under the AAA Program (in hectares), will have an action plan in place	Source 95% Regenerative Coffee⁴	
EMPOWER COMMUNITIES	We aim to scale the Living Income Reference Price with Fairtrade International implemented in all AAA farms in Colombia, Peru, Indonesia, Mexico and Guatemala	We aim to achieve Fair Labor Association accreditation across AAA origins	
		All AAA smallholder farmers receive the Living Income Reference Price⁵	
ADVANCE CIRCULARITY	Our aim is that at least 10% of our machine sales will be refurbished machines		
	We aim to achieve a global capsule recycling rate of 50% ⁶	Circulytics™ rating A⁷	
	We aim to reach Circulytics™ rating A-		
INSPIRE COLLECTIVE ACTION	By 2025, we will have invested more than CHF 1 billion in Positive Cup initiatives ⁸		
	Renew B Corp™ certification with a B Impact score ≥90⁹		

OUR PAST
IMPACT INSPIRES
THE FUTURE

1. Business as usual
2. Coffee cultivation in farm and post-harvest treatment (cherry processing)
3. We are aligned and contribute to the Nestlé SBTi-approved target of net zero by 2050 and are looking for ways to accelerate to 2035 at the earliest, in line with the SBTi. We aim to submit our net-zero targets for SBTi approval in 2023
4. By 2030, we aim that 95% of our green coffee volume will be rated bronze on the Rainforest Alliance Regenerative Coffee Scorecard, out of which 70% will be rated gold
5. In origins where the LIRP has been established by Fairtrade International and the majority of AAA coffee farmers are smallholder
6. In dedicated and collective systems
7. Pending evolution of Circulytics™ standards; Circulytics™ is an assessment tool developed by the Ellen MacArthur Foundation that allows companies to measure circularity across their entire operations
8. Projected cumulative investment in The Positive Cup, 2014–2025
9. Pending evolution of B Lab standards



Nespresso Brand Ambassador George Clooney
visiting an AAA coffee farm in Puerto Rico

THE CHOICE IS CLEAR

EMPTY CUP OR POSITIVE CUP?

Our commitment to The Positive Cup has never been stronger.
It represents our belief in the power of coffee
as a force for good and its potential to shape lives
and landscapes for the better.

We are on a transformative journey to accelerate impact
and make everyone understand what we risk as a society
and a planet if we do not act.

Join us on social media and tell us how we can work together
to make every cup of coffee a Positive Cup.



OUR REPORTING

KEY PERFORMANCE INDICATORS





2021 PERFORMANCE OVERVIEW

DECARBONISE THE VALUE CHAIN	SDG TARGETS¹	GRI INDICATORS	BUREAU VERITAS AUDITED IN 2021	2014-2021 (CUMULATIVE)	2021	2020	2019	BASELINE	BASELINE DATE
Trees planted for carbon sequestration within AAA landscapes (in ,000)	15.2, 15.3	201-2, 305-5		4,200					
Total energy consumption in our three production centres (gigajoules per tonne of product)	7.3, 8.4, 12.2	302-1	Yes		3.35	3.41	3.6	3.76	2018
% of renewable electricity procured for our three production centres	7.2, 7.3, 8.4, 12.2	201-2, 302-1	Yes		100%	100%	100%	100%	2017
% of renewable energy consumed across all operations²	7.2, 7.3, 8.4, 12.2	201-2, 302-1	Yes		53%	54%	55%	>50%	2017
Scope 1 GHG emissions (in ,000 tonnes CO₂e): direct GHG emissions from Nespresso-owned facilities	12.2, 12.4	305-1			10.4	9.5	8.0		2018
Scope 2 GHG emissions (in ,000 tonnes CO₂e): GHG emissions resulting from electricity production used in Nespresso-owned facilities	12.2, 12.4	305-2			9.6	8.4	8.3		2018
Scope 3 GHG emissions (in ,000 tonnes CO₂e): all other GHG emissions occurring upstream and downstream from Nespresso-owned facilities	12.2, 12.4	305-3			2,103	1,757	1,438		2018
Carbon footprint reduction of each cup of Nespresso (2020 versus 2009)³	12.2, 12.4	305-5			N/A (change of methodology)	-24%	-23%		2009
Carbon footprint (gCO₂eq/ml)	12.2, 12.4	305			1.52			2.09	2009
Total on-site² water withdrawal (m³ per tonne of product)	6.4, 8.4, 12.2, 12.4, 15.1	303-3	Yes		1.32	1.31	2.45	3.9	2018

REGENERATE LANDSCAPES	SDG TARGETS¹	GRI INDICATORS	BUREAU VERITAS AUDITED IN 2021	2014-2021 (CUMULATIVE)	2021	2020	2019	BASELINE	BASELINE DATE
% of coffee sourced through the AAA Program	6.3, 6.4, 6b, 8.3, 12.7, 15.3	308	Yes		92.5%	93%	95%	10%	2005
Number of trees planted in the Nespresso AAA Sustainable Quality™ Program landscapes (in ,000)	15.2, 15.3	304-3	Yes	5,970	701	689	1,000	130	2014
% of green coffee volume certified Rainforest Alliance and/or organic⁴	6.3, 6.4, 6.b, 8.3, 15.2, 15.3	304, 304-3	Yes		42%	41%	49%	36%	2014
Area managed under the AAA Program (in ,000 hectares)	2.4, 6.3, 6.4, 6b, 15.3, 15.5	304	Yes		>330	320	300	10	2009
Number of countries with agroforestry or reforestation programmes	2.4, 6.3, 6.4, 6.b, 15.3, 15.5	201-2, 304-3			9	9	9	2	2014
Coffee volume at bronze level on the Regenerative Coffee Scorecard⁵	2.4, 6.3, 6.4, 6.b, 15.3, 15.5	304			67%				
Biodiversity priority areas with an action plan in place	15.1, 15.4, 15.5, 15.9	304-1			2				
Investment in climate actions (in ,000 CHF)	13.1, 13.2, 13.3, 15.2, 15.3	305, 201-2, 302-2	Yes	23,640	7,876	2,351	2,424	946	2014

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

2. Refers to Nespresso production centres

3. Carbon footprint reduction of a cup of 40ml of Nespresso coffee in 2020 (vs 2009 LCA study), as measured by independent external partner Quantis

4. Organic certification included as of 2021

5. First estimate based on Enveritas' M&E assessment of 95% of the AAA volume



2021 PERFORMANCE OVERVIEW

EMPOWER COMMUNITIES	SDG TARGETS¹	GRI INDICATORS	BUREAU VERITAS AUDITED IN 2021	2014-2021 (CUMULATIVE)	2021	2020	2019	BASELINE	BASELINE DATE
Number of countries with the AAA Program	6.3, 6.4, 6b, 8.3	308, 413-1, 308-2	Yes		18	15	14	5	2005
Number of farmers enrolled in the AAA Program	6.3, 6.4, 6b, 8.3	308, 413-1, 308-2, 413, 414	Yes		142,754	122,147	111,378	1,500	2005
Number of active clusters in the AAA Program		413-1			51	39	39		
Number of farmers with access to financial resilience programmes (retirement savings plan, climate crop insurance)	1.4, 2.3, 5.1, 8.3, 9.3	203-2, 413-1	Yes		9,463	8,367	7,176	0	2014
Number of AAA Program agronomists		308	Yes		491	415	400	20	2005
% of AAA Program agronomist positions held by women	5.5, 5.a	405-1	Yes		33.2%	32.5%	33.3%	0%	2005
% of coffee purchased through financial transactions traceable to farmers and cooperatives		203-2			82.4%				2021
% of green coffee certified by the Rainforest Alliance or Fairtrade International or Fair Trade USA or organic		417-1	Yes		49.3%	48%	56.1%	36%	2014
% of green coffee certified Fairtrade International or Fair Trade USA	6.3, 6.4, 6b, 8.3, 15.3	417-1	Yes		7.34%	6.6%	7.1%	0%	2014
% of global coffee purchases at or above Fairtrade Minimum Price²	6.3, 6.4, 6b, 8.3, 15.3	417-1			³	³	95%	95%	2019
% AAA farmers known and named in the database		308-1, 414-1			100%			100%	2021
Number of farms visited at least once per year		308-1			85,475				
% volume coffee purchased through financial transactions traceable to farmers and cooperatives		203-2, 308-1			82.42%				
Amount of premiums paid (AAA, Fairtrade, the Rainforest Alliance, Organic) (CHF million)		–			30	28	32		
Number of countries with Reviving Origins programmes		203-2			7⁴	7⁴	2		
Number of farmers benefitting from Reviving Origins programme		203-2			11,748	8,000	N/A		
Number of farmers undertaking training in sustainable practices	2.4, 12.8, 12.a	404-2			35,284	9,707	47,963		
Number of agronomists enrolled in the child rights capacity building programme	8.7	408, 408-1			88	227	50		
Number of countries where Fair Labor Association assessment has been completed		401, 408, 408-1	Yes		1	0	0		
Amount of investment towards field programmes related to gender equality (in CHF)	5.5, 5.a	405			370,000	340,000	329,000		
Families benefitting from access to clean and safe water	6.1	303-1			8,569	3,603	5,073		
Investment in coffee operations: technical assistance and AAA premiums (in ,000 CHF)	1.3, 1.5	–	Yes	316,357	45,579	41,435	44,184	33,393	2014

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

2. In 2019, FLOCERT verified that 95% of coffee purchases met the Fairtrade Minimum Price. This analysis will be conducted again in 2022

3. This survey is conducted by FLOCERT every 3 years so data is not available for 2020 and 2021

4. Our operations in South Sudan are on hold following a return to armed conflict in the region

2021 PERFORMANCE OVERVIEW

ADVANCE CIRCULARITY	SDG TARGETS'	GRI INDICATORS	BUREAU VERITAS AUDITED IN 2021	2014-2021 (CUMULATIVE)	2021	2020	2019	BASELINE	BASELINE DATE
Circulytics™ rating	8.4, 12.2, 12.4, 12.5	306-2				B		B	2020
Number of countries with capsule recycling systems ²	8.4, 12.2, 12.4, 12.5	306-2, 306-4	Yes		70	59 ²		1	1991
Estimated capsule collection capacity (%) ³	8.4, 12.2, 12.4, 12.5	306-2	Yes		88%	90%	91%	24.3%	2009
Estimated global recycling rate (%) ⁴	8.4, 12.2, 12.4, 12.5	306-2, 306-4	Yes		28% ⁴	28% (32% ²)	(30% ²)	(15% ²)	2009
Used capsule valorisation rate (%) ⁵	8.4, 12.2, 12.4, 12.5	306-2	Yes		55%	56%	54%		2016
Number of countries selling RELOVE refurbished machines	8.4, 12.2, 12.4, 12.5	306-2	Yes		3				2021
% of waste to landfill from our three production centres	8.4, 12.2, 12.4, 12.5	306-5	Yes		0%	0%	0%	0%	2018
Machines ⁶ with an Ecoscore energy rating of A or higher	8.4, 12.2, 12.4, 12.5	302-4			100%				
Machines ⁶ with eco-packaging	8.4, 12.2, 12.4, 12.5	306-2			29%				
Machine models using recycled plastics ⁷	8.4, 12.2, 12.4, 12.5	306-2			47%				
Accessory collection with eco-packaging ⁸	8.4, 12.2, 12.4, 12.5	306-2			50%				
Nespresso Original Line made using 80% recycled aluminium	8.4, 12.2, 12.4, 12.5	306-2			100%	80%			
Nespresso Vertuo Line made using 85% recycled aluminium	8.4, 12.2, 12.4, 12.5	306-2			88%				
Total weight of waste generated in manufacturing (metric tonnes)	8.4, 12.2, 12.4, 12.5	306-3	Yes		8,763	518	529		
Breakdown: Hazardous waste in manufacturing (weight of waste generated in metric tonnes)	3.9, 6.3, 12.4	306-3	Yes		5	5	5		
Breakdown: Non-hazardous waste in manufacturing (weight of waste generated in metric tonnes)	8.4, 12.2, 12.4, 12.5	306-3	Yes		8,758	513	524		

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

2. As a result of a change in methodology to get a more accurate view of our estimated global recycling rate, the 2021 data is not comparable to previous years' reporting

3. Disclosure for transparency

4. In dedicated and collective systems

5. Capsules are either recycled or incinerated for heat recovery

6. Home-use machines

7. Of 17 Original line/Vertuo line

8. Out of the eight accessories collections



2021 PERFORMANCE OVERVIEW

INSPIRE COLLECTIVE ACTION	SDG TARGETS¹	GRI INDICATORS	BUREAU VERITAS AUDITED IN 2021	2014-2021 (CUMULATIVE)	2021	2020	2019	BASELINE	BASELINE DATE
B Impact score		–			84.3²			84.3 points	2022
Investment³ in The Positive Cup (in ,000 CHF)	1.3, 1.5	201, 308	Yes	720,543	135,566	108,790	109,496	59,678	2014
Investment in engagement and governance (in ,000 CHF)		–	Yes	67,209	11,315	7,098	7,596	8,661	2014
Investment in collection capacity and recycling systems (in ,000 CHF)⁴	8.4, 12.2, 12.4, 12.5	306	Yes	313,337	70,796	57,905	55,293	16,678	2014
Investment through Nespresso Sustainability Innovation Fund (NSIF) (CHF million)	2.4, 12.8, 12.a	–	Yes	39	7.5	7.2	6.7		2016
Members of the Nespresso Sustainability Advisory Board (NSAB)	2.4, 12.8, 12.a	2-14	Yes		17	15	17		2013
Number of sustainability champions	2.4, 12.8, 12.a	–			86	65			2020
Number of countries where we operate		2-1	Yes		81	82	84	4	2003
Number of employees worldwide (excluding agents' employees)		2-7	Yes		14 031	13 916	14 241	330	2003
% of women employees	5.2, 5.5, 10.2	405-1			57%	57%	58%		2019
Number of nationalities at Nespresso globally		–			113				2021
Number of permanent coffees in the range		–	Yes		85	76	70	4	1986
Number of production centres		2-1	Yes		3	3	3	1	1986
Number of boutiques worldwide		2-1	Yes		804	816	810	1	2000
% workforce under 30 years of age	8.5, 10.2	405-1			33%	34%	38%		
Recordable injury rate for total Nespresso and contractor workforce (per million hours worked)	1.3, 8.8	403-9			1.9	1.6	2.4	7.9	2014
Full-time employees on the sustainability team at Nespresso HQ and in AAA regions	2.4, 12.8, 12.a	–			26				

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

2. B Impact score was measured in 2022

3. Investments: 2016 report and baseline restated based on adjustments of financial assumptions (e.g. exchange rate)

4. Includes investment in technology



FAIR LABOR ASSOCIATION

SOURCING PROFILE DISCLOSURES

COUNTRY COMMODITY PROFILE

LOCATION	ACREAGE RANGE OF THE COMMODITY	ACREAGE TRACED RANGE
BRAZIL	High	High
COLOMBIA	High	High
COSTA RICA	High	High
DR CONGO	Low	High
ETHIOPIA	Medium	Medium (at mills level)
GUATEMALA	Medium	High
INDIA	High	High
INDONESIA	Low	High
KENYA	Low	Medium (at mills level)
MEXICO	Low	High
NICARAGUA	Medium	High
PERU	Medium	High
UGANDA	Low	High
ZIMBABWE	Low	High

MAIN CLUSTERS AND SUPPLIERS

LOCATION	MAIN CLUSTER	MAIN SUPPLIER
BRAZIL	Alto Paranaíba	Blaser
COLOMBIA	Caldas – Antioquia	Cafexport
COSTA RICA	San Diego	Volcafe
DR CONGO	North & South Kivu	Olam Inter. Ltd
GUATEMALA	Huehuetenango	Ecom
INDIA	Coorg	Ecom
INDONESIA	Aceh	Olam Inter. Ltd
MEXICO	Ixhuatlan	Ecom
NICARAGUA	Jinotega	Ecom
PERU	Villa Rica	Volcafe
UGANDA	Rwenzori	Volcafe
ZIMBABWE	Eastern Highlands	I.&M. Smith Ltd

CIRCULYTICS™

SCORE BREAKDOWN (2020)

OVERALL SCORE	B
ENABLERS SCORE	B+
Strategy and planning	B+
Innovation	B
People and skills	B+
Systems, processes and infrastructure	C
External engagement	A-
OUTCOMES SCORE	B
Input	A-
Output	B-



CERTIFIED B CORP™

B IMPACT SCORE BREAKDOWN (APRIL 2022)



	POINTS EARNED					%POINTS EARNED VS POINTS AVAILABLE				
	HQ+CH+ FACTORIES	EUROPE	NAM	APAC	SAMA	HQ+CH+ FACTORIES	EUROPE	NAM	APAC	SAMA
GOVERNANCE	13.3	13.3	13.2	13.3	13.4	67%	67%	66%	67%	67%
ETHICS & TRANSPARENCY	3.3	3.3	3.3	3.3	3.4	55%	55%	55%	55%	57%
MISSION & ENGAGEMENT	2.5	2.5	2.4	2.5	2.5	63%	63%	60%	63%	63%
MISSION LOCKED	7.5	7.5	7.5	7.5	7.5	75%	75%	75%	75%	75%



WORKERS	25.8	23	19.1	20.4	22.1	57%	48%	46%	45%	46%
CAREER DEVELOPMENT	2.5	2.3	2.6	2.5	2.5	71%	66%	74%	71%	71%
CAREER DEVELOPMENT (SALARIED)	0.6	0.2	0.3	0.6	0.4	50%	17%	25%	50%	33%
ENGAGEMENT & SATISFACTION	4.1	3.7	3.4	3.7	3.6	82%	74%	68%	74%	72%
ENGAGEMENT & SATISFACTION (SALARIED)	2.1	1.9	1.3	1.7	1.4	70%	63%	43%	57%	47%
FINANCIAL SECURITY	4.9	5.4	5.6	4	4.5	29%	32%	33%	24%	26%
HEALTH, WELLNESS & SAFETY	8.4	5.6	5	5.5	5.7	84%	56%	50%	55%	57%
SCORE ADJUSTMENT*	3.2	3.9	0.9	2.4	4					



COMMUNITY	22.5	19.6	20.9	20.7	19.1	32%	28%	30%	30%	27%
CIVIC ENGAGEMENT & GIVING	2.5	2	2.3	1.5	1.2	31%	25%	29%	19%	15%
DIVERSITY, EQUITY & INCLUSION	3.1	2.7	3.2	2.7	3.3	31%	27%	32%	27%	33%
ECONOMIC IMPACT	2.8	0.8	1.9	2.4	0.5	28%	8%	19%	24%	5%
SUPPLY CHAIN MANAGEMENT	6.8	6.8	6.2	6.8	6.8	57%	57%	52%	57%	57%
SUPPLY CHAIN POVERTY ALLEVIATION	7.3	7.3	7.3	7.3	7.3	24%	24%	24%	24%	24%



	POINTS EARNED					%POINTS EARNED VS POINTS AVAILABLE				
	HQ+CH+ FACTORIES	EUROPE	NAM	APAC	SAMA	HQ+CH+ FACTORIES	EUROPE	NAM	APAC	SAMA
ENVIRONMENT	27.3	23.2	23.1	21.5	21.1	35%	30%	30%	28%	27%
AIR & CLIMATE	5.6	5.5	5.3	4.4	4.1	37%	37%	35%	29%	27%
ENVIRONMENTAL MANAGEMENT	6	5.2	5.2	5.2	5.6	60%	52%	52%	52%	56%
LAND & LIFE	5.9	5.8	5.3	5.3	4.6	49%	45%	41%	41%	35%
LAND/WILDLIFE CONSERVATION	5.7	5.7	5.7	5.7	5.7	19%	19%	19%	19%	19%
WATER	3.4	0.4	1	0.4	0.4	43%	6%	14%	6%	6%
SCORE ADJUSTMENT*	0.7	0.6	0.6	0.5	0.7					



CUSTOMERS	4.6	4.6	4.6	4.6	4.6	92%	92%	92%	92%	92%
CUSTOMER STEWARDSHIP	4.6	4.6	4.6	4.6	4.6	92%	92%	92%	92%	92%





MATERIALITY MATRIX

A formal materiality analysis is conducted every two years to ensure we prioritise the issues that have the most impact on the economy, society and the environment, and that most influence the decision-making of our stakeholders.



1. New issues or new naming versus 2018

● Major: average score > 3.0 ● Significant: 3.0 > average score > 2.5 ● Moderate: 2.5 > average score > 1.75 ○ Negligible: 1.75 > average score

INDEPENDENT ASSURANCE STATEMENT

THE STAKEHOLDERS OF NESTLÉ NESPRESSO SA

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 Positive Cup – Accelerate Positive Impact Towards 2030' (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 within the Report for the period 1st January 2021 to the 31st December 2021 (the 'Selected Information'), related to the 2021 Performance KPIs:

A. 'DECARBONISE THE VALUE CHAIN' PILLAR

- Total energy consumption in our three production centres (gigajoules per tonne of product)
- % of renewable electricity procured across our three production centres
- % of renewable energy consumed across all operations
- Total on-site water withdrawal (m³ per tonne of product)

B. 'REGENERATE LANDSCAPES' PILLAR

- Number of trees planted in the Nespresso AAA Sustainable Quality™ Program landscapes (in ,000)
- % of green coffee volume certified Rainforest Alliance and/or organic
- Area managed under the AAA Program (in ,000 hectares)
- % coffee sourced via AAA Program
- Investment in climate actions (in ,000 CHF)

C. 'EMPOWER COMMUNITIES' PILLAR

- # countries with AAA Program
- Number of farmers enrolled in the AAA Program
- Investment in coffee operations: technical assistance and AAA premiums (in ,000 CHF)
- Number of farmers with access to financial resilience programs (retirement savings plan; climate crop insurance)
- Number of AAA Program agronomists
- % of AAA Program agronomist positions held by women
- % of green coffee certified by the Rainforest Alliance or Fairtrade International or Fair Trade USA and/or organic
- % of green coffee certified Fairtrade International or Fair Trade USA
- # of countries where FLA assessment have been completed

D. 'ADVANCE CIRCULARITY' PILLAR

- Number of countries with capsule recycling systems
- Capsule collection capacity (%)
- Estimated global recycling rate (%)
- Used capsule valorisation rate (%)
- Number of countries selling RELOVE refurbished machines
- % of waste to landfill from our three production centres
- Total weight of waste generated in manufacturing (metric tonnes)
- Breakdown : Hazardous waste in manufacturing (weight of waste generated in metric tonnes)
- Breakdown: Non-hazardous waste in manufacturing (weight of waste generated in metric tonnes)

E. 'INSPIRE COLLECTIVE ACTION' PILLAR

- Investment in The Positive Cup (in ,000 CHF)
- Investment in engagement & governance (in ,000 CHF)
- Investment in collection capacity and recycling systems (in ,000 CHF)
- Investment through Nespresso Sustainability Innovation Fund (NSIF) (CHF million)
- Members of the Nespresso Sustainability Advisory Board (NSAB)
- Number of countries where we operate
- Number of employees worldwide (excluding agents' employees)
- Number of permanent coffees in the range
- Number of production centres
- Number of boutiques worldwide

REPORTING CRITERIA

The Selected Information has been prepared in accordance with internal definitions set for Nespresso's 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

Excluded from the scope of our work is verification of the following:

- The appropriateness of the reporting criteria and its boundaries;
- Positional statements (expressions of opinion, belief, aim or future intention by Nespresso) and statements of future commitment; and
- 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; and
- 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 certified¹ 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 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

19th December 2022

Ref: BV_Nespresso_14240492_v2.0

1. Certificate available on request
2. International Federation of Inspection Agencies – Compliance Code – Third Edition



NESPRESSO