



CLIMATE MITIGATION AND ADAPTATION ROADMAP

The regions where Nespresso sources its coffees already experience the adverse effects of climate change. Scientific reports forecast that **by 2050, climate change could reduce the global area suitable for coffee production by up to 50%.**

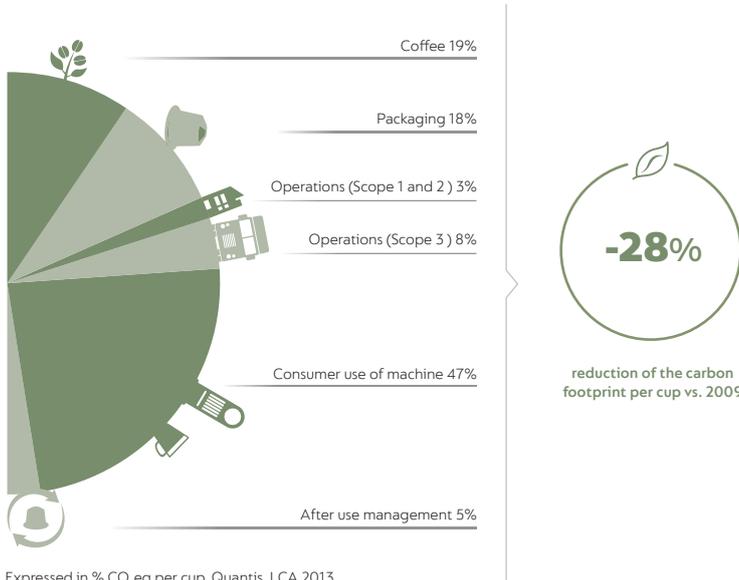
Acknowledging that every cup of coffee has a footprint, we must take consistent action in our value chain to address the causes and consequences of climate change. By **decarbonizing our value chain**, we will reduce the carbon footprint of every Nespresso coffee consumed. **By planting trees in regions where we source coffee**, we can adapt the coffee farms to the adverse effects of climate change while enabling the sequestration of atmospheric carbon. Combined together, these 2 strategic approaches aim to deliver our company's operational carbon neutrality and increase the resilience of coffee communities.

DECARBONISING OUR VALUE CHAIN

The Life Cycle Assessment (LCA) of a cup of Nespresso indicates 97% of the carbon footprint occurs beyond the operational scope under the company's control. From coffee production to the post-consump-

tion phase of the capsules, Nespresso is taking actions to improve the environmental performance of a cup with the objective to achieve a 28% reduction of the carbon footprint by 2020 (vs. 2009).

Carbon footprint of a cup of Nespresso



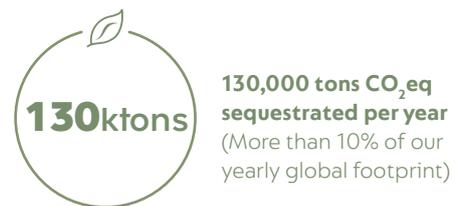
Expressed in % CO₂eq per cup, Quantis, LCA 2013

Footprint reduction contributors and actions

- Coffee : -2%**
Sourcing 100% AAA coffee incl. 10% reduction of fertilisers
- Packaging : -14%**
100% ASI certified primary aluminium
10% of the aluminium volume comes from recycled capsules
- Operations : -6%**
50% of electricity consumption with renewables
- Consumer use of machine : -4%**
Energy efficiency : 0.88 Wh savings per cup
Life time doubled and Eco design with ABS plastics
- After use management : -2%**
30% global recycling rate
66% of recycled capsules have coffee ground sent to biogas

INSETTING EMISSIONS TO REACH CARBON NEUTRALITY

While reducing emissions is an important driver to curb the global temperature increases, absorbing carbon from the atmosphere is also critical. That is why since 2014, our climate roadmap has gone the "extra mile" to compensate for the emissions we can not reduce. How? By creating natural carbon sinks with trees in the coffee landscapes. Known as insetting, this compensation mechanism finances the transition of coffee farms into agroforestry models. It creates a virtuous circle, bridging the needs for climate mitigation with those of adaptation and enabling us to achieve net zero emissions beyond our global operational scope (1 and 2).



INCREASING THE RESILIENCE OF COFFEE COMMUNITIES

The adverse impacts of climate change already occur in our AAA sourcing regions, driving the need for increased resilience of the communities. Planting native trees on coffee farms and in the surrounding landscapes delivers the benefits of regenerative agriculture – enhanced water provision, biodiversity conservation, soil health – and protects the quality of AAA coffee. Nespresso has committed to plant 5 million trees by 2020, a transition mainly financed through the insetting mechanism.

