



Nestlé Nespresso SA

A PASSIONATE ENDEAVOUR IN PURSUIT OF EXCELLENCE

NESPRESSO – At a Glance

A simple idea – continuously reinvented and perfected

The *Nespresso* story began with a simple, but revolutionary idea: enable anyone to create a perfect cup of espresso coffee – with exquisite crema, tantalizing aroma and full-bodied taste – just like skilled baristas. Nestlé Nespresso S.A. took this idea and pioneered the concept of portioned premium coffee with the aim to offer the perfect cup of espresso coffee with maximum convenience to consumers around the globe. Today the company has a twin focus that endeavours to continually surpass consumer expectations at home and (B-2-C) and in leisure and work venues (B-2-B).

Having perfected the concept over many years, *Nespresso* is now the reference for premium portioned coffee worldwide, and its success reflects its vision of excellence. At the heart of the concept is the unique ***Nespresso Trilogy***, an unparalleled combination of three pillars of excellence:

- perfectly portioned **Grand Cru coffees** to suit every taste sourced from the world's top 1% of the world's green coffee production, specially roasted and offered as a full range of espresso and lungo blends and single-origin coffees in hermetically-sealed capsules to ensure perfect freshness;
- a full range of smart and stylish, easy-to-use **coffee machines** with a patented extraction and brewing system that manages the interplay of all factors necessary to produce consistently highest-quality coffee; and
- exclusive and personalised **customer services**, available 24/7 through the *Nespresso Club*.

Blended together, these pillars deliver ***Nespresso Ultimate Coffee Experiences***, moments of genuine pleasure and pure indulgence designed to continually delight coffee connoisseurs wherever, whenever, and however. In the last 24 years, *Nespresso* has built a passionate global brand community. It consists of coffee lovers who identify with the iconic *Nespresso* brand and what it stands for: coffee expertise, highest quality, continuous innovation and distinctive design.

A winning entrepreneurial team and formula of excellence

Established in 1986 and headquartered in Switzerland, the Nestlé Nespresso S.A. company has become an autonomous, globally managed business within the Nestlé Group, the world's foremost nutrition, health and wellness company. This firm backing is allowing it to become an iconic international brand, and today, the company operates through in 50 countries.

Key to the company's success is its unique business model, which incorporates its unique *Trilogy*, its ability to guarantee highest quality at every stage of its value chain and its direct customer relations around the globe. Over 70 percent of its more than 4'500 employees worldwide are in direct contact with consumers, and over half of new consumers first experience the brand through existing *Nespresso Club Members*.

If *Nespresso* is now the global leader in portioned premium coffee, it is due to the company's ability to constantly reinvent itself in its quest for ultimate quality thanks to an unstoppable drive for innovation fuelled by pioneering, team spirit and a passion for perfection. This winning formula has already generated an average annual growth rate of 30% since 2000 and has led



Nespresso to become Nestlé's fastest growing 'billionaire' brand. During the last two years alone, the Nestlé Nespresso turnover has more than doubled, reaching a milestone of CHF 2 billion in 2008 – two years ahead of initial projections and in 2009 the turnover was CHF 2.77 billion.



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NESPRESSO – An In-Depth Overview

A Winning Proposition – the Nespresso Trilogy: 3 Pillars of Excellence

- Perfectly Portioned Highest Quality Grand Cru Coffees
- Smart, Stylish Coffee Machines
- Exclusive, Personalized Customer Services – The Nespresso Club

The Winning Formula – Nespresso Core Competences

- Unsurpassed Coffee Quality & Proven Coffee Expertise
- Unstoppable Drive for Innovation, Distinctive Design and In-House R&D Expertise
- Global Brand Community & Dynamic, Direct Consumer Relations
- Inspirational Iconic Global Brand
- Exclusive Route to Market
- Expertise in Sustainable Quality Development

A Winning Entrepreneurial Enterprise – Firmly Committed to Sustainable Development

Annexes:

- A. Nespresso History – Dynamic Phases of Continual Innovation & Evolution in the Pursuit of Excellence
- B. The Full Range of Perfectly Portioned, Highest Quality Grand Cru Coffees
- C. A Long Record of and Commitment to Award-Winning Innovative Design
- D. Prestigious Business-to-Business Partners Worldwide
- E. An Exclusive Global Boutique Network – to Experience NESPRESSO with all Senses
- F. Nespresso Commitment to Sustainable Development.

Nestlé Nespresso SA Corporate Results 2009



A Winning Proposition – the NESPRESSO Trilogy: 3 Pillars of Excellence

The Nestlé Nespresso S.A. story began with a simple, but revolutionary idea: enable anyone to create a perfect cup of espresso coffee – with exquisite crema, tantalizing aroma and full-bodied taste – just like skilled baristas. Through a passionate pursuit of excellence, driven by non-stop innovation and an unfailing commitment to highest quality, the company pioneered and perfected the concept of portioned premium coffee. Today Nespresso is well on its way to becoming an iconic global brand by consistently delivering optimum coffee enjoyment and maximum convenience to consumers around the globe, both in the comfort of their own homes and in leisure and work venues outside of the home.

Nespresso is now the reference for premium portioned coffee worldwide, and at the heart of its offer is the unique **Nespresso Trilogy**, an unparalleled combination of three pillars of excellence: exceptional Grand Cru coffees, smart and stylish coffee machines and personalized, exclusive services. Blended together, these deliver *Nespresso Ultimate Coffee Experiences* – moments of genuine pleasure and pure indulgence designed to continually delight coffee lovers wherever, whenever and however.

Trilogy Pillar 1: Perfectly Portioned Highest Quality Grand Cru Coffees

Nespresso is committed to offering its consumers only the finest gourmet coffees. Only the top 1% of the world's green coffee crop meets Nespresso specific taste and aroma profiles. Throughout the year, **Nespresso green coffee experts** and their green coffee supply partners ensure these highest quality standards by actively seeking out such coffees cultivated in farm communities in the world's premium coffee-producing areas. These are often remote regions, where a delicate combination of altitude, climate and rich soil produce the distinctive flavours, aromas and complex character that make up Nespresso Grands Crus.

Once the beans are selected and transported to the state-of-the-art **Nespresso Production Centres** located in Avenches and Orbe, Switzerland, expert staff apply extreme care and skilful attention to precise blending, roasting, and grinding phases of the production process. Ultimately, during final packaging, the coffee is hermetically sealed in 100% recyclable aluminium Nespresso capsules to keep all air, light and moisture at bay. All of the aroma, freshness and flavour of the perfectly roasted and ground Grand Crus are absolutely preserved, awaiting release for consumers to enjoy.

The **Nespresso Grand Cru coffee range** offers distinct aromas and flavour notes to appeal to a wide range of preferences. Just as with fine wine, each Nespresso Grand Cru offers unique aromatic notes – from roasted to woody, cereal, buttery and fruity-winey and citrus – to meet individual preferences and tasting occasions. Just as with fine wine, each Nespresso Grand Cru offers distinct aromas and flavour notes – from roasted to woody, cereal, buttery, fruity-winey and citrus – to meet a wide range of individual preferences and tasting occasions. The **full coffee range** comprises:

- **A permanent collection of 16 premium (B2C) coffees for enjoyment at home:** 7 Espresso blends (best enjoyed in a 40 ml cup), 3 Lungo blends (mild but intense coffees for enjoyment in a larger 110 ml cup), 3 Decaffeinated blends (2 Espresso, 1 Lungo) and 3 Pure Origins (three extraordinary espressos, each exclusively composed 100% of coffees sourced from a single country of origin).
- **A permanent collection of 7 premium (B2B) coffees for enjoyment at leisure and work:** 7 premium Grands Crus specially packaged to work in Nespresso B2B coffee machines
- **Exceptional specialty coffees:** two extraordinary and rare Nespresso Grands Crus are typically introduced for a limited period each year: the Limited Edition (spring) and Special Club (autumn) blends offered in both the B2C and B2B channels..



- Exceptional **specialty coffees: two extraordinary and rare Nespresso Grands Crus** are typically introduced for a limited period each year: the Limited Edition (spring) and Special Club (autumn) blends offered in both the B2C and B2B channels.

For complete details, see separate annex 2: The Full Range of Perfectly Portioned, Highest Quality Nespresso Grand Cru Coffees

Nespresso maintains its unparalleled level of coffee quality thanks to long-term relationships developed with farming communities where the world's finest coffee is produced. In 2003, Nespresso established its AAA Sustainable Quality™ Program in collaboration with Rainforest Alliance, through which only the highest-quality beans are sourced and where farmers are paid a premium. In 2009, 51% of the total green coffee beans Nespresso purchased came from its AAA Sustainable Quality™ Program, and Nespresso has committed to increase this to 80% by 2013.

Trilogy Pillar 2: *Smart, Stylish Coffee Machines*

Following expert selection, blending, roasting and grinding, the true personality and soul of an exceptional Grand Cru coffee can only be revealed thanks to the precise extraction offered by technically advanced machines that produce consistently perfect coffee.

Brilliant in their unparalleled ease-of-use and simplicity, their advanced technology and their distinctive design, **Nespresso system machines** have fundamentally transformed the preparation and enjoyment of espresso-based drinks. Complete with a patented extraction and brewing system, with its 19-bar pressure pump and sophisticated capsule, Nespresso system machines manage the interplay of all of the factors necessary to produce perfect coffee – with all the exquisite crema, tantalizing aroma and full-bodied taste that set Nespresso Grands Crus apart - on every occasion, time after time.

In addition to completely redefining what a coffee machine can be and do, the Nespresso system is continually reinvented for the surprise and delight of consumers. Through this continuous innovation and evolution, Nespresso machines are perfected still further, both in terms of latest technology and cutting-edge design, to meet the changing needs and expectations of demanding coffee and design connoisseurs around the world.

This **constant evolution** has created many firsts in the exceptional Nespresso history of developing state-of-the-art coffee machines. In the consumer (B2C) market, for example, the *Concept* machine was the first model to incorporate revolutionary “open jaw” technology to handle the unique Nespresso capsule. From there, the *Essenza* machine delighted consumers with its compact form and brewing unit and its vibrant colours. *Le Cube*, then set new standards with its minimalist clean lines and square shape. *Lattissima* in turn broadened the Nespresso appeal with its one-touch technology offering a wide choice of coffee specialty beverages created with fresh milk.

The **latest Nespresso machine innovation**, *CitiZ*, began rolling out in 2009 as the company's first complete range of coffee machines for home use. Sporting daringly slim, urban and modular design, the range comprises three new coffee machines, all at attractive price points:

- Nespresso CitiZ – a single-head automatic espresso machine
- Nespresso CitiZ&Milk – a single-head automatic espresso machine combined with a built-in fresh milk frother
- Nespresso CitiZ&Co. – the first-ever double-headed machine designed to enable consumers to prepare two coffees simultaneously.

See also separate annex C: A Long Record of and Commitment to Award-Winning Innovative Design

At the same time, the range of high performance **Nespresso Gemini coffee machines** enables out-of-home (B2B) establishments such as offices, gourmet restaurants, premium hotels, luxury



outlets and as well as upscale airline services to specially cater their premium coffee offer to their own customers. For instance, the revolutionary Gemini introduced in 2006 includes a double-head brewing system for preparing two coffees at once, as well as a single-head brewing system targeting small-to-medium sized businesses. The range also includes an optional payment system designed especially for medium-to-large companies.

For additional details, see separate annex D: Prestigious Business-to-Business Partners Worldwide

Trilogy Pillar 3: Exclusive, Personalized Customer Services – The Nespresso Club

Completing the unique Trilogy that sets *Nespresso* apart is the unparalleled dynamic customer experience that *Nespresso* offers. Exclusive, personalized services are tailored to the specific needs and preferences of its consumers to ensure that they may create and enjoy. *Nespresso* created its 24-hour information and ordering service more than 20 years ago. Today, *Nespresso* also offers tailored shopping experiences in exclusive boutiques and through its Internet site as well as direct access to coffee specialists via the *Nespresso Club's* Customer Relationship Centres. *Nespresso Ultimate Coffee Experiences* wherever, whenever and however they desire.

Nespresso Club – a community of coffee connoisseurs

Nespresso enjoys exceptional direct contact with its consumers through the *Nespresso Club*. The company's personalised customer service and information network perfectly reflects its innovative spirit and focus on highest quality. These qualities link the global community of coffee connoisseurs that make up the *Nespresso Club*.

This unique and dynamic Club enables the company to establish privileged and direct relationships with its consumers through three interactive channels: its online e-commerce platform (www.nespresso.com), its global boutique network of more than 190 boutiques and its international network of Customer Care Centres. Through these channels, Club Members can access a wide range of information, advice and tailored services around the whole *Nespresso* offering, as well as a variety of other benefits and special offers. All queries are answered within one working day, and purchased products are automatically shipped to the Club Member's preferred home or office address within 48 hours.

Les Collections – exclusivities reserved for Nespresso coffee aficionados

Coffee Accessories

As an extension of its commitment to offer exclusive services for *Nespresso Club* members worldwide, *Nespresso* creates a wide range of luxurious coffee accessories. These enable *Nespresso* coffee aficionados to personalise their coffee moments in their own unique ways. Ranging from coffee preparation to coffee tasting accessories, these special lifestyle products and food items provide the perfect pairing for *Nespresso Grand Crus*. From elegant and refined white porcelain tasting sets to sumptuous sweets and biscuits created uniquely for *Nespresso* by top chefs to and to surprise and tease the palate, all are designed to delight the senses and thus contribute to creating *Nespresso ultimate coffee experiences*.

Some tasting accessory collections are fashioned in tandem with new espresso machine introductions to highlight and complement the spirit and design of these machines. For example, the versatile CitiZ collection radiates the distinct urban vibe of the CitiZ machine range, with hand-blown coffee glasses, translucent bone china bowls and sleek trays.

Les Chocolats – a treasure-trove of new sensory experiences

To extend the coffee tasting experience to new heights, *Nespresso* collaborated with famed Belgian chocolatier, Pierre Marcolini, and with Nestle chocolate R&D and cocoa experts to create a unique



collection reflecting *Nespresso* chocolate excellence. The result: *Les Chocolats*, now available in certain countries. This collection includes 10 artisanal recipes of fresh dark, milk and white chocolates in flavour combinations that pair perfectly with *Nespresso* Grand Cru coffees. From filled chocolates such as *Vinaigre de Framboise* to pure origin chocolates from exotic and aromatic lands such as Madagascar, *Nespresso Les Chocolates* are designed to indulge consumers' taste buds with exceptionally novel sensory experiences.

The Winning Formula – *Nespresso* Core Competences

Over the past three decades, *Nespresso* has established itself as a leading pioneer in the global portioned premium coffee market based on its deeply rooted culture of innovation and its firm commitment to excellence in all aspects of its business. Its success is demonstrated by its global market leadership (about 20%) in sales of espresso coffee machines and by its appeal to coffee connoisseurs around the world – more than 7 million of whom are passionate *Nespresso* Club members. Every minute of every day, consumers around the world enjoy 10'000 cups of *Nespresso* Grands Crus – and this number continues to rise thanks to growing consumer enthusiasm for the dynamic *Nespresso* brand and its ability to continually reinvent itself:

A number of key factors currently drive the *Nespresso* success story and will continue to do so in the foreseeable future. These reflect well-honed competences of the brand and include:

- Unsurpassed product quality and proven coffee expertise
- Unstoppable drive for innovation and distinctive design together with in-house *Nespresso* R&D expertise
- Inspirational, iconic global reputation of the brand
- Global brand community thanks to direct customer relationships
- Exclusive routes-to-market
- Expertise in Sustainable Quality development

Unsurpassed product quality and proven coffee expertise

Nestlé *Nespresso* employees and partners reflect a deep passion to collectively deliver *ultimate coffee experiences* that are grounded foremost in the perfect cup of coffee with exquisite crema, tantalizing aroma and full-bodied taste. An exceptional team of *Nespresso* green coffee experts, agronomists, and supply partners regularly criss-cross the globe in search of **highest quality beans** from speciality farms in the finest countries of origin. To maintain its unparalleled quality, *Nespresso* has developed long-term relationships with farming communities where the world's finest coffee is produced. Today, 51% of its coffee is sourced from the ***Nespresso* AAA Sustainable Quality™ Program**.

They in turn work with a variety of other *Nespresso* coffee specialists – coffee sensory, aroma and flavour experts – working in conjunction with **state-of-the-art coffee production facilities** in Orbe and Avenches, Switzerland. These are the premier coffee “sommeliers” who devote themselves to entire sensory experiences around coffee. Thanks to their efforts, a full range of *Nespresso* Grands Crus is offered to continually surpass the expectations of the most demanding of coffee connoisseurs.

All across the *Nespresso* value chain, quality reigns supreme and it is the foremost preoccupation of *Nespresso* experts in a variety of fields who ensure utmost quality in the premium raw materials selected, in the state-of-the-art production and distribution processes applied and in the vanguard coffee tasting and retail concepts continually developed to surprise and delight coffee aficionados around the globe. Even marketing and retail personnel stay one step ahead of latest coffee trends by continually updating their coffee knowledge through the specially developed ***Nespresso* Science of Coffee Program**, a comprehensive coffee training



program developed and run internally to ensure the high level of coffee expertise of *Nespresso* staff.

***Nespresso* Coffee Sommelier™ Program with the *Nespresso* Coffee Codex at its heart**

Nespresso, as the pioneer who has revolutionised the coffee experience for millions of consumers, recognises the changing role of the professionals in food and beverage services. Specifically, today's sommeliers share in their clients' passion and expertise for highest quality coffee.

Consequently, *Nespresso* has developed a unique educational program exclusively designed for world renowned chefs and professional sommeliers: the ***Nespresso* Coffee Sommelier™ Program**, based on the ***Nespresso* Coffee Codex**. Since the ***Nespresso* Coffee Sommelier™ Program** was launched at the beginning of 2009, more than **50** sommeliers from renowned Michelin star restaurants in 15 countries have been introduced to the world of Grand Cru coffees.

Today's consumers are ever more sophisticated in their knowledge and experience with fine dining. With the growing sophistication and attention of this clientele, professionals in the world's leading restaurants are facing ever more detailed questions about the foods and drinks they serve.

The ***Nespresso* Coffee Codex** is a unique methodology developed for professionals by *Nespresso* coffee experts and some of the world's leading wine experts. The aim is to help professionals in leading restaurants in the delicate task of tasting and pairing premium coffee with a variety of fine foods and beverages. This program enables sommeliers to create new gastronomic experiences for today's consumers.

Premium coffee, like fine wine, enriches a meal with sensations that leave a lasting impression well beyond exiting the restaurant door. In the world's finest restaurants and cafes, professional sommeliers play a key role in educating their guests about fine coffee. They also play an important part in achieving harmonies of perceptions, as well as matching flavours and aromas to turn a fleeting moment into an unforgettable dining experience for the guests.

For full details, see annex B: The Full Range of Perfectly Portioned, Highest Quality Grand Cru Coffees

An unstoppable drive for innovation, distinctive design and R&D expertise

Continuous innovation and our passion for perfection have been key drivers of highest quality and growth at *Nespresso* from the very beginning. Innovation takes many forms, though often we focus on the technical aspects. While the evolution of our system has been one obvious example of innovation at *Nespresso*, there are many other examples of innovation and highest quality. Key stages of *Nespresso* growth are punctuated with important innovations across our Trilogy of highest quality coffee, smart and stylish machines, as well as unmatched personal services.

The *Nespresso* in-house Research and Development Team combines attention to detail and cutting edge technology to drive the on-going innovation of the *Nespresso* System – the specific interaction of the original *Nespresso* capsule and machine. Genuine *Nespresso* capsules deliver the coffee quality our Club Members enjoy and expect. Working in close collaboration with an external design partner and a select number of machine partners, the *Nespresso* R&D Team



has pioneered many award-winning innovations and cutting-edge designs. These breakthroughs have been granted more than 1'700 patents.

For further details, see annex C: A Long Record of and Commitment to Award-Winning Innovative Design

A global brand community with privileged direct customer relationships

Nespresso Club Members and customers appreciate the brand not only because of the exceptional coffee it produces, but also because they value its innovative spirit and its focus on highest quality and style. These qualities also link Nespresso Club Members who are forming a global community of coffee connoisseurs who stand as the brand's strongest ambassadors. In fact, much of the success Nespresso has enjoyed in recent years can be attributed to the privileged relationship the brand has developed with its consumers and the reciprocal enthusiasm consumers have consistently shown for the brand. Currently, more than 50% of all new Nespresso Club Members first experience the brand through existing Members. Since 2000, the number of Nespresso Club Members worldwide has jumped from 600,000 to over seven million.

An inspirational, iconic global brand

Behind the prestigious marquee of Nespresso lies a personality like no other. It's selective, yet inviting; accomplished, yet still inspiring; simple and refined. It offers timeless quality and perfection with a touch of luxury – while constantly striving to shape the future. Not content to follow trends created by others, Nespresso is continually infusing itself with original ideas, flavours and innovations from around the world to define its own unique lifestyle. Its fascinating journey towards becoming an iconic brand has made it a well recognized, loved and respected reference for highest quality around the world.

For information on the brand's evolution, see annex A: NESPRESSO History: Dynamic Phases of Continual Innovation and Evolution in the Pursuit of Excellence

Exclusive route-to-market

The unique Nespresso business model allows the brand to maintain direct relationships with its customers. Consumers worldwide can select to interact with the brand through a choice of channels.

- The Nespresso e-commerce platform (www.nespresso.com) allows consumers to tap into the world of Nespresso. It provides a 24-hour ordering system for coffees, machines and accessories in seven different languages. Consumers can also access information on coffee countries of origin, coffee varieties, recipes and exclusive opportunities for Club Members to participate in special events. This platform is the leading channel for the brand, accounting for around 50% of company sales.
- A global retail boutique network allows consumers to experience the brand with all senses. Nespresso Boutiques provide a window into the heart of the brand and also serve as a key sales outlet, generating approximately around 30% of the company's sales. Many boutiques include an area where coffee enthusiasts can savour and learn about premium coffee quality. Nespresso Boutiques incorporate a gallery of coffee machines so that consumers can choose the model best suited to their lifestyles. Each location showcases collections of accessories and coffee preparation ideas to enable consumers to re-create their own ultimate coffee experiences at home.
- Customer Relationship Centres provide consumers another means to easily connect with Nespresso. Their needs can be met on the phone by a friendly, knowledgeable



coffee specialist who provides advice on coffees and machines and instantaneous ordering of Nespresso products. Customer Relationship Centres are important in maintaining customer loyalty and are responsible for around 20% of *Nespresso* sales.

Expertise and Commitment to Sustainable Development

Nespresso is committed to ensuring sustainability throughout its operations. Nestlé's unique sustainability framework "Creating Shared Value" provided the platform for the *Nespresso* sustainability programme. In 2003 *Nespresso* launched its AAA Sustainable Quality™ Coffee Program, a groundbreaking partnership with the leading environmental NGO Rainforest Alliance. Through the AAA Program, *Nespresso* is committed to ensuring highest quality and sustainability in its coffee supply chain, whilst helping to improve the standard of living for farmers and their families.

In 2009, *Nespresso* took its commitment to sustainability to the next level, by announcing Ecolaboration™. This consolidates and extends all *Nespresso* sustainability efforts in coffee, capsules, machines and its overall operations into one concerted program which will provide a framework for partnership and innovation to drive ongoing, sustainable innovation.

At *Nespresso*, Ecolaboration™ will deliver:

- a platform for partnership with business partners, stakeholders and innovators who contribute to the continuous improvement of the sustainability of the *Nespresso* value chain;
- a networking framework to bring together key stakeholders, thinkers, advisors, technical experts, NGOs, business partners and others to collaborate around new ideas and innovation, which will serve to improve the sustainability performance of *Nespresso*;
- further specific Ecolaboration™ commitments and framework agreements between *Nespresso* and its key partners.

In launching Ecolaboration™, a platform for sustainable innovation, *Nespresso* is committing itself to three major targets that will significantly enhance its sustainability performance by 2013. These commitments are to:

- source 80% of its coffee through its unique AAA Sustainable Quality™ Program and Rainforest Alliance Certified™ farms by 2013
- put systems in place to triple its capacity to recycle used capsules to 75% by 2013
- reduce the overall Carbon Footprint required to produce every cup of *Nespresso* by 20% by 2013

"For some time, *Nespresso* has been a highly successful company and strongly active in sustainability. Today, we are announcing Ecolaboration™ and its ambitious targets, which will be our path to truly sustainable success in the future," said Richard Girardot, CEO of Nestlé *Nespresso* SA.

"By introducing sustainability based innovation in sourcing our coffee, build on our track record of encouraging and facilitating our Club Members to recycle aluminium capsules, reducing the carbon foot print of our machines and our overall operations, *Nespresso* will continue to meet the high expectations of our Club Members and NGO partners into the future," he said.



In addition to providing a framework for Ecolaboration™ agreements, the program will foster best practice and creativity through unique collaborations under two new initiatives:

- The AluCycle™ initiative has the objective of promoting enhanced sustainability performance of aluminium. In June 2009, Nespresso partnered with IUCN – the International Union for Conservation of Nature – to convene an industry roundtable on improving the sustainability performance of the aluminium used for Nespresso capsules.
- The VerTech™ Network brings together Nespresso machine suppliers, engineers and sustainable technology experts to design the Nespresso machines of the future.

From mid 2009 eco timers and stand-by switches will be incorporated into all Nespresso machines to reduce energy use and lower carbon footprints.

As a framework for collaboration and innovation, Ecolaboration™ will also provide the means to work more closely with Nespresso's key partners, international organizations and NGOs such as the International Finance Corporation, and Technoserve, as well as in-country programs like Costa Rica's Peace with Nature.

For more information, see Media Briefs 1 to 7.

A Winning Entrepreneurial Enterprise With the Strongest Commitment to Sustainable Success in the Future

Established in 1986 and headquartered in Switzerland, Nestlé Nespresso SA is an autonomous, globally managed business within the Nestlé Group, the world's leading nutrition, health and wellness company. This firm backing has enabled Nespresso to become an iconic international brand, and today, the company operates in more than 50 countries worldwide.

Key to the company's success is its unique business model, which incorporates its unique Trilogy, its ability to manage and improve quality at every stage of its value chain, and its direct customer relations with all of its more than seven million Club Members around the globe. Over 70 percent of its more than 4'500 employees worldwide are in direct contact with consumers. More than half of new Club Members first experience the brand through existing Nespresso Club Members.

If Nespresso is now the global leader in perfectly portioned premium coffee, it is due to the company's ability to constantly reinvent itself in its quest for ultimate quality thanks to an unstoppable drive for innovation fuelled by pioneering, team spirit and a passion for perfection. This winning formula has already generated an average annual growth rate of 30% since 2000 and has led Nespresso to become Nestlé's fastest growing 'billionaire' brand. During the last two years alone, Nestlé Nespresso's turnover has more than doubled, reaching a milestone of CHF 2 billion in 2008 – two years ahead of initial projections.

For full details on the company's evolution and recent dynamic growth, see annex A: NESPRESSO History: Dynamic Phases of Continual Innovation and Evolution in the Pursuit of Excellence

2010: Winning Formula Continues

In 2010, Nespresso is on track to deliver double-digit growth and pass the CHF 3 billion sales milestone. To drive that growth, Nespresso will focus on its core competences: its unsurpassed coffee quality and deep coffee expertise, its constant drive for innovation and distinctive design



using its in-house R&D expertise, as well as its global brand community built on direct consumer relationships and exclusive customer services.

To meet the expected on-going consumer demand, *Nespresso* in 2010 will continue to investment in growth. *Nespresso* will in the course of the year begin work to expand its Production and Distribution Centre in Avenches (Switzerland), which came on line in 2009. This next phase is set to complete in 2012. This state-of-the-art, sustainable facility will nearly double its production capacity in the next three years. This expansion will bring the total *Nespresso* investment in Avenches to about CHF 500 million on completion.

Nespresso will continue to make substantial strategic investment in our highest quality Swiss production capability to underwrite its planned future growth. The company's core competencies enables it continue building demand for *Nespresso* globally. Its success enables the company to invest to meet that demand.

The company will continue to aim at exceeding the expectations of its consumers and enhance their enthusiasm by offering them the highest-quality coffee combined with maximum convenience. As one example, *Nespresso* will combine its in-house research and development expertise with its distinctive design capabilities to offer consumers the most compact *Nespresso* machine yet. It will show how the *Nespresso* System – the unique combination of the original *Nespresso* aluminium capsule and the extraction and brewing unit – will keep pace with developments in state-of-the-art technology, delivering the ultimate coffee experience to consumers wherever they are.

In 2010, *Nespresso* will expand its global retail network, adding more than 30 locations with flagship boutiques in cities such as Brussels, Munich, Miami, New York (Soho). The *Nespresso* will also be expanding to new geographies such as Shanghai (China), as well as Cape Town and Johannesburg (South Africa) – the first *Nespresso* locations in Sub-Saharan Africa.

Complementing the continuing boutique expansion, during 2010 *Nespresso* will take its consumers to the next level of brand experience designed to deliver greater satisfaction, personalisation and delight across every Club Member interaction.

In 2010, *Nespresso* will roll out a new customer service model, starting by renewing the sensory and brand experience in our boutiques. The company will then extend its boutique team's passion to serve and share to its Customer Relationship Centres and match it with a dynamic new e-commerce platform. This will renovate all three *Nespresso* distribution channels and consumer contact points.