

DISCLOSURE MATERIALS ADDENDUM

Re: B Lab Moratorium on Companies Operating in Russia and Belarus

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains an Addendum to the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Nespresso

UPDATED AS OF:

4/21/2022

DISCLOSURE QUESTIONNAIRE CATEGORY	Operations in Conflict Zones
ISSUE DATE	February 2022 - Ongoing
TOPIC	Application of Moratorium on Companies Operating in Russia and Belarus
SUMMARY OF ISSUE	On March 11, Nespresso announced that it was suspending all imports into Russia. Therefore, they temporarily suspended the commercial operations of their boutiques, app, and website in the country. The company is maintaining its support service center where they are also reactively selling to customers calling to make a purchase. However, these sales channels are not pro-actively marketed in any way.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	Nespresso employs 332 people in Russia (163 customer-facing) and has 15 boutiques in the country. Nespresso is not able to report complete data on the scope of operations, nor commercially-sensitive data such as sales volumes.
IMPACT ON STAKEHOLDERS	N/A
IMPLEMENTED MGT PRACTICES	The company continues to support and pay in full all employees, and will do so as long as the suspension lasts. The Company indicates that its decision to sell its remaining inventory through non-promoted channels has been made in order to mitigate the impact of disruption on employees.
RESOLUTION	<p>"On March 25, B Lab publicly announced a moratorium on new certifications of companies operating in Russia and Belarus. Companies seeking certification are ""required to suspend their operations while also avoiding the negative potential impacts of their decision by maintaining their support for their key, non-complicit stakeholders in Russia or Belarus (at the expense of the company), by for example continuing to financially support their employees and not terminating their contracts."</p> <p>B Lab's Board of Directors reviewed Nespresso's actions and determined that the company was meeting the spirit of the actions required of companies to proceed with certification. As a result, Nespresso is eligible for B Corp Certification. The company will be required to share a monthly update with B Lab on the winding down of its Russian operations (remaining inventory, etc.) until all such operations have been fully suspended."</p>
REPORT	https://www.bcorporation.net/en-us/news/blog/b-lab-suspends-new-b-corp-certifications-entities-russia-belarus https://www.nestle.com/ask-nestle/our-company/answers/update-russia-ukraine
OTHER MANAGEMENT COMMENTS	<p>"We are shocked and deeply saddened by the invasion of Ukraine and stand alongside the international community in calling for peace and the rapid restoration of security and stability in the region. Our actions in Ukraine Nespresso does not sell its products in Ukraine. However, there are 5,800 Nestlé employees in Ukraine, some of whom are providing business support services to Nespresso. Since the beginning of this crisis, we have been in close daily contact with our employees in Ukraine. Their personal safety and security, and that of their families, continues to be our priority. This includes the provision of essential items including food, helping with their evacuation where necessary, and providing additional financial support.</p> <p>At-a-glance: what we've done</p> <ul style="list-style-type: none"> - Fundraising – employees were invited to donate, through Nestlé, to the International Federation of Red Cross and Red Crescent. Nestlé is doubling the impact by matching employee contributions. - Advanced salary and bonus payments made to our Ukraine-based employees - Working to relocate those in affected areas in Ukraine to safer areas of the country, and offering relocation packages for people to move outside Ukraine - 24/7d phone helpline set up to assist families leaving Ukraine: so far, we have helped more than 100 colleagues to leave Ukraine, along with their relatives - We have also been working closely with our machine manufacturing partners in Ukraine to support their employees' safety. <p>In addition to fundraising efforts, Nestlé has made donations of food items. Nestlé food & beverages to the value of CHF 6 million, representing 1660 tons – a portion for each of the whole Ukrainian population (40 million people) – have been donated.</p>