

ECOLABORATION™ WORKING TOGETHER FOR A SUSTAINABLE FUTURE



ecolaboration™
more, together

NESPRESSO®

Backgrounder 1.0 | June 2013

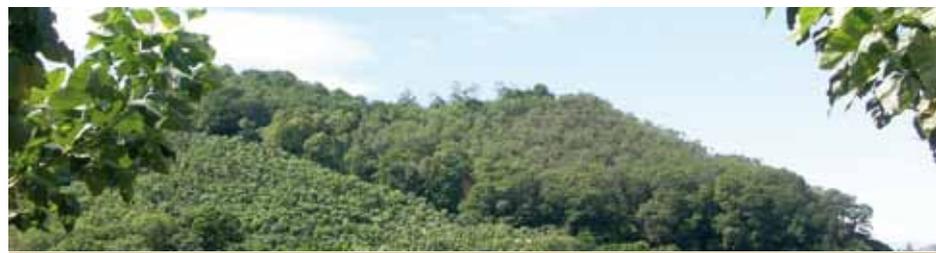
AT A GLANCE

- The *Nespresso* sustainability journey started more than 20 years ago in 1991 when we first implemented capsule collection systems in Switzerland. By 1993, consumers in Germany could recycle their capsules through the Grüner Punkt (Green Dot) system.
- We began embedding sustainability in our value chain in 2003, with the launch of the *Nespresso* AAA Sustainable Quality™ Program. Our vision for sustainability was then defined in 2009 with the launch of Ecolaboration™.
- In 2009, *Nespresso* made three sustainability commitments about coffee sourcing, capsule recycling and carbon footprint reduction.
- Beyond these goals, Ecolaboration™ is about making sure that sustainability is integral to everyday business decisions and working together to find new ways to create more value for society.

OUR SUSTAINABILITY COMMITMENTS & PERFORMANCE

Today, Ecolaboration™ focuses on three commitments: coffee sourcing, capsule recycling and carbon footprint reduction.

- **COFFEE SOURCING**
Source 80% of our coffee from the *Nespresso* AAA Sustainable Quality™ Program, including the Rainforest Alliance certification, by the end of 2013. At the end of 2012, we were already sourcing 68% of our coffee from roughly 52,000 farmers who are part of the program.
- **CAPSULE RECYCLING**
Put collection systems in place to increase our capacity to recycle used capsules to 75% by 2013. Our collection capacity reached 76.4% at the end of June 2012, meeting our initial com-



Coffee plantation, an important natural environment for biodiversity

mitment one year ahead of plan. 25 countries have systems in place to collect used capsules. About 14,000 dedicated collection points have been installed.

- **CARBON FOOTPRINT REDUCTION**
Between 2009 and 2013, reduce the carbon footprint of a cup of *Nespresso* coffee by 20%. At the end of 2011, we estimated that we had reduced this carbon footprint by 16% compared to 2009. We use an approach called life cycle assessment to understand how we generate carbon emissions in every aspect of our business. We are taking action to improve our environmental performance across our entire business, from the cherry to the cup.



Capsule collection

WHY WE HAVE MADE THESE COMMITMENTS

We know that sustainability issues are central to the future prosperity of our communities. It is therefore essential that we make sustainability core to every part of our business.

This means that we are committed to producing the highest quality coffee for our Club Members, while balancing the economic, environmental and social impacts of our business, so that we are sustainable in the long term. But it also means going beyond sustainability and thinking about how our business can create more value for the *Nespresso* community, from coffee farmers to Club Members.



Machine standby for lower energy consumption



On farm training with agronomists

PLANNING FOR THE FUTURE

Our three commitments are essential to Ecolaboration™, but they are only part of our journey; our approach is about making sure that sustainability is integral to the decisions we make every day.

For instance, we have started to develop more sophisticated ways to measure our impacts in areas like coffee farm management and profitability, water and biodiversity. And we have launched a company-wide initiative, called MyEcolaboration™, which encourages our employees to put forward their ideas to help to make Ecolaboration™ even stronger.



Capsule recycling process

A COLLABORATIVE APPROACH

The approach for Ecolaboration™ is to work together with our partners to protect the future of our Grands Crus for coffee lovers worldwide and manage the social and environmental impacts of our business, while improving the lives of coffee farmers and their communities.

Sustainability is a journey we must take together. At the heart of the Ecolaboration™ program are the strong relationships with our committed and passionate partners. Each and every one of them plays an essential role in meeting our shared vision. We are working with many partners around the world, including grassroots NGOs, global financial institutions and other businesses, such as the Rainforest Alliance¹, IUCN² and Quantis³ among others.



A farm assessment workshop with coffee farmers

We are also exploring new ways of working to ensure that we are creating more value for the Nespresso community, from farmers to Club Members, today and in the future.

WHAT THE EXPERT SAYS

*"Nespresso's innovative program, which helps farmers achieve higher prices, better yields, and greater environmental performance and sustainability, is not driven by charity but by creating value. Nespresso will benefit strategically from the quality improvements that farmers achieve and coffee supplies that will be far more sustainable over time. It is this alignment between corporations and social challenges, not a mindset of separation and trade-offs, which is the key to both economic and social progress."*⁴

*Michael Porter⁵,
Professor Business Strategy,
Harvard Business School*

¹ The Rainforest Alliance is a global sustainable agriculture NGO that was founded in 1987. Its mission is to conserve biodiversity and ensure sustainable livelihoods.

² IUCN is the International Union for Conservation of Nature, the world's oldest and largest global environmental organisation.

³ Quantis is a consultancy firm and world-leader in environmental life cycle assessment (LCA).

⁴ <http://www.creatingsharedvalue.org/post/2009/11/20/Nespresso-shares-new-insights-on-coffee-farm-economics.aspx>

⁵ Michael Porter's article in the Harvard Business Review cited Nespresso as an example of the shared value model. Michael E. Porter and Mark R. Kramer, "Creating Shared Value: How to reinvent capitalism and unleash a wave of innovation and growth", Harvard Business Review, January-February 2011