

ACCELERATING TO  
CARBON NEUTRALITY



TECHNICAL FACT SHEET AND GLOSSARY

FURTHER TECHNICAL DETAILS ON THE CARBON NEUTRAL COMMITMENT 2022

- By 2022, *Nespresso's* full carbon neutrality will comprise of 5% carbon emission reduction, 25% insetting and 70% high quality offsetting.
- *Nespresso* aims to reduce its carbon emissions by 50% by the end of 2030 versus its 2018 baseline.
- The company intends to have its roadmap independently verified by a recognised third-party organisation.
- *Nespresso* will combine reduction and compensation mechanisms, implementing three types of interventions: 1) scalable low carbon projects for the reduction of greenhouse gas (GHG) emissions at source; 2) nature-based solutions for compensation (to capture atmospheric carbon or avoid GHG emissions); 3) technological initiatives for compensation (e.g. clean energy initiatives).



CARBON REDUCTION WITHIN THE NESPRESSO VALUE CHAIN

1. Energy efficiency across *Nespresso* operations, including a move towards 100% renewable electricity in all *Nespresso* boutiques and increasing the use of biogas within the manufacturing process. Already now used coffee grounds are revalorized into renewable energy in some countries (biogas).
2. Eco-design and increased circularity of its products and packaging through:
  - increasing the use of recycled and low carbon virgin aluminium for its coffee capsules. In May 2020, *Nespresso* launched the first capsules made using 80% recycled aluminium, with all the *Original* and *Vertuo* ranges using recycled aluminium by the end of 2021.
  - innovating in machine design, machine energy efficiency and packaging, including increasing the use of recycled plastic within *Nespresso* machines. In April 2020, *Nespresso* introduced *Vertuo Next*, a machine created from 54% recycled plastic and packed in a 100% recyclable box, made of 95% recycled cardboard.
  - continuing to increase the capsule recycling rate and the availability of refurbished machines.



INSETTING WITHIN THE NESPRESSO VALUE CHAIN

- With its partner Pur Projet *Nespresso* is designing and implementing, nature-based projects in and around coffee farms in sourcing regions through insetting.
- By 2022, *Nespresso* will have tripled the capacity of the carbon insetting program, which started in 2014, by expanding to six additional coffee producing countries.
- Beyond carbon sequestration, investing in agroforestry within coffee farms and the surrounding landscapes will also allow *Nespresso* to deliver against its regenerative agriculture agenda. In addition to capturing carbon in the atmosphere, trees play a crucial role in building climate resilience, restoring ecosystems and offering new income opportunities to farmers through the sale of timber and fruits.



HIGH QUALITY OFFSETTING

*Nespresso* will work with a range of partners to implement Verified Carbon Standard (VCS) or Gold Standard certified offsetting initiatives, such as supporting forest conservation, sustainable forest management and investing in clean energy within farming communities.



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## NESPRESSO'S DEFINITIONS OF KEY TERMS USED IN THE CARBON NEUTRALITY PRESS RELEASE

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### CARBON NEUTRAL

Carbon neutral describes the state of a company and its products where the residual greenhouse gas (GHG) emissions (after reduction at source) are fully compensated by investing in carbon projects delivering carbon capture and GHG emissions avoidance.

### DECARBONIZATION

The elimination of the sources of greenhouse gas (GHG) emissions in the company value chain. It concerns the fossil fuel based materials and energy. It is often achieved by avoiding activities that generate emissions (e.g. the combustion of fossil fuels energy, for instance replacing gas roasting by renewable energy roasting) and/or preventing the release of emissions that continue to be generated (e.g. through the capture and permanent sequestration of emissions before they are released in the atmosphere).

### CARBON INSETTING

Carbon insetting is a compensation mechanism occurring in a company's value chain, such as in the coffee producing countries for *Nespresso*. A carbon inset occurs when an individual company or organization removes greenhouse gases from the atmosphere by investing into carbon sinks. Carbon insets are made available in the form of carbon removal equivalents.

*Note: Nespresso is a founding member of the International Platform for Insetting.*

### CARBON OFFSET

A carbon offset is a compensation mechanism occurring outside the company scope. It occurs when an individual company or organization directly or indirectly removes greenhouse gases from the atmosphere (by funding projects in other locations) or prevents a certain quantity of greenhouse gases from being released. Carbon offsets are made available in the form of carbon credits. The quality of the offsetting has two main components. First and foremost, a quality offset credit must represent at least one metric tonne of additional, permanent, and otherwise unclaimed CO2 emission reductions or removals. Second, a quality offset credit should come from activities that do not significantly contribute to social or environmental harms.

*Note: Offsets are calculated relative to a baseline that represents a hypothetical scenario for what emissions would have been in the absence of the mitigation project that generates the offsets.*

### SCOPES 1, 2 AND 3

Scope 1 is a company's direct emissions, produced by its operations, such as its factories, shops or logistics. Scope 2 refers to the emissions produced in creating the energy used by the business, such as the electricity used in its offices or the fuel in its cars. Scope 3 are the emissions that are a consequence of the company's operations but are not owned or controlled by the business, such as the emissions created in the production of its raw materials.

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## THE POSITIVE CUP STRATEGY : PROGRESS TO DATE

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*Nespresso* launched The Positive Cup strategy in 2014, the company's sustainability strategy towards end of 2020. It's based on the Nestlé approach to Creating Shared Value and incorporates ambitious goals in the areas of coffee sourcing and social welfare; aluminium sourcing, use and disposal; and resilience to climate change. A full review of progress until 2019 was published earlier in June and can be found here: <https://www.sustainability.nespresso.com/progress-against-goals-and-ambitions>