

Perfecting our packaging solution

ecolaboration™
more, together



NESPRESSO®

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AT A GLANCE

- Aluminium is the best material available today to protect the delicate flavours and aromas of Nespresso's Grand Cru coffees. It is also infinitely recyclable.
- Nespresso launched the AluCycle™ initiative to build its capacity to collect used capsules for recycling and to source responsible aluminium.
- Nespresso committed in 2009 to put collection systems in place to triple its capacity to recycle used capsules to 75 % by 2013.
- At the end of 2010, 15 markets had systems in place to collect used capsules. Global collection capacity was just above 60 %, with about 7,000 dedicated collection points around the world.

ACTIONS & RESULTS

DEVELOPING OUR CAPSULE COLLECTION SYSTEMS

We have made good progress in meeting our goal set in 2009 of putting collection systems in place to triple our capacity to recycle used capsules to 75 % by 2013. We have evaluated our current collection capacity to be just above 60 %.

As part of our AluCycle™ initiative, we have set up our own capsule retrieval systems in 15 countries¹, in complement to the Green Dot system in Germany and Sweden. Today, we have installed about 7,000 dedicated capsule collection points, such as in Nespresso boutiques, municipal waste or through retail and local partners (eg. Mondial Relay and Kiala). Further 10 markets² will start a dedicated capsule collection system in 2011. As a result, by the end of 2011, 25 markets will have systems in place to collect used capsules for recycling.

¹ France, Switzerland, Spain, Portugal, Austria, Belgium, The Netherlands, Luxembourg, US, Canada, Australia, Brazil and the UK

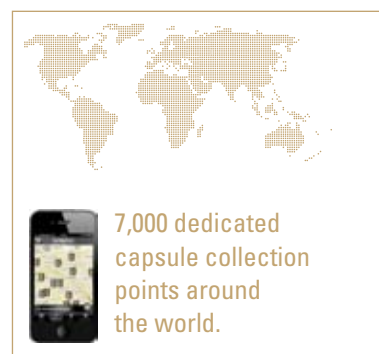
² Hungary, Czech Republic, Poland, Hong Kong, South Korea, Italy, Norway, Denmark, Singapore and Ireland

Going beyond our commitment to increase the collection of used capsules for recycling, we are also committed to finding more sustainable ways to source the aluminium used in our capsules. We may be a small player in the aluminium industry, but we have taken a pioneering role. With the support of International Union for Conservation of Nature (IUCN) and other partners like Rio Tinto Alcan, we are working to promote a standard for more sustainable aluminium sourcing.

WHY WE LAUNCHED ALUCYCLE™

Aluminium is the best material available today to protect our highest quality coffee from factors such as oxygen and sunlight that could compromise taste and quality. Aluminium is also infinitely recyclable. After use it continues to retain all its properties, which makes it possible to recycle it into new aluminium products. By collecting and recycling used capsules, we are able to reduce our environmental impact. Recycling aluminium produces only 5 % of the carbon emissions compared with primary aluminium. Because it is lightweight, using aluminium also provides transportation and environmental savings when compared to other packaging materials.

However, in most countries, used aluminium capsules are not classified as packaging and so cannot be collected and recycled in national or local packaging recovery and recycling schemes. Because we believe in the value of aluminium and the importance of recycling, in many countries we have developed our own recovery systems, so that we can collect used capsules for recycling. We are also exploring different approaches to reducing the environmental impact of our capsules, including creating new partnerships, developing technical solutions and innovation projects.



7,000 dedicated capsule collection points around the world.



Capsule collection point in boutique

Our goal is to put collection systems in place to increase our capacity to recycle used capsules to 75% by 2013.

MARKETS*

Australia	Collection points in <i>Nespresso</i> boutiques since 2010.
Austria	<i>Nespresso</i> collection system since 2009. Now around 600 collection points, located in <i>Nespresso</i> boutiques, at retail partners and within the community.
Belgium	Collection in <i>Nespresso</i> boutiques. Doorstep collection and Club Members can take their used capsules to 550 Kiala points**.
Brazil	Collection points in <i>Nespresso</i> boutiques.
Canada	Collection points in <i>Nespresso</i> boutiques.
France	<i>Nespresso</i> collection system since 2008. Now around 2,500 collection points in boutiques, in the community, at <i>Mondial Relay</i> points and in waste collection centers. Doorstep collection in Paris and Marseille with delivery service <i>Nespresso Your Time</i> and pilot with regional waste management systems in three departments (06, 83 and 46).
Germany	National waste recovery system - Duales System, since 1993.
Luxembourg	Collection in <i>Nespresso</i> boutique. Doorstep collection and our Club Members can take their used capsules to 50 Kiala points**.
Portugal	More than 230 collection points in <i>Nespresso</i> boutiques and retail partners.
Spain	More than 220 collection points in <i>Nespresso</i> boutiques and retail partners. Also Puntos Verdes in Barcelona, consisting of 100 collection points at fixed points across the city and on mobile trucks.
Sweden	National waste recovery system - Green Dot, since 2010.
Switzerland	<i>Nespresso</i> collection system since 1991. Over 2,400 collection points in <i>Nespresso</i> boutiques, retail partners, offices and in the community.
The Netherlands	Collection points in <i>Nespresso</i> boutiques. Doorstep collection. Collection at Kiala points to be rolled out in 2011.
UK	Collection in <i>Nespresso</i> boutiques and doorstep collection in London, Bristol and Bath, to be rolled out over UK in 2011.
USA	Collection points in <i>Nespresso</i> boutiques and doorstep collection in NYC.

* Estimation at the end of 2010
** A Europe wide delivery/collection service used by Club Members

OUR APPROACH
FOCUSING ON SIMPLICITY

Our focus is to make it as easy as possible for our Club Members to return used capsules for recycling. We first explore national packaging recovery schemes. Since 1993, in Germany, used capsules can be collected and processed through the Duales System Deutschland packaging waste system. Since 2010, this is also available in Sweden, through the Green Dot waste scheme.

The complexities of the recycling process and logistics of capsule recovery around the world, coupled with varying levels of public engagement and legislation, make a standardized approach to collecting used capsules difficult. However, the main options are :

- Installing collection points in *Nespresso* boutiques
- Locating collection points within the community
- Working with courier companies to enable doorstep collection

For example in Switzerland, we have been collecting used capsules for recycling since 1991. There are now over 2,400 collection points across the country. Because of Switzerland's specific local packaging collection structure, we have installed our own collection points in *Nespresso* boutiques, local and mobile collection centres and street collection points. As a result, our capacity to collect used capsules in Switzerland is already over 70 %. The used capsules are collected by nearly 50 different organisations and sent to two recovery sites near Lausanne and Geneva, where the aluminium is separated for recycling and the coffee grounds mixed with organic matter to make compost.

We are working with our partners to put forward the case that used capsules should be categorised as packaging (and not a product), which would therefore allow them to be collected in packaging recycling schemes. We are also implementing new technology solutions. For instance, in France, where small-size packaging cannot be processed in packaging

sorting centres, we have been testing an electromagnetic system that separates small-scale aluminium packaging (such as capsules, pet food containers and bottle tops) from other waste, allowing the capsules to be recycled afterwards.

PLANNING FOR THE FUTURE

Meeting our goal means that we will increase the number of collection points for used capsules, located in our Club Members' local area, so that we can collect up to 75 % of all capsules sold worldwide. Of course, the percentage of capsules that are recycled depends the participation of our Club Members, so we will continue to engage and encourage our Club Members to bring back their used capsules for recycling afterwards.

One area of improvement for *Nespresso* is the recycling of capsules used by our business customers. These capsules are different in shape to the capsules used by Club Members and are made from different materials, including aluminium. We are currently exploring solutions to recover the aluminium from these capsules and we will report on our progress later in 2011.

WHAT THE EXPERTS SAY

We have considerable experience of working with the mining sector and we can use our knowledge to support Nespresso in demonstrating their leadership in sustainability. Nespresso is aware that Club Members are increasingly concerned by sustainability issues and is therefore looking to IUCN and our diverse membership to provide guidance on recycling and traceability of their aluminium capsules, as well as advice on measuring biodiversity impacts of their coffee farms.

The main objectives of our five-year partnership are to create a differentiated aluminium product that is sustainable throughout the value chain; to measure and strengthen the ecological outcomes of Nespresso's Ecolaboration commitments and to explore new business models that will reduce Nespresso's biodiversity footprint.

*Giulia Carbone, Deputy Head,
Business and Biodiversity Programme,
International Union for Conservation of Nature*



Recycling center