THE POSITIVE CUP

Because coffee can have a positive impact

CREATING SHARED VALUE REPORT
2019 STATUS AND 2020 OUTLOOK

NESPRESSO
It is my privilege to write this introduction to our Creating Shared Value report in my new role as CEO of Nespresso. I am writing in the midst of the Covid-19 pandemic, which is affecting so many citizens around the world including our own employees, customers, suppliers, and the farmers who are integral to our AAA Sustainable Quality™ Program. My strong belief is that in times of emergency, companies like ours need to show conviction and action and I start this report by sharing my pride in the response to this crisis displayed by the people in our organisation. Many had to move immediately to remote working, often juggling childcare commitments with their professional responsibilities. I have seen the incredible dedication and agility of my colleagues. We have also worked with our NGO and supplier partners to find ways to support smallholder coffee farmers in places like Cauca, Colombia, as the virus spreads to rural areas affecting lives and livelihoods.

All of this sets our update report in context. At Nespresso, we believe that when it comes to sustainability, as in all aspects of business, talking is one thing but doing is everything. This report again sets out the work we are doing with our partners to make things happen and to improve the positive impact we can have on people’s lives and on the planet across our value chain. With this in mind, I would like to draw attention to a number of highlights.

Firstly, in a period of sustained low prices in international coffee markets, we were able to see that the AAA Program provided much needed economic resilience to especially vulnerable smallholder farmers and we were able to share data and intelligence with the IDH taskforce on Living Income for smallholders. In this area of “livelihoods” micro-economics, it will become increasingly important for us to innovate to ensure decent living and labour conditions in rural coffee communities into the future. I was especially proud to read of the first AAA farmers benefiting from our Farmer Retirement Savings scheme and being able to move into older age with dignity and financial security.

Secondly, we were pleased to host the 2019 Nespresso Sustainability Advisory Board in Switzerland, themed around the circular use of materials. Board members saw our capsule recycling and biogas operations first hand: an approach we promote worldwide to unlock the valorization of resources and to share the infrastructure we have established, in order to scale circularity solutions for portioned coffee.

Lastly, we heard the scientific community and UN organisations urging the private sector to curb carbon emissions and protect biodiversity from irreversible loss. Accelerating reduction efforts and increasing investments in nature will be necessary in the coming decade. The learnings from our agroforestry experience, the collaboration with IUCN and Cornell Laboratory of Ornithology, and other natural capital projects will be critical for building our climate and biodiversity roadmaps.

Next year, our report will fully conclude the 2014-2020 Positive Cup roadmap and we will share more detail of our plans and progress towards 2030. In the interim, we remain open to feedback, constructive criticism and new ideas. I invite you to find out more on our new digital platform, The Positive Cup Hub, where you can also share your comments.

Thank you for your interest in our work.

GUILLAUME LE CUNFF
CEO, NESPRESSO

COFFEE CAN BE A FORCE FOR GOOD

Retired farmer Fabiola Giraldo De Garcia with her husband, benefiting from the retirement savings plan used by the Aguadas cooperative, Colombia
The Nespresso AAA Sustainable Quality™ Program expanded its scope to include organic coffee practices in an endeavour to promote regenerative agriculture. Launched in January 2020, as part of the Nespresso Professional range, the single origin Peru Organic becomes the flagship of this regenerative journey.

The prolonged period of low prices on the New York coffee exchange triggered exploration into the potential for establishing a “living income” for coffee producers. With the support of the Sustainable Food Lab, we actively contributed to an IDH global taskforce, leveraging our internal data to help define the living income gap.

Continuing our journey to reinvigorate the coffee industry in countries that have suffered through political instability or climate catastrophe, two new coffees were added to our Reviving Origins program. Cafecito de Puerto Rico is available exclusively in the USA while Tamuka mu Zimbabwe is available globally, bringing the total to 5 coffees launched via the program.

Major coffee brands and trading companies joined forces to financially support the Cerrado das Aguas Consortium, an independent public-private platform seeking to safeguard biodiversity and water supplies in Brazil’s central highland plains. This 5-year commitment accelerates the work started in 2013 by Nespresso, and led by IUCN, to promote integrated actions in a watershed highly affected by climate change.

Together with National Geographic, we captured stories of the extraordinary dedication and spirit of local farmers, shining a light on their achievements. Accessed via an online platform, Beyond the Bean illustrates how coffee can revive the local economy and why agroforestry protects farmers against climate change.
“73% of employees say they want the opportunity to change society, and nearly two-thirds of consumers identify themselves as belief-driven buyers.”

Edelman Trust Barometer, January 2020

WHAT ARE THE KEY HIGHLIGHTS

We continued engaging consumers in the benefits of sustainable practices, via 2 global awareness campaigns. The Beyond the Bean platform with National Geographic captured stories of AAA coffee farmers. The Second Life campaign demonstrated the circular use of aluminium – showcasing the Velosophy bicycle made from recycled capsules.

The deployment of sustainability activities in line with our 2020 plan continued. This included kickstarting a company-wide project to begin the process of designing our sustainability roadmap for 2030, incorporating a sustainability forum across all business functions and conducting our first quantitative employee survey.

WHAT REALLY MATTERS

To integrate sustainable production into our consumer value proposition

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

WHAT IS NEXT

The Positive Cup 2014-2020 plan will be concluded with the key achievements communicated in a global consumer engagement campaign. The strategic review process, begun in 2018, will also be finalised, resulting in a plan that sets out the direction and goals for the decade ahead.

The Positive Cup Hub, a new digital sustainability platform, will be launched in 2020, featuring major contributions from partners and other thought leaders. www.sustainability.nespresso.com

WHAT HAPPENED IN 2019

We continued deploying sustainability activities in line with our plan, with investments broken down as follows: coffee operations including climate adaptation (51%), recycling activities (39%), management and engagement (10%).

The Nespresso Sustainability Innovation Fund (NSIF) invested over CHF 6.6 million into coffee projects in order to amplify operational impact, innovate new solutions and further engage with stakeholders. This brings the cumulative NSIF investment since 2013 to CHF 36.6 million, in turn leveraging CHF 32.2 million from organisations like the World Bank, IDH, Blue Marble, as well as the Colombian and Dutch governments.

To engage consumers in topics material to our business, we used our global boutique network, leveraging the Beyond the Bean campaign and Velosophy bicycle collaboration.

Brand ambassador George Clooney fully supported the launch of Cafecito de Puerto Rico in the US market, as part of our Reviving Origins program.

Celebrated chefs continued to enhance their knowledge of AAA coffee, visiting Kenya with the Nespresso Chef Academy. Here they experienced the birthplace of a new exclusive Kenyan coffee, available only to select business customers.

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WHAT REALLY MATTERS
To ensure consumer appreciation of sustainable quality coffee

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

WHAT ARE THE KEY HIGHLIGHTS
The Nespresso AAA Sustainable Quality™ Program now accounts for 95% of the total coffee volume delivered to our factories. The proportion from Rainforest Alliance and Fairtrade certified farms was maintained at 56%.

We continued our work in Peru to enable the sourcing of our first coffee from organic farming communities. The 2020 launch of Peru Organic reflects the strategic direction of the AAA Program towards more regenerative agricultural practices and offers consumers an exciting new coffee choice.

Our Reviving Origins program, which reinvigorates coffee farming in under-threat regions, added 2 new co-operatives, from Zimbabwe and Puerto Rico.

WHAT HAPPENED IN 2019
The AAA Program now reaches more than 111,000 farmers in 14 countries* and represents an investment of nearly CHF 40 million per year, covering technical assistance and farmer premiums. The proportion of coffee volume certified by the Rainforest Alliance and Fairtrade remained stable, representing around 49% and 7% respectively.

The year was notable for its sharp decline in the market price of coffee, reaching levels not seen since August 2004. In this context and with the support of the Sustainable Food Lab, we joined an IDH global taskforce to explore the establishment of a “living income” for coffee farmers. Our data and knowledge will be crucial in defining the living income gap.

In our Reviving Origins program, 2 important milestones were reached:
- Cuba – a co-investment with the Italian Agency for Development Cooperation was signed, with a goal to support 10,000 farmers
- Mozambique – a Memorandum of Understanding was signed with the Mozambiquan government.

A detailed report offering greater transparency on human rights issues within the Nespresso coffee supply chain and the potential for our business to contribute to sustainable development, is due for publication.

We are currently identifying how we can operationalise a living income for coffee smallholders which we hope to launch in 2021.

WHAT IS NEXT
The Reviving Origins program will continue its expansion to total 8 regions* and around 8,000 farmers, including 3 additional countries over 2019. Mozambique will be one of these with a new coffee planned for launch in 2022.

The 6-month gender equality curriculum for agronomists kicked off with a 3-day workshop in all AAA countries, in collaboration with our partner KIT Royal Tropical Institute from the Netherlands. It included workshop-based exercises, guidance, mentoring and assignments and will be followed up with specific activities at coffee cooperatives with AAA farmers.

The Strategy Handbook published by IDH highlights effective sourcing and pricing strategies needed to enable a living income for coffee farmers.

Our contribution to the following SDGs:

- 02: Ensure access to information and knowledge for sustainable development
- 01: Make cities and human settlements inclusive, safe, resilient and sustainable
- 12: Ensure sustainable consumption and production patterns
- 09: Build resilient infrastructure, promote sustainable industrialization and foster innovation
- 13: Take urgent action to combat climate change

* South Sudan is included within this total although operations are currently on-hold due to unstable conditions following a return to armed conflict.

56% OF OUR COFFEE COMES FROM CERTIFIED FARMS

95% OF OUR COFFEE IS SOURCED VIA THE AAA PROGRAM

55% of the global coffee production is certified against a voluntary sustainability standard. 20% is procured by the industry.”

Coffee Barometer, Hivos, 2018

Retired farmer Fabiola Giraldo De Garcia with her husband, benefiting from the retirement savings plan used by the Aguadas cooperative, Colombia

A Fact-Based Exploration of the Living Income Gap and How to Close it

FULL REPORT
WHAT HAPPENED IN 2019

In 28 of our markets, a convenient recycling option was available to 100% of consumers, thanks to solutions deployed in new growth areas. The overall global recycling capacity was 91%.

The 2020 target of providing 100% of consumers with a convenient recycling solution remains a challenge due to both legal constraints and the insufficient national infrastructure in many markets.

However, we invested a further CHF 16 million in the year and the recycling rate rose by a further 2.5 percentage points. This was largely due to continued efforts to encourage capsule recycling through global communication campaigns spanning 50 markets – as well as local valorization initiatives together with organisations in the energy, composting and food sectors.

The compatibility of aluminium coffee capsules within existing household recycling systems improved in 4 countries:

- France – 19 million people (30% of the population) can now dispose of all their small metal packaging in their recycling bin thanks to Nespresso and CELAA, with a target for 30 million (50% of the population) by 2022
- Austria and Canada – 57% and 14% of the population respectively now have access to PRO solutions
- USA – all consumers in New York can now dispose of their capsules through its curbside programme

The overall recycling rate, however, clearly emphasises the need for more collective PRO recycling systems, as well additional partnerships with other key industry players, in order to create scalable and economically viable solutions that will support a circular economy.

The Nespresso recycling programme was certified by 3rd party organisations in 15 countries. This validated the solid infrastructure and partner network already in place, and highlighted potential efficiency improvements across collection channels and recycling operations.

Working towards our 2020 goal to only source ASI aluminium, we established the certified aluminium supply chain within our organisation, allowing us to acquire ASI certified virgin aluminium. However, our 2019 feasibility tests – evaluating the capacity of introducing recycled aluminium into the supply chain – shifted the focus towards these new circular opportunities.

WHAT IS NEXT

To create a viable circular economy solution for all aluminium capsules, we aim to share our dedicated recycling infrastructure with more manufacturers, until we are confident that all capsules can be accommodated via collective PRO (household) recycling systems.

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WHAT ARE THE KEY HIGHLIGHTS

The Nespresso capsule recycling programme is now available in 57 countries.

8 of these fall under the Packaging Recovery Organisation (PRO) umbrella, which means consumers can simply dispose of their capsules alongside their household packaging recycling. In 33 countries, capsules can also be conveniently collected from home by postal workers.

The actual capsule recycling rate is estimated at 30% (up 2.5 percentage points vs. 2018), for a total 2019 investment of CHF 55 million. We reached a major milestone by opening the Nespresso recycling programme in New York, with a target of providing 100% of consumers with a convenient recycling option by 2022.

WHAT REALLY MATTERS

To promote sustainable production and the circular use of aluminium

We work proactively with civil society and supply chain stakeholders to tackle the upstream challenges of sustainable aluminium production for the primary aluminium we use. Equally, we work at national and municipal level to maximise the circular potential of capsules after use, thereby increasing secondary aluminium use.

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What happened in 2019

We continued to drive the decarbonisation of our value chain – increasing the emissions reduction per cup versus 2009 by 1 percentage point. This was achieved despite significant retail and consumption expansion in countries with a non-renewable electricity mix, and a delay in low carbon ASI procurement.

Eco-design efforts were implemented, with new machine boxes incorporating fully recyclable packaging made of 95% recycled materials and the minimal use of polystyrene and plastics.

Our residual operational emissions (Scope 1 and 2) continued to be fully offset via nature-based solutions, such as agroforestry which acts as a carbon sink within AAA landscapes. As a result, Nespresso maintained the carbon neutrality of its operations. In France, full scope carbon neutrality was achieved.

Beyond planting an additional 1 million trees in the year, our climate-smart, low carbon approach to farming celebrated 3 major achievements:

- Investment programme – a programme supporting “conscious producers” in Patrocinio, Brazil, as part of the Consortium Cerrado das Aguas, was launched thanks to the 5-year commitment of major coffee brands and trading companies, plus funding from the Critical Ecosystems Partnership Fund (CEPF).
- BioCarbon Fund Initiative for Sustainable Forest Landscapes - launched in Oromia, Ethiopia supporting 40,000 farmers and 200 wet mills in the adoption of good agricultural practices and land use management, to enable reduced emissions.
- Global Environment Facility (GEF) Challenge Program for Adaptation Innovation – selected our initiative to fund climate-smart interventions in the Democratic Republic of Congo and Uganda, benefiting around 7,000 smallholders.

We also partnered with the Laboratory of Ornithology of Cornell University to quantify the impact of AAA activities on biodiversity, using birds as an indicator. This exploration will complement the work carried out with IUCN on planning and monitoring biodiversity performance.

What is next

Nespresso is currently defining its roadmap for climate reduction and removal actions to align with Nestlé’s pledge for net zero emissions by 2050.

Further expansion of the use of recycled packaging materials for machines will continue.

We will consolidate learnings from various climate-smart/low carbon initiatives. This will include leveraging the Gold Standard taskforce on value chain interventions, including accounting protocols and the soil organic carbon framework – helping substantiate future reduction and removal activities.

With the support of IUCN, we are developing a framework using the Pressure-State-Response-Benefit (PSRB) model to improve planning and monitoring of the impact of our activities on biodiversity.
**2019 Status of Our 2020 Goals**

<table>
<thead>
<tr>
<th>2020 Goals</th>
<th>2019 Achievements</th>
<th>2018 Achievements</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Empower everyone in our company to contribute to our sustainability agenda (cumulative since 2017)</td>
<td>Over 635 employees experienced the AAA Program in origin countries</td>
<td>Over 491 employees experienced the AAA Program in origin countries</td>
<td></td>
</tr>
<tr>
<td>Catalyse innovation through the Nespresso Sustainability Innovation Fund</td>
<td>7 projects co-funded in the NSIF CHF 32.2 million additional capital from partners</td>
<td>7 projects co-funded in the NSIF CHF 29.8 million additional capital from partners</td>
<td></td>
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<tr>
<td><strong>Coffee</strong></td>
<td></td>
<td></td>
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<tr>
<td>Source towards 100% of our permanent coffees through the AAA Sustainable Quality™ Program</td>
<td>95.0% AAA sourced coffee</td>
<td>95.9% AAA sourced coffee</td>
<td></td>
</tr>
<tr>
<td>Increase the share of certified coffees in AAA</td>
<td>+20 pp (vs. 2014)</td>
<td>+20 pp (vs. 2014)</td>
<td></td>
</tr>
<tr>
<td>Expand our value proposition to rare origins (cumulative)</td>
<td>5 origins: Cuba, Puerto Rico, Caquetá, Zimbabwe, South Sudan</td>
<td>3 origins: Cuba, Caquetá, South Sudan</td>
<td></td>
</tr>
<tr>
<td>Pursue innovative solutions to better livelihoods for farmers</td>
<td>Over CHF 6.6 million¹ in innovative solutions</td>
<td>CHF 4.6 million¹ in innovative solutions</td>
<td></td>
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<tr>
<td><strong>Aluminium</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Offer convenient recycling solutions to all our consumers</td>
<td>91.0% collection capacity</td>
<td>92.0% collection capacity</td>
<td></td>
</tr>
<tr>
<td>Continue to increase capsule recycling rate</td>
<td>+15.3 pp (vs. 2009)</td>
<td>+12.8 pp (vs. 2009)</td>
<td></td>
</tr>
<tr>
<td>Unlock the circular use of aluminium</td>
<td>12.0% Vertuo line made out of recycled capsules</td>
<td>12% Vertuo line made out of recycled capsules</td>
<td></td>
</tr>
<tr>
<td>Source “ASI certified” aluminium towards 100%</td>
<td>Recycled aluminium suppliers identified for ASI certification</td>
<td>Nespresso factories certified ASI MOU signed with Rio Tinto for ASI certified supply</td>
<td></td>
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<tr>
<td><strong>Climate</strong></td>
<td></td>
<td></td>
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<tr>
<td>Reduce the carbon footprint of a cup of Nespresso by 28.0% vs. 2009</td>
<td>23%</td>
<td>22.0%</td>
<td></td>
</tr>
<tr>
<td>Insist 100% of our company’s operational carbon footprint (Scope 1 and 2 GHG emissions equivalent to the global volume of capsules sold)</td>
<td>100% insert</td>
<td>100% insert</td>
<td></td>
</tr>
<tr>
<td>Strengthen coffee landscape resilience through extensive tree planting towards 5 million</td>
<td>4.5 million trees planted</td>
<td>Over 3.5 million trees planted</td>
<td></td>
</tr>
</tbody>
</table>

1 Forms part of the investment in coffee operations reported on page 16.
# The Positive Cup Scope and Performance Overview

<table>
<thead>
<tr>
<th>Indicators</th>
<th>GRI indicator</th>
<th>SDG targets*</th>
<th>2019</th>
<th>2018</th>
<th>Baseline</th>
<th>Baseline date</th>
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</thead>
<tbody>
<tr>
<td><strong>COMPANY</strong></td>
<td></td>
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<tr>
<td>Investments in The Positive Cup (in CHF, cumulative)</td>
<td>G4-EC7</td>
<td>203-1</td>
<td>13.5, 15</td>
<td>476,187</td>
<td>366,690</td>
<td>56,678</td>
</tr>
<tr>
<td>Number of markets where we operate</td>
<td>G4.6.2</td>
<td>102-4</td>
<td>84</td>
<td>80</td>
<td>8</td>
<td>2005</td>
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<tr>
<td>Number of employees, excluding agents’ employees</td>
<td>G4.9.1</td>
<td>102-7</td>
<td>14,241</td>
<td>14,534</td>
<td>580</td>
<td>2005</td>
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<tr>
<td>Number of production centres</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1986</td>
</tr>
<tr>
<td>Number of capsules in milligrams</td>
<td>G4-LAB</td>
<td>405.2</td>
<td>8.8</td>
<td>2.4</td>
<td>3.0</td>
<td>7.9</td>
</tr>
<tr>
<td>Number of agents</td>
<td></td>
<td></td>
<td>710</td>
<td>390</td>
<td>1</td>
<td>1990</td>
</tr>
<tr>
<td>Number of boutiques</td>
<td></td>
<td></td>
<td>71</td>
<td>6.9</td>
<td>0.2</td>
<td>2009</td>
</tr>
<tr>
<td>Percentage of Nestlé certified aluminium purchased</td>
<td>G4-PR5</td>
<td>102-43</td>
<td>102-44</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>ALUMINIUM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in collection and recycling systems (in CHF, cumulative)</td>
<td>G4-EC7</td>
<td>203-1</td>
<td>12.2</td>
<td>18,465.36</td>
<td>129,343</td>
<td>16,678</td>
</tr>
<tr>
<td>Number of markets with capsule recycling solutions</td>
<td>8.4, 12.2</td>
<td>8.7</td>
<td>57</td>
<td>50</td>
<td>1</td>
<td>1991</td>
</tr>
<tr>
<td>Capsule collection capacity</td>
<td>8.4, 12.2</td>
<td>8.7</td>
<td>91.0%</td>
<td>92.0%</td>
<td>24.3%</td>
<td>2009</td>
</tr>
<tr>
<td>Percentage of aluminium certified purchased</td>
<td>8.4, 12.2</td>
<td>8.7</td>
<td>54%</td>
<td>59.8%</td>
<td>0%</td>
<td>2014</td>
</tr>
<tr>
<td>Capsule recycling rate</td>
<td>G4-EN</td>
<td>301-3</td>
<td>8.4, 12.2</td>
<td>30.3%</td>
<td>27.8%</td>
<td>15.0%</td>
</tr>
<tr>
<td><strong>CLIMATE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in climate adaptation solutions (in CHF, cumulative)</td>
<td>G4-EC7</td>
<td>203-1</td>
<td>15.2</td>
<td>13,413</td>
<td>10,989</td>
<td>946</td>
</tr>
<tr>
<td>Carbon footprint reduction per cup of Nespresso</td>
<td>12.2</td>
<td>-22%</td>
<td>-22.0%</td>
<td>0%</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>Number of trees planted within AAA landscapes (in ,000, cumulative)</td>
<td>15.2, 15.3</td>
<td>4,500</td>
<td>1,572</td>
<td>330</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>Total on site water withdrawal (millimetres per ton of product)</td>
<td>6</td>
<td>G4-EN8</td>
<td>303-1</td>
<td>8.4, 12.2</td>
<td>2.45</td>
<td>3.76</td>
</tr>
<tr>
<td>Total on site energy consumption (Gigajoules per ton of product)</td>
<td>5, 6</td>
<td>G4-EN</td>
<td>305-4</td>
<td>8.4, 12.2</td>
<td>3.6</td>
<td>3.76</td>
</tr>
<tr>
<td>Direct and indirect GHG emissions (kg CO₂ per ton of product, Scope 1 and 2)</td>
<td>5, 6</td>
<td>G4-EN15</td>
<td>305-4</td>
<td>8.4, 12.2</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>Waste for disposal (kg per ton of product)</td>
<td>G4-EN</td>
<td>306-2</td>
<td>8.4, 12.2</td>
<td>89</td>
<td>89</td>
<td>131</td>
</tr>
<tr>
<td><strong>COFFEE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in coffee operations (in CHF, cumulative)</td>
<td>G4-EC7</td>
<td>203-1</td>
<td>1.3, 1.5</td>
<td>229,543</td>
<td>185,159</td>
<td>33,383</td>
</tr>
<tr>
<td>Number of AAA agronomists</td>
<td>6.3, 6.4</td>
<td>6.4, 6.5</td>
<td>2,438</td>
<td>1,648</td>
<td>1,900</td>
<td>2005</td>
</tr>
<tr>
<td>Farmers enrolled in AAA Program</td>
<td>6.3, 6.4, 6.5</td>
<td>6.4, 6.5</td>
<td>111,378</td>
<td>102,471</td>
<td>10,000</td>
<td>2005</td>
</tr>
<tr>
<td>Area managed under AAA m² (of a farm)</td>
<td>6.3, 6.4, 6.5</td>
<td>6.4, 6.5</td>
<td>300</td>
<td>299</td>
<td>10</td>
<td>2009</td>
</tr>
<tr>
<td>Percentage volume sourced from the AAA Program</td>
<td>6.3, 6.4, 6.5, 6.6</td>
<td>6.4, 6.5, 10</td>
<td>95.0%</td>
<td>95.0%</td>
<td>100.0%</td>
<td>2015</td>
</tr>
<tr>
<td>Percentage volume in accordance with responsible production standards</td>
<td>6.3, 6.4, 6.5</td>
<td>6.4, 6.5</td>
<td>56.0%</td>
<td>56.5%</td>
<td>0%</td>
<td>2009</td>
</tr>
<tr>
<td>AAA agronomist positions held by women</td>
<td>G4-EN10</td>
<td>302-8</td>
<td>5.5</td>
<td>33.5%</td>
<td>33.0%</td>
<td>0%</td>
</tr>
<tr>
<td>Number of farms enrolled in the savings plan</td>
<td>13</td>
<td>8.3</td>
<td>1,947</td>
<td>1,552</td>
<td>0</td>
<td>2014</td>
</tr>
<tr>
<td>Number of coffee farmers enrolled (cumulative)</td>
<td>8.3</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>% AAA farms within 2km of High Conservation Value areas</td>
<td>G4-EN11</td>
<td>304-1</td>
<td>15.5, 15.9</td>
<td>10.0%</td>
<td>10.0%</td>
<td>2016</td>
</tr>
</tbody>
</table>

* Refers to the targets defined under the UN Sustainable Development Goal framework.
1 Average of the indicator monitored on 40 countries. In 2019, the monitoring of this indicator was stopped.
2 This figure includes South Sudan, where operations are currently on hold due to unstable conditions following a return to armed conflict.
3 The figure includes the volume with full traceability to farm (85.9%) and the African volume with mass balance traceability (91%).
4 The assessment was carried out in Colombia only. The outcome showed that around 10% of farms were within High Conservation Value areas.
5 Reporting boundary includes only Nespresso factories.

Restatement: amendments in the reporting for continuous improvement
6 Baseline: The figures were restated to the 2010 baseline.
7 Investments: 2016 report and baseline restated based on adjustments of financial assumptions, e.g. exchange rate.

2019 Status and 2020 Outlook
**BUREAU VERITAS ASSESSMENT**

**INDEPENDENT ASSURANCE STATEMENT**

**Introduction and objectives of work**
Bureau Veritas UK Ltd (Bureau Veritas) has been engaged by Nestlé Nespresso SA (Nespresso) to provide limited assurance over selected sustainability performance indicators for inclusion in the Nespresso Creating Shared Value Report 2019 Status and 2020 outlook - The Positive Cup (the Report). This Assurance Statement applies to the related information included within the scope of work described below.

**Scope of assurance**
The scope of our work was limited to assurance over the following content included within the Report for the period 1st January 2019 to the 31st December 2019 (the “Selected Information”):
1. Data and information included in the section, Key Highlights 2019 on pages 4-5
2. Progress reported against 2020 goals and the Performance overview for the reporting period on pages 15-17
3. The processes relating to:
   a. Monitoring and data capture for the collection and recycling of used coffee pods
   b. Estimating the product lifecycle emissions per cup of Nespresso

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

**Limitations and exclusions**
The scope of our work does not include any verification of information relating to:
- Quantitative data relating to capsule collection capacity, capsule valorization, capsule recycling rate and activity data used to calculate lifecycle carbon footprint reduction and data behind the model used to calculate lifecycle carbon footprint reduction
- Positional statements (expressions of opinion, belief, aim or future intention by Nespresso) and statements of future commitment
- Any other information included in Nespresso’s Report outside the defined scope and reporting period above

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

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

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

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

Bureau Veritas was not involved in the drafting of the Report. Our responsibilities were to:
- Obtain limited assurance about whether the Selected Information has been prepared in accordance with internationally acceptable definitions of the relevant indicators
- Form an independent conclusion based on the assurance procedures performed and evidence obtained
- Report our conclusions and findings to the Nespresso’s management in the form of a Management Report

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

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

**Summary of work performed**
As part of our independent verification, we undertook the following activities:
- Examined the data collection and consolidation processes used to compile the Selected Information, including assumptions made, and the data scope and reporting boundaries
- Conducted interviews with relevant personnel from Nespresso Head Office
- Reviewed documentary evidence provided by Nespresso on a sample basis
- Re-performed a selection of aggregation calculations of the Selected Information
- Assessed the disclosure and presentation of the Selected Information to ensure consistency with assured information

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

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

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

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

Bureau Veritas operates a certified 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 Inspectors Agencies (IFIA), 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.

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1 Certificate available on request.