



2021 Sustainability Report

A GOAL IN EVERY CUP

Sustainability
Report
2021



A GOAL IN EVERY CUP

Sustainability
Report
2021





CONTENTS

Methodological note	4
Our pledge for an inclusive business	38
Responsible growth	62
The Lavazza Group’s Roadmap to Zero	102
The work of the non-profit Fondazione Giuseppe e Pericle Lavazza Onlus	160

OPENING LETTERS

In 2021, the economy recovered and our Group enjoyed a positive year. Although the scenario remains complex, our commitment to resuming our growth path bore important fruit, from the expansion of the Group's presence at the global level to a financial performance that confirms that the Group's efforts are headed in the right direction. We further intensified our commitment towards sustainability, supported by our way of doing business, which integrates our business needs with respect for the environment and a focus on social impacts. We remain committed to people, beginning with those who make our Group grow every day. In 2021, our Lavazza Nuvola headquarters in Turin received the WELL Health-Safety Rating certification: an important milestone, granted to a private corporation in Italy for the first time. Among the numerous programmes illustrated in this Sustainability Report — the seventh that our Company has decided to prepare voluntarily — I would like to draw attention to the Gap Free programme, now in its second year. Thanks to this programme, the whole Group is embarking on a complex process of co-creation of a culture centred around the values of diversity, fairness and inclusion: together we aim to create a future without disparities, without barriers, without gaps to be filled.

Alberto Lavazza,
Chairman



With all its complexities, 2021 reminded us that in today's interconnected world there are no problems that do not concern us: the social, economic and environmental consequences of the climate crisis and the pandemic, as well as the lack of raw materials, are global phenomena that can only be faced effectively by cooperating with one another. With this in mind — and above all in an industry as complex as that of the coffee business — our Group has stepped up its responsibility by building alliances with all the main players involved, including at a pre-competitive level, to hone its knowledge and continue to develop an ever-growing number of projects. We successfully faced difficult, unpredictable situations through our resilience: while it is true that in today's globalised world problems can spread rapidly, it is equally true that good practices, supported by our commitment and sustainable, long-term vision, can be disseminated at a high pace. The extremely uncertain and constantly evolving current scenario that has also had such severe effects on the coffee sector sees us increasingly committed to creating a model of positive development, in order to systematise our shared efforts and the results achieved.

2021 was an exceptional year for the Lavazza Group — one that also laid the foundations for a period of great transformations at a global level, with a strong impact on the short and medium term. The Group reported a record turnover of €2.308 billion with an improvement in its main financial indicators and a positive mix of channels and products. In addition to these important financial results — the best in the Group's history —, our international presence was strengthened, particularly in China with 74 coffee shops and in the United Kingdom, where we opened a Lavazza Flagship Store in the heart of London, as well as in France, in the specialty coffee segment, with the joint venture for the new range Le Café Alain Ducasse with 1895 by L'AVAZZA. Investments in R&D projects were also confirmed, along with our constant commitment to conducting our business sustainably from an economic, environmental and social standpoint, through the development of people and the local areas and communities in which we operate, while also implementing our strategy of reducing and offsetting the environmental impact of our activities. Our Group has always been committed to creating sustainable value for the business, our personnel, our consumers and the communities in which we operate,

combining competitiveness with social and environmental responsibility. This process cannot overlook sustainable innovation, as shown by the many new developments in 2021, including the relaunch of i!Tierra!, our ethical brand, on a global scale, and the achievement of carbon neutrality for four of our different product ranges, as part of our Roadmap to Zero, which guides us in this process. At the same time, a particularly turbulent period for all commodities began in 2021, and coffee underwent the sharpest price increase among agricultural products, with a rise of around 80% for both Arabica and Robusta. These increases are mainly due to issues relating to the global supply chain and the damages caused by meteorological events relating to climate change. The excellent results in 2021 are therefore not only a significant milestone for our Group, but also the point of departure for facing an extremely challenging year. The Group's solidity, along with a strategy that looks to the future and the extraordinary strength of people driven by professionalism and passion, allows us not to give up on our goals and commitments, with two great cornerstones: the quality of our blends, to ensure the "in-cup excellence" that sets us apart the world over, and our commitment to sustainable innovation.

Antonio Baravalle,
Chief Executive Officer



METHODOLOGICAL NOTE

[GRI 102-1 | GRI 102-3 | GRI 102-4 | GRI 102-5 | GRI 102-6 | GRI 102-7 | GRI 102-10 | GRI 102-12 | GRI 102-45 | GRI 102-49 | GRI 102-50 | GRI 102-52 | GRI 102-54]

Objectives, scope and references of the Report

The Sustainability Report represents the tool that Lavazza uses for disclosing to its stakeholders the Company’s annual results about sustainability. The Lavazza Group **Institutional Relations & Sustainability (IR&S) Department** has coordinated the preparation of the Sustainability Report, gathering contributions from the entire organisational structure of the Group’s companies included in the reporting scope.

The Sustainability Report is subject to the Board of Directors’ approval.

This document has been drawn up in compliance with the **Global Reporting Initiative Sustainability Standards** (GRI Standards), published in 2016 by the Global Reporting Initiative (GRI), according to the “in accordance - core” option. The most recent available version of the GRI Standards has been adopted with regard to some of the indicators analysed. In detail:

- the 2018 version has been adopted with regard to the GRI Standard 403 (Occupational Health and Safety) and 303 (Water and Effluents);
- the 2019 version has been adopted with regard to the GRI Standard 207 (Tax);
- the 2020 version has been adopted with regard to the GRI Standard 306 (Waste). References to GRI Standards are provided both in the Report and in the final GRI Content Index table.

Having endorsed the United Nations Global Compact, the Lavazza Group has also opted to include in its Sustainability Report the annual **Communication on Progress**, the contents of which have been enriched with a view to informing all internal and external stakeholders about the activities undertaken and results achieved in implementing the Global Compact principles. In order to facilitate the reading of this document, a special icon has been used to identify therein the content referring to the Global Compact principles.

Lastly, this Report is also the tool used to describe the Lavazza Group’s commitment to the **17 United Nations Global Goals (Sustainable Development Goals)**, also known as SDGs, in particular for the achievement of specific targets relating to the four priority Goals chosen by the Lavazza Group as part of its sustainability strategy.

Reporting scope and period

The Lavazza Group is present on five continents, in more than 140 countries worldwide, and operates through both direct subsidiaries and a broad network of distributors. Lavazza’s industrial system consists of nine manufacturing plants: three in Italy; the Carte Noire plant in France and that of Kicking Horse Coffee in Canada; the Lavazza Professional plants (two in the United Kingdom and one in the United States); and one production hub in India, which serves the local market. The Lavazza Group workforce is composed of over 4,200 people worldwide. In Italy, Lavazza reaches its consumers directly through operators such as retail chains and Ho.Re.Ca. points of sale. Abroad, Lavazza operates across different markets through its subsidiaries and a network of distributors specialising in the At Home and Away From Home channels. Lavazza caters to all consumption needs, offering its customers a wide and diverse range of products. The data contained in this Report refer to Luigi Lavazza S.p.A. and some commercial and manufacturing foreign subsidiaries of the Lavazza Group. In greater detail:

- **Luigi Lavazza S.p.A.**, parent company headquartered in Turin (data reported refer to the Headquarters, the Innovation Center, the Italian Commercial Areas and the Italian production plants in Turin, Gattinara and Pozzilli);
- **Lavazza France Sas**, a Paris-based French commercial subsidiary, part of the Lavazza Group since 1982;
- **Luigi Lavazza Deutschland GmbH**, a Frankfurt-based German commercial subsidiary, part of the Lavazza Group since 1987;
- **Lavazza Kaffee GmbH**, a Vienna-based Austrian commercial subsidiary, part of the Lavazza Group since 1988;
- **Lavazza Premium Coffee Corp.**, a New York-based American commercial subsidiary, part of the Lavazza Group since 1989;
- **Lavazza Coffee UK Ltd**, a London-based British commercial subsidiary, part of the Lavazza Group since 1990;
- **Fresh and Honest Café Ltd**, a Chennai-based Indian manufacturing subsidiary, part of the Lavazza Group since 2007;
- **Lavazza Sweden AB**, formerly Lavazza Nordics AB, a Stockholm-based Swedish commercial subsidiary, part of the Lavazza Group since 2009;
- **Merrild Kaffee ApS**, a Fredericia-based Danish commercial subsidiary, part of the Lavazza Group since 2015;

- **Lavazza Australia Pty Ltd**, a Melbourne-based Australian commercial subsidiary, part of the Lavazza Group since 2015;
- **Carte Noire SaS**, a Paris-based French commercial subsidiary, part of the Lavazza Group since 2016;
- **Carte Noire Operations SaS**, a Lavérune-based French manufacturing subsidiary, part of the Lavazza Group since 2016;
- **Kicking Horse Coffee Co. Ltd**, an Invermere-based Canadian manufacturing subsidiary, part of the Lavazza Group since 2018;
- **Lavazza Professional France SaS**, a Roissy-en-France-based French commercial subsidiary, part of the Lavazza Group since 2019;
- **Lavazza Professional North America LLC**, a manufacturing subsidiary based in Wilmington, Delaware (USA), part of the Lavazza Group since 2019;
- **Lavazza Professional UK Ltd**, a Basingstoke-based UK manufacturing subsidiary, part of the Lavazza Group since 2019;
- **Lavazza Professional Germany GmbH**, a Verden-based German commercial subsidiary, part of the Lavazza Group since 2019;
- **Nims S.p.A.**, a Padua-based Italian commercial subsidiary, part of the Group since 2017.

1. The subsidiary that has been included for the first time in the scope of the 2019 Sustainability Report, besides those listed in the previous Sustainability Reports, is the Canadian foreign subsidiary Kicking Horse.

With regard to the reporting period, the figures in this Report refer to:

- financial years 2019, 2020 and 2021 with regard to Luigi Lavazza S.p.A. and its foreign subsidiaries included in the scope of the 2020 Sustainability Report¹;
- financial years 2020 and 2021 with reference to Lavazza Professional subsidiaries included for the first time in the scope of the 2020 Sustainability Report. Any exception is set out within the document and/or with dedicated footnotes;
- financial year 2021 with regard to the Italian subsidiary Nims, included for the first time in the scope of the 2021 Sustainability Report.



Global Compact – Communication on Progress

The United Nations Global Compact is the world’s largest voluntary corporate citizenship initiative, which requires participating companies to adhere to a number of principles that promote the integration of sustainability in business. It was established as a result of the wish to promote a sustainable global economy that respects human and labour rights, safeguards the environment and fights corruption. The idea was first put forward in 1999 at the World Economic Forum in Davos by Kofi Annan, former Secretary-General of the United Nations. He invited world economic leaders to sign a “Global Compact” with the United Nations in order to work together to tackle the most critical aspects of globalisation. In July 2000, the United Nations Global Compact was launched. It requires the companies and organisations that adhered to it to share, sustain and apply, within their remittance, a set of fundamental, universally shared principles in the areas of human rights, labour, environment and anti-corruption. Lavazza adhered to the ten principles in 2017, undertaking to renew its commitment on a yearly basis.



Human rights

Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights within their remittance.

Principle 2
Businesses should make sure that they are not complicit in human rights abuses, not even indirectly.



Environment

Principle 7
Businesses should support a precautionary approach to environmental challenges

Principle 8
Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9
Businesses should encourage the development and diffusion of environmentally friendly technologies.



Labour

Principle 3
Businesses should uphold the freedom of association of workers and the effective recognition of the right to collective bargaining.

Principle 4
Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5
Businesses should uphold the effective abolition of child labour.

Principle 6
Businesses should uphold the elimination of discrimination in respect of employment and occupation.



Anti-corruption

Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery.

COMMUNICATION ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



STAKEHOLDER ENGAGEMENT AND MATERIALITY MATRIX

[GRI 102-13 | GRI 102-40 | GRI 102-42 | GRI 102-43 | GRI 102-44 | GRI 102-46 | GRI 102-47 | GRI 102-56]



Stakeholder engagement activities developed in 2021 allowed Lavazza to update its materiality matrix, while also taking account of the principles of the United Nations Global Compact. The material topics have been rationalised and updated to reflect the changes in the Company and the context in which it operates. To identify the most relevant topics eligible for inclusion in the 2021 Report, the Company:

- identified its stakeholders;
- surveyed and assessed the expectations and topics of greater interest to its stakeholders using dedicated listening and communication tools and through specific engagement initiatives;
- updated the materiality analysis on the most significant sustainability topics for the Group.

In order to survey and assess its stakeholders’ expectations, with specific regard to 2021, Lavazza:

- conducted specific internal stakeholder engagement activity through interviews with Top Managers and Shareholders;
- continued with its local community engagement initiatives;
- organised the third meeting dedicated to Lavazza’s suppliers, in digital format;
- held a cycle of meetings with the Global Sustainability Network, a working group composed by the contact people for sustainability initiatives of over eleven foreign companies of the Group. The network meets monthly and is intended to coordinate the Group’s sustainability activities and promote constant dialogue with regard to the priority areas of the sustainability strategy;
- prepared specific surveys reserved to each group of stakeholders, both internal and external, to investigate expectations on and perception of Lavazza’s sustainability commitment and their level of satisfaction in the relationship with the Company;
- strengthened internal communication tools in light of the continuation of the health emergency (a dedicated e-mail account, periodic e-mails, live meetings, training sessions and a dedicated page within the company Intranet) in order to provide specific instructions to the entire company population regarding the Covid-19 emergency.

Accountability and stakeholder engagement

Stakeholder engagement is central to the Group’s deep sense of responsibility with which it undertakes to pursue the Sustainable Development Goals of the 2030 Agenda established by the United Nations.

Furthermore, as outlined in the principle of stakeholder inclusiveness indicated by the GRI standards, stakeholder engagement is essential for the Lavazza Group, so that it can identify the key topics to be reported and which require most attention in developing its sustainability strategy.

With this in mind, in 2021 a considerable step forward was taken. Through a synergistic process, based on the study of the most authoritative international sources on sustainable development issues and on expanding the listening and analysis capacity, the Group identified **ten stakeholder categories**.

The study was based on an analysis of a broad range of literature concerning, first of all, the most correct methodology to be applied for transparent corporate accountability in the ESG field, and then relating to trend topics and sustainability guidelines at global level.

The listening and analysis phase, based on the stakeholder theory of Edward Freeman (1984) and the AccountAbility 1000 SES guidelines, started with the key question posed in relation to stakeholder engagement: what is the ultimate goal of engaging Lavazza Group stakeholders?

Here is the answer: tailoring the sustainability strategy to the real needs and expertise of each stakeholder, so as to be able to make progress towards the four priority Sustainable Development Goals that the Group has identified: Goal 5 - Gender Equality, Goal 8 - Decent Work and Economic Growth, Goal 12 - Responsible Consumption and Production and Goal 13 - Climate Action.

The principles that have guided stakeholder engagement, on the other hand, are inclusiveness, materiality and responsibility: they imply the inclusion of all those who are directly or indirectly impacted by Lavazza’s economic activities, considering only material impacts — in other words, the relevant ones — and carrying out this process in the most transparent way possible.

With this in mind, an in-depth classification of the already well-established stakeholder engagement approach has been outlined, identifying, among the multitude of parties having a relationship with the Company, those with whom the major relationships are maintained and those who are most influenced by sustainability activities.

As a result, **the 2021 analysis was extended to include four times more stakeholders** than in the previous year.

This preliminary study identified all those stakeholders whose voice is essential for the Lavazza Group’s strategic sustainability plan. A voice was given to as many parties as possible, representing the Lavazza community in a broad sense, namely not only the community strictly made up of the Group’s internal environment, but also and above all the community represented by the external context: from top management to employees, from the points of contact for sustainability issues to the Lavazza Foundation’s partner NGOs, from the media to local communities and coffee-producing cooperatives.















This extensive work of analysis has been cross-referenced and inserted in the route traced by the Code of Ethics, the Sustainability Manifesto and the objectives of the Lavazza Group’s strategic plan, allowing the definition of the value chain and the identification of first- and second-rank material issues. As the table on the next page shows, this cross-analysis has led to the emergence of **8 first-rank material themes and 37 second-rank themes**, which represent a branch of detail with specific sub-themes and/or subcategories. In this case, the logic has been to consider as priority not only those issues on which the Lavazza Group impacts the most, but also, and above all, those issues considered mature within the various groups of stakeholders.













These issues emerged from a multi-year stakeholder dialogue and represent the areas on which Lavazza is working with every stakeholder cluster.

Sources

International sources that made it possible to identify the material topics are: the GRI Standards, the ten principles of the UN Global Compact, the priority SDGs for the Lavazza Group, OECD guidelines for sustainable business, the AccountAbility 1000 SES standards, the UNEP goals, the ILO conventions on workers’ rights and forced labour, and the guidelines of the ISO 26000, ISO 14001 and SA8000 standards.

The Group’s internal documentation served to filter all those topics relevant to Lavazza’s core business and to exclude all those less relevant.

	 LOCAL COMMUNITIES	 SUPPLIERS	 PARTNERING NGOS	 UNIVERSITIES AND RESEARCH INSTITUTIONS	 LAVAZZA GROUP EMPLOYEES AND ASSOCIATES	 PRESS AND DIGITAL MEDIA	 CLIENTS AND CONSUMERS	 PRIORITY GOAL
ENHANCEMENT OF THE GROUP'S PEOPLE, DIVERSITY AND INCLUSION								
Enhancement of the Group's people, diversity and inclusion	●	●	●		●			5 GENDER EQUALITY  8 DECENT WORK AND ECONOMIC GROWTH 
Promotion of gender equality, diversity and inclusion	●		●		●			
Training and development	●			●	●			
Corporate welfare program					●			
SUSTAINABLE AND ETHICAL VALUE CHAIN								
Respect for human rights, for children and for workers throughout the supply chain	●	●	●					8 DECENT WORK AND ECONOMIC GROWTH 
Growth of local communities	●	●	●					
Social and environmental assessment of suppliers		●						
Fair distribution of economic value along the supply chain	●	●						
SUSTAINABLE INNOVATION								
Use of the Life Cycle Assessment for each production process / product		●		●	●			12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Preventive approach to global climate threats	●	●	●	●				
Collaboration with Universities and Research Centers				●	●			
Use of R&D for eco-sustainable solutions		●		●	●			
EMPOWERMENT OF LOCAL COMMUNITIES								
Community engagement project initiatives	●		●		●			5 GENDER EQUALITY  8 DECENT WORK AND ECONOMIC GROWTH 
Activation of partnerships with local NGOs	●		●					
Implementation of cultural projects for the local community	●				●	●		

	 LOCAL COMMUNITIES	 SUPPLIERS	 PARTNERING NGOS	 UNIVERSITIES AND RESEARCH INSTITUTIONS	 LAVAZZA GROUP EMPLOYEES AND ASSOCIATES	 PRESS AND DIGITAL MEDIA	 CLIENTS AND CONSUMERS	 PRIORITY GOAL
ANTI CORRUPTION, STABLE AND TRANSPARENT GOVERNANCE								
Transparency of personnel selection processes					●			8 DECENT WORK AND ECONOMIC GROWTH 
Compliance with national and international norms and standards		●			●		●	
Anti-corruption measures		●			●		●	
Strong and stable organizational structure					●			
Whistleblowing systems	●	●	●		●	●	●	
SUSTAINABLE ECONOMIC GROWTH								
Increase in turnover and net profit		●			●			8 DECENT WORK AND ECONOMIC GROWTH 
Occupational stability					●			
Fair competition		●					●	
Internationalization		●			●			
Creation of shared value	●	●	●	●	●		●	
ATTENTION TO THE CUSTOMER AND THE CONSUMER								
Product quality		●					●	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Customer satisfaction							●	
Innovative customer care systems							●	
Product safety							●	
Truthful and reliable communication					●		●	
ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE RESILIENCE								
Rational use of energy resources	●				●			13 CLIMATE ACTION 
Minimization of environmental impacts (emissions, deforestation, groundwater pollution)		●		●	●			
Projects for the fight against climate change	●	●	●	●	●			
Sustainable waste management and circular economy processes	●	●			●			
Sustainable packaging		●		●	●			
Protection of biodiversity	●	●	●		●			



Listening to our stakeholders

Once the stakeholder engagement scope and objectives had been identified and, after classifying the stakeholders, categorising them by relevance and defining the material topics, a number of specific surveys were developed for each stakeholder group. With the specific objective of investigating feedbacks, points of view, needs and suggestions of the interviewees, an ad-hoc communication campaign was prepared to better explain the relevance of the survey. The campaign involved **over 170 stakeholders**: it allowed us to investigate how widespread the culture of sustainability was along the supply chain, which sustainability projects the partners dealt with the most and what kind of contribution they expected from Lavazza, together with the type of engagement desired.

In particular, the surveys revealed a strong need on the part of local communities to see Lavazza back in the field, after two years of pandemic that blocked travels.

At the same time, cooperatives are heavily focused on projects that can make coffee production processes more efficient and increase social sustainability along the supply chain.

Partner NGOs expressed their satisfaction in relation with the projects implemented in 2021, asking for increasingly effective communication channels.

Finally, among our business partners, a focus has emerged on environmental and social sustainability programmes at the origin of the supply chain. And these will be the central themes of the Group's next programmes.

In the long term, the Lavazza Group aims to continuously improve its stakeholder management tool, in order to increase the level of inclusion of its stakeholders.

Instrumento de comunicación favoritos: Charlas, visitas y reuniones.

”

More than

170 stakeholders

engaged

from more than

20 countries

through

10 clusters

of dedicated surveys

Necesitamos proyectos que nos ayuden a producir más café.

”

”

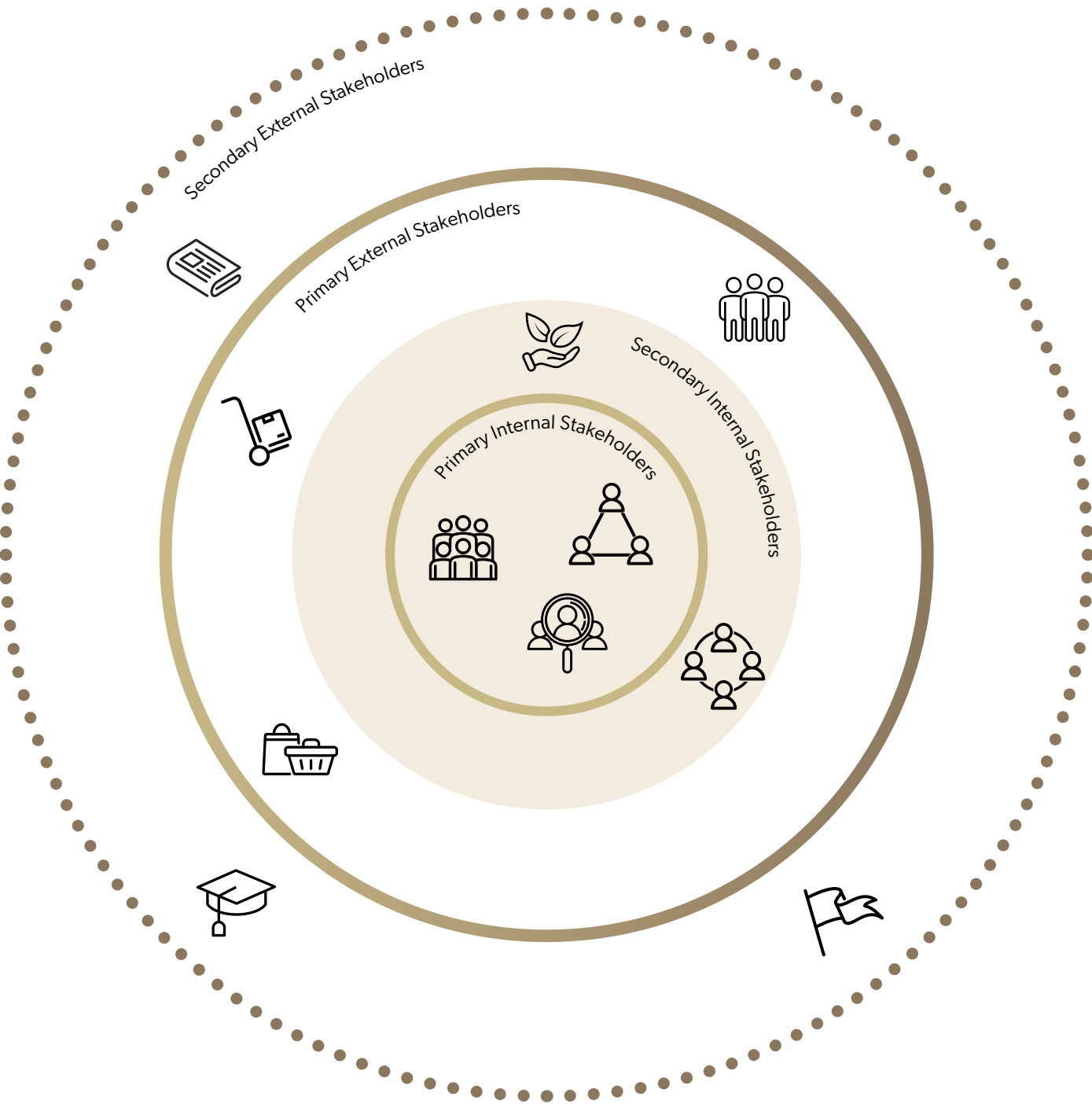
Thanks to Lavazza, we helped 15 people to find a job.

”

Una ayuda por las mujeres que a través del proyecto, han podido reivindicarse como mujeres que tienen la capacidad de salir adelante en lo personal, lo familiar y lo comunitario.



Lavazza's stakeholders and communication channels in 2021



Methods of communication



SHAREHOLDERS AND TOP MANAGEMENT

- Specific meetings with shareholders focusing on sustainability topics
- Top Management's regular meetings
- Specific survey



GOVERNANCE BODIES

- Regular meetings



KEY PEOPLE FOR SUSTAINABILITY TOPICS

- Collection of financial statements data
- Workflow and strategy coordination



IR&S GLOBAL NETWORK

- Collection of financial statements data
- Coordination of subsidiaries' sustainability activities



PRESS&DIGITAL MEDIA

- Social Media Analysis
- Social Network
- Specific survey
- Organisation of events (ATP Finals, presentation of the Calendar, etc.)

- Listening and answering or monitoring
- Co-planning
- Information



UNIVERSITIES AND RESEARCH INSTITUTIONS

- Participation in national and international organisations such as Comitato Italiano Caffè, Consorzio Promozione Caffè, European Coffee Federation, Institute on Scientific Research on Coffee, World Coffee Research, SAFE Platform and Alleanza Italiana per lo Sviluppo Sostenibile
- Partnerships with universities
- Specific survey



CUSTOMERS AND CONSUMERS

- Customer service
- Specific survey for customers
- Social network
- Sales network as a listening, mediation and communication tool



LOCAL COMMUNITIES

- Community engagement programme – relationships with local civil society associations
- Specific survey to a local community in Turin and coffee-growing cooperatives



SUPPLIERS

- Regular meetings with suppliers and on-site visits
- Sharing of the Supplier Code of Conduct
- Suppliers portal
- Suppliers convention
- Specific survey



CIVIL SOCIETY ORGANIZATIONS

- Partnership projects with non-governmental organisations, both in Italy and in coffee-growing countries
- Specific surveys for Italian and foreign NGOs



GROUP'S HUMAN RESOURCES

- Performance management process
- Focus groups and coaching activities
- Sharing of the Employee Code of Conduct and of the Code of Ethics
- Internal communications activities centred on sustainability topics
- Meetings of the Network of sustainability points of contact and Global Sustainability Meeting
- Specific survey for employees

Materiality analysis

Transparency is the primary standard we adopt for our materiality analysis.

Once the Company’s external and internal sources had been cross-referenced and the first- and second-level material topics identified, they were scrutinised for relevance on the part of each stakeholder: in fact, a prioritisation exercise for the material topics was added to the specific surveys for each group of stakeholders. The data obtained from over 180 interviews were cross-referenced and the Lavazza Group’s ESG priorities outlined in a graph, where ‘Group’ does not only mean Lavazza and its employees, but also all its suppliers, collaborators and local communities, cooperatives and members of civil society dealing with the Company.

The materiality matrix is a useful tool to identify the most urgent issues for each stakeholder, that is, those on which the need for more incisive action is perceived on the one hand, and on the other there is a greater margin of operation for Lavazza. Consequently, issues that reach scores below 5 should not be considered as of minor importance for the Company, but rather as already strongly consolidated within the Group’s policies.

The graph shows that topics such as enhancement of people, diversity and inclusion are perceived as a priority for both external and internal stakeholders. This result must be considered in light of the impacts that two years of pandemic have had on the life of every worker. The data is however more relevant for the internal dimension than for the external one.

Among the issues that respondents considered most urgent were sustainable innovation and sustainable economic growth. This fact underlines the importance of the economic dimension of sustainability as an aspect strongly linked to the social and environmental ones: today stakeholders consider these three dimensions

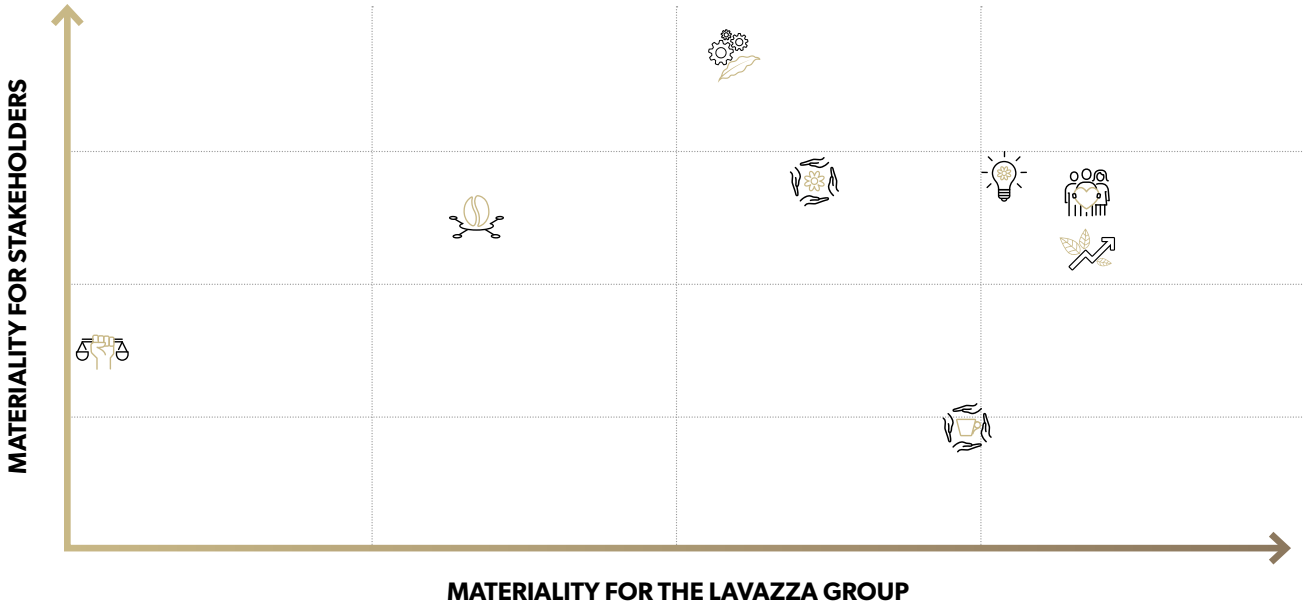
to be inextricably linked. **There can be no economic growth that is not good for society and the environment.** In this context, sustainable innovation has grown at the expense of the macro-theme “environmental sustainability and the fight against climate change”, because the first was seen as the main tool that Lavazza has in order to achieve the macro objective of combating climate change.

Our stakeholders’ focus on an ethical and sustainable supply chain, which promotes human rights and social sustainability, is a reason for us to invest even more in a business model that can produce shared value for the communities in which we operate. In this regard, the Group’s constant commitment to the community of Turin has made the topic less urgent than the aspects previously presented, although it remained a priority and the object of continuous attention by the Lavazza Foundation.

Attention to the customer and a solid and transparent governance are, instead, the Group’s top topics, on which the reputation and solidity of the Company are based. Therefore, stakeholders considered it less urgent to invest in these areas.

Assurance process

In accordance with GRI guidelines, Lavazza defines the content of its Sustainability Report based on the following reporting principles: stakeholder inclusiveness, sustainability context, materiality and completeness. A third-party company has been tasked with verifying the compliance of the Report with these standards. Lavazza’s Sustainability Report is in fact subject to a limited audit. The results of the audit conducted are contained in the Independent Auditors’ Report attached at the end of this document.



Material Topics

- | | | | | | |
|---|--|---|--|---|--|
|  | Anti corruption, stable and transparent governance |  | Empowerment of local communities |  | Sustainable and ethical value chain |
|  | Environmental sustainability and climate change resilience |  | Sustainable innovation |  | Enhancement of the Group's people, diversity and inclusion |
|  | Sustainable economic growth |  | Attention to the customer and the consumer | | |



AWAKENING A BETTER WORLD EVERY MORNING

OUR WORLDWIDE COFFEE FAMILY GROWS THROUGH RESPECT FOR PEOPLE AND ENVIRONMENT.



AUTHENTICITY

Our strong and growing family is made up of a **blend of brands**. We share the same values and complement one another with our distinct strengths and experience.

Authenticity, inclusion, passion for excellence are the traits of this unique Group. We continue to build on our rich history which guides us all towards a bolder future.

Our roots are in **Italy**, but we have a **worldwide reach and global outlook**.



PASSION FOR EXCELLENCE

Our aim is to pursue perfection **in what we do**, providing an all-round first-class coffee experience.

We **care about the communities where our quality beans are grown, about our employees and about the people who enjoy our coffee**. We also feel responsible for helping to protect the environment in which we live and work.



RESPONSIBILITY

We are courageous and **forward looking**. Our endeavour is to empower our customers and our communities, through **inspiration, sustainable innovation, culture, and ultimately personal growth**.



INVENTIVENESS

We **believe in humanity** and in relations that connect mankind.

These are the principles to which every brand in our Group is committed.

And it's what our coffee is all about: the drive that helps the world awake a bit better every day.

A GOAL IN EVERY CUP

Group's Purpose

The Lavazza Group's Purpose is the highest expression of the Company's commitment to help make our world better, coffee after coffee, day after day.

It is precisely in compliance with its purpose that Lavazza aims to offer high-quality products obtained thanks to a sustainable model based on innovation, passion and competence.

In 2021, the 2022-2026 five-year strategic plan was designed taking into account this value framework and based on this model, evolving **over 125 years** of history to reach the point where economic, social and environmental sustainability is considered to be the compass for guiding the Company's strategy and multiplying the positive effects on the Company and on the wider communities in which it operates.

In 2021, all company functions worked to consolidate this approach, which concerns all brands, adopting an international group perspective combined with a precise mission: to be a premium pure coffee company, an organisation with a global vision and an independent key player in the coffee market, in all its segments and distribution channels — At Home, Ho.Re.Ca., Offices, e-commerce, Vending and Retailing — with 30 billion cups of coffee produced every year. The Lavazza Group's brands are now present in over **140 countries** through its subsidiaries, distribution partners and **9 production** plants worldwide: three in Italy, one in France, one in Canada, one in the United States, two in the United Kingdom, and a production hub in India.

In 2021, the internal integration process accelerated, allowing each employee and collaborator to consolidate a common corporate culture based on responsible innovation, passion, integrity and competence, all at the heart of the Group's Values.



A GOAL IN EVERY CUP

THE LAVAZZA FAMILY HAS BEEN IN THE BUSINESS OF CARING SINCE 1895.

WE CARE ABOUT THE COMMUNITIES WHERE OUR QUALITY BEANS ARE GROWN, ABOUT OUR EMPLOYEES AND ABOUT THE PEOPLE WHO ENJOY OUR COFFEE.

WE CARE ABOUT THE FUTURE OF OUR PLANET AND SOCIETY. THAT’S WHY WE ARE COMMITTED TO THE

UN SUSTAINABLE DEVELOPMENT GOALS

THEY ARE A GLOBAL BUSINESS IMPERATIVE AND GUIDE OUR WORK.

THE GLOBAL GOALS ALIGN WITH A LAVAZZA GROUP CORE VALUE:

RESPONSIBILITY.

AT LAVAZZA, WE COMMIT TO OPERATING RESPONSIBLY IN ALL ASPECTS OF OUR BUSINESS. WE ARE STAYING TRUE TO OUR VALUES AND FAMILY ROOTS. WE ARE STAYING TRUE...

WE ARE COMMITTED TO ADVANCING THE GLOBAL GOALS.

TO THE FARMERS
WHO TEND COFFEE BEANS UNDER THE SHADE OF THE FOREST CANOPY AND THE RAYS OF TROPICAL SUN.

TO OUR EMPLOYEES
WHOSE FUNDAMENTAL RIGHTS, WELLBEING AND PERSONAL DEVELOPMENT ARE OUR PRIORITY.

TO THE CUSTOMERS
WHO SHARE OUR CONCERNS AND COMMITMENT TO CREATING A FAIRER, MORE SUSTAINABLE FUTURE.

THE AUTHENTICITY OF OUR MISSION IS DEMONSTRATED BY OUR DEVOTION TO WORKING ON THE GROUND AND IN THE COMMUNITIES WHERE OUR BEANS ARE GROWN AND WHERE OUR COFFEE IS PRODUCED AND ENJOYED AROUND THE WORLD. WE ENGAGE WITH PEOPLE EVERYWHERE BECAUSE WE BELIEVE EVERY PERSON CAN PLAY A MIGHTY ROLE IN HELPING OUR CLIMATE, ECONOMY AND SOCIETY.

OUR GLOBAL GOALS APPROACH



GOALS IMPACTED

Goals indirectly impacted by the Lavazza Priority Goals.

The path of the 2030 Agenda integration into the Group’s strategy

A focus on its people and on the places and communities where it operates and a minimal environmental impact of its activities have always been the pillars of Lavazza’s approach to doing business. Since early 2000s, this approach has allowed the Company to organise a structured and concrete programme of coordinated initiatives in Italy and in the countries in which it operates in order to promote the integration of sustainability into all its business areas. In 2015, the year of publication of the **first Lavazza’s Sustainability Report**, the Company subscribed to the United Nations 2030 Agenda, with its 17 Sustainable Development Goals and joined the United Nations Global Compact, teaming up with other companies to achieve sustainability goals. That year a process was embarked on for progressively integrating sustainability into all business areas, which led in 2019 to the identification of the four priority Goals underlying the **Lavazza Manifesto** and around which the Group’s Sustainability Report is structured.

As part of the revision process of the sustainability strategy, the Lavazza value chain was analysed in order to identify the specific value generation macro-areas. Thanks to the contribution from the various corporate Departments and Units, current and future sustainability initiatives linked to the business were identified. The analysis conducted involved a study of the 169 targets with which the material topics identified for the Group were associated. Lavazza was thus able to select the Goals and targets applicable to its business.

Of the 17 Goals, 14 were considered applicable to the Lavazza Group’s business and the mission of the non-profit Giuseppe and Pericle Lavazza Foundation. This analysis was followed by intensive internal and external stakeholder engagement activity performed throughout 2018: a process known as “Goal Zero” which aims at spreading the 2030 Agenda message and was designed to engage stakeholders as fully as possible in awareness of the importance of the Global Goals, thereby helping the Company to determine their order of priority.

In 2020, the 14 applicable Goals identified in the first phase of the analysis were classified into three levels, as follows.

Priority Goals

The four Goals to which Lavazza may commit at a strategic level and towards which it may take action through both its business and the Foundation’s work:

-  Goal 8 “Decent Work and Economic Growth”
-  Goal 5 “Gender Equality”
-  Goal 12 “Responsible Consumption and Production”
-  Goal 13 “Climate Action”

The four Goals were selected to promote a balance between **social (8 and 5) and environmental (12 and 13)** targets, choosing goals that could be integrated with the business and applied to all stages of the Lavazza value chain.

Goals impacted

Are those that fall within the influence of Lavazza: the Company may have a good impact by achieving them, but they are not necessarily to be regarded as strategic priorities. For example, Lavazza’s decision to use electrical energy from a renewable source may have a positive impact in achieving Goal 7, but this decision influences the more strategic Goals 12 and 13. Goal 1 may also be considered a Goal impacted by the Lavazza Foundation’s work, which has however the priority of promoting better living conditions for coffee producers — an objective better viewed within the framework of Goal 8, a priority for the Group.

Tool Goal

Lavazza regards **Goal 17 “Partnerships for the Goals”** as a means of achieving all the others. Partnerships — which are typical of Lavazza’s approach — are considered fundamental and instrumental to achieving all the other Goals. Participation in multi-stakeholder organisations focused on sustainability, such as World Coffee Research or International Coffee Partners, shows that Lavazza views cooperation with others, including from a pre-competitive standpoint, as the only feasible way of achieving the 2030 Agenda.

In **2020**, Lavazza formally established its commitment to this classification by publishing its **Sustainability Manifesto “A Goal in Every Cup”**: a programmatic statement of the Group’s sustainability strategy. The Manifesto describes Lavazza’s sustainability journey up to 2020 and lays down the Company’s commitment to the Global Goals and priority targets that will steer future sustainability initiatives. **2021** is the second year in which the Sustainability Report illustrates how the Group pursues the priority goals identified within the strategy, to which the following paragraphs are dedicated. Moreover, an introductory table at the beginning of each chapter illustrates the goals and priority targets laid down in the Manifesto.



Sustainable Development
in the Times of Pandemic

No man is an island, wrote the poet John Donne. And no country by itself can end the pandemic, protect nature, end climate change, or stop regional conflicts. Sustainable development, above all, means global solidarity, because that’s what it will take to pass safely through the world’s current upheavals. Agenda 2030 of the United Nations is more urgent than ever to end the pandemic and build a better and safer world.

*The idea of **global solidarity** comes naturally to Lavazza Group. Coffee is the most international of products, cultures, and businesses. The world’s favorite beverage is grown in more than 70 countries in a dazzling variety of tropical and subtropical locales. Sophisticated global supply chains connect the world’s coffee growers to consumers in every nook and cranny of the world. The global coffee industry is all too aware that a global environmental emergency – climate change, habitat destruction, pollution, and loss of biodiversity – threatens not only the coffee industry and the livelihoods of millions of smallholder farm family, but in fact all of humanity.*

*The world does not lack for solutions. The **digital revolution** can now bring instantaneous information to even the most remote villages, enabling breakthroughs in education, healthcare, farming, finance, and public services. The renewable energy revolution can bring low-cost solar power to communities that have long been bereft of modern energy services. We have seen how advanced biotechnology could devise life-saving vaccines within a matter of months of the Covid-19 outbreak. Our challenges are political and ethical more than technological and economic. Most importantly, we have to decide*

together – across nations, economic classes, and social groups – that we are going to work together for shared prosperity. If the rich get richer and the poor poorer, we will all end up in disaster. The pandemic will continue, tensions will rise within our nations, countries will resort to conflict rather than cooperation, and the environmental emergency will engulf all of us.

We need all parts of society to coalesce around the 17 Sustainable Development Goals and the means to achieve them. The coffee industry, for example, should come together to bridge smallholder farmers with devoted coffee consumers around the world to ensure that the entire global coffee value chain is sustainable. The energy industry needs to follow the pledge to decarbonize with decisive action (and without excuses!). The financial sector should commit firmly and transparently to finance sustainable projects and to divest of the unsustainable ones. The European Union will do its part – and indeed inspire the rest of the world – by fulfilling the bold ambitions of the European Green Deal.

*I am putting my own efforts into expanded **financing** for the poorer countries. In our world today, the rich countries attract the lion’s share of the world’s saving, though the poor countries most urgently need the investments in skills, technology, and infrastructure. The G20 countries, the world’s largest economies, should redress this global bias to ensure that the 82 low-income and lower-middle-income countries (constituting together half the world’s population) have the ability to invest in their sustainable future. With **solidarity, technology, and finance**, we find the ingredients needed for a peaceful, prosperous, and sustainable world.*



Jeffrey D. Sachs,
University Professor at Columbia
University and President of the
UN Sustainable Development
Solutions Network

GOAL ZERO

In order to be able to make progress on the journey towards the Global Goals and the integration of sustainability into the Group's activities, it is essential to Lavazza that everyone understands the value of the Sustainable Development Goals, why they are important and how to contribute to achieving them. This is why **Goal Zero was developed in 2017**: to **spread awareness, inform and engage** reference stakeholders regarding the Global Goals and the sustainability issues that they promote. Goal Zero calls for the adoption of a different approach for each group of stakeholders, combining a series of targeted strategies and tools such as art, training and communications campaigns to inform and engage all those who come into contact with Lavazza in some way.

Four years after its conception, Goal Zero continues to be a goal of primary importance: in 2021, the Group continued to implement activities that set it as an objective, focusing on the search for ever greater active stakeholder engagement. The coordination, communication and internal training programmes increasingly organised at global group level and a number of new projects launched or completely implemented in 2021 are a concrete example of this.



Goal Zero takes shape at the Trento Science Museum

In 2021, the collaboration between the Lavazza Group and **MUSE** - Trento Science Museum began with the inauguration of the renewed Sustainability Gallery and the brand-new **Goal Zero Area**, dedicated to Goal Zero: it was the beginning of a synergistic path between the two entities, united by deeply shared values related to social, environmental and economic sustainability. Both these organisations being amongst the first to sign the 2030 Agenda and join **ASviS – Italian Alliance for Sustainable Development**, they have found a common working ground in the desire to amplify and disseminate widespread knowledge and practices designed to achieve the United Nations 2030 goals, a wish well represented by Goal Zero. This implies a commitment to disseminating sustainability and educating about it in different forms and expressions, such as through artistic cross-fertilisation, with a view to expanding collective awareness and individual responsibility regarding positive change.

Over the years, Lavazza has developed a programme of activities designed to create a culture of Global Goals and which led today, thanks to MUSE, to the inauguration of the Goal Zero Area, located inside the museum's new Sustainability Gallery: a scientific project led by the Museum's Cultural Mediation team and supervised by the Alliance for Sustainable Development (ASviS) in collaboration with the Lavazza Group.

The Goal Zero Area is the space open to public-private dialogue, promoting initiatives that are the result of sustainable entrepreneurship that can use its good practices to chart a course to be followed by other organisations. Through the Goal Zero concept, Lavazza has inspired and guided the participation of six partner companies with their projects at the six interactive tables, where each organisation talks about its sustainable activities symbolically on six different themes: a changing world, biodiversity, climate change, population, culture and the future.

The Lavazza Group space in the Goal Zero Area has been interpreted in an anamorphic way with the **"ZERO. Anamorphic Artwork"** installation by the Truly Design artistic collective: the stylised hands of the Blend for Better logo, the platform that

defines the Lavazza Group's approach to sustainability, and the circularity of Goal Zero merge in the ellipse of a planet to be safeguarded. Everything multiplies and unites in the installation: an immersive and interconnected space that starts from the experience of a number of Lavazza initiatives led by Goal Zero and the 4 Global Goals identified as priorities by the Group (Goal 5, Goal 8, Goal 12, and Goal 13). From TOward2030. What are you doing?, the Lavazza project for spreading the 2030 Agenda through street art, to community care actions such as A Cup of Learning, an international training programme for young people looking for job opportunities in the world of coffee, and the Sustainability Report, which reflects the annual results of the Group's brands and companies.



We are proud to present together with MUSE the Goal Zero Area and the renewed Sustainability Gallery, a project that aims to raise awareness of current problems, to make people even more aware of the need to move from theory to action, from 'I' to 'we'.

Mario Cerutti,
Chief Institutional Relations
and Sustainability Officer of the Lavazza Group

GenerAzione 2030 – We are acting

The day of the Goal Zero Area's inauguration, 4 October 2021, was entirely focused on the 2030 Agenda through the consolidation of the partnership with ASviS - Italian Alliance for Sustainable Development, and the official launch of the partnership with MUSE, the Trento Science Museum. For the fifth year running, the Lavazza Group, within the **ASviS Sustainable Development Festival**, organised the national event "GenerAzione 2030 – We are acting" dedicated to Goal 4, a fundamental objective for ensuring quality education for all, especially in the light of the evolution of post-pandemic teaching. Even though the event was held this year at the MUSE, Turin maintained its prominent role. In fact, the city's Mole Antonelliana was illuminated with the wheel symbol of the 17 Sustainable Development Goals.



Slow Food Coffee Coalition

A global network without borders that brings together all supply chain players

In April 2021, the Slow Food Coffee Coalition was founded, an open network arising from the Slow Food initiative together with the Lavazza Group, with which the association has been collaborating since the mid-nineties, sharing ideas and projects. This is a network that connects all the stakeholders in the coffee supply chain, from producers to roasters, from distributors to consumers, united by a love for coffee and inspired by the idea of a good, clean and fair coffee for everyone. It is a new relationship model, inspired by the values of cooperation, which takes into account the evolution of production and consumption paradigms. The goal is to create new connections and improve the relationship between farmers and consumers, to strengthen the first and most fragile link in the supply chain and promote the identity and knowledge of coffee with those who choose it every day.

The Coffee Coalition aims to be a worldwide network that believes in safeguarding the environment and protecting fundamental human and labour rights, in transparency, traceability and education and in the right to pleasure, and that makes these elements the milestones of a new path. It is organised as a network open to all those who want to join it by signing the Manifesto, with a view to carrying out training initiatives and promoting an exchange of ideas and good practice, but also to devising new concrete activities or listening and sharing.

Giuseppe Lavazza, the Lavazza Group's Vice President: "The Slow Food Coffee Coalition concept includes an assumption of responsibility and value creation along the supply chain. A challenging and innovative model in which all the stakeholders in the coffee world are invited to take part. An open working group, whose importance is ever more evident in a composite supply chain such as that of coffee. Therefore, it is increasingly clear that there is a need to build alliances at a pre-competitive stage to develop knowledge, planning and concrete actions."

Carlo Petrini, Slow Food's President: "This coalition is the real answer to the crisis we are experiencing and, as such, is clamouring for a change of pace. It is a concrete example of ecological transition and, in this sense, it needs the conscious involvement of those who have to internalise and implement it, from those who take care of the coffee beans to those who taste it in the cup. There is a need to move from a society based on competitiveness to one based on collaboration, and this supply chain that communicates at all levels will be able to represent it perfectly. For a real ecological transition to take place, it is necessary to create awareness and generate shared knowledge within this community. This is why it is essential that we get ready to face future challenges with tools such as alliances, partnerships and collaboration."

www.coffeecolalition.slowfood.com



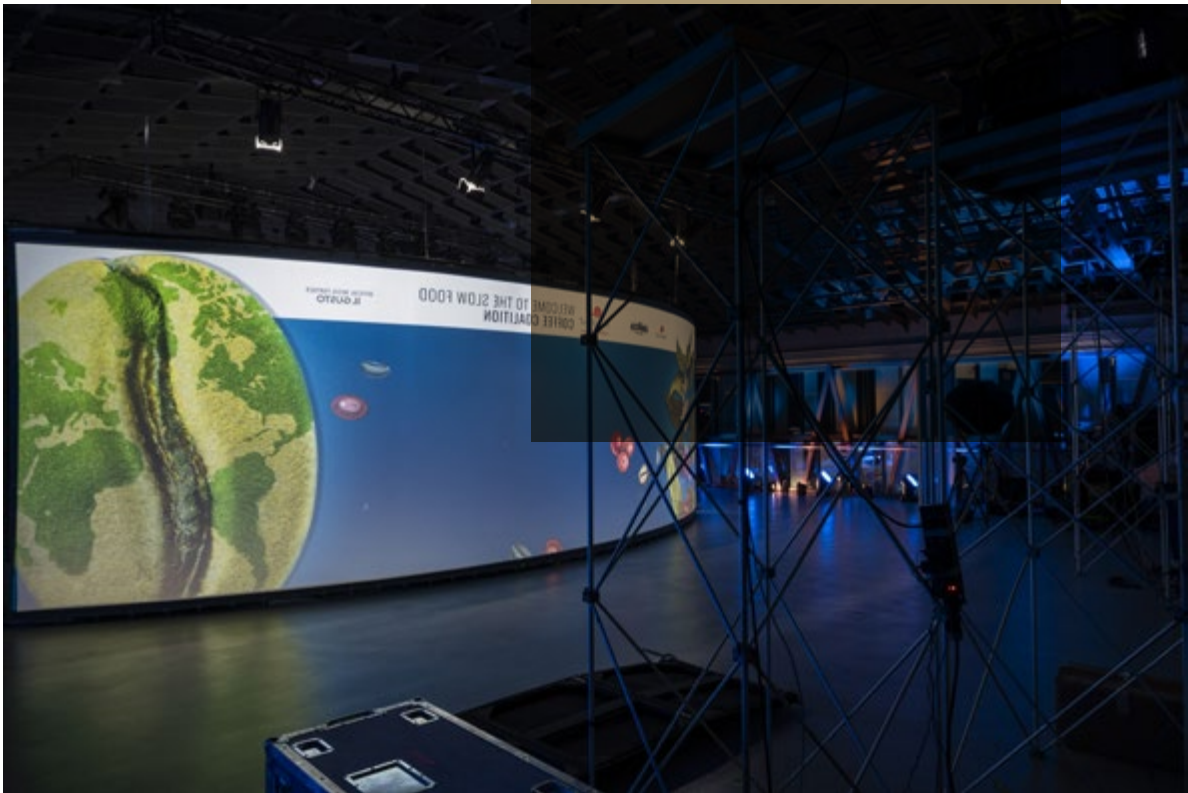
This coalition is the real answer to the crisis we are experiencing and, as such, is clamouring for a change of pace.

Carlo Petrini,
Slow Food's President



It is increasingly clear that there is a need to build alliances at a pre-competitive stage to develop knowledge, planning and concrete actions.

Giuseppe Lavazza,
Lavazza Group's Vice President



I can change the world: the 2022 Lavazza Calendar

It is no longer the time for waiting and reflection, but the time has come for action: this observation gave rise to the idea of the 2022 Lavazza Calendar presented in 2021 and entitled "I Can Change the World". The project aims to convey the call to action for positive change, now and immediately. Interpreted in photography and music, it is an invitation addressed to everyone through the story of six activists who use art every day to try to change the world, portrayed by one of the greatest directors of photography in the history of cinema, the three-time Oscar winner **Emmanuel Lubezki**.

"I Can Change the World" is the message recounted by the images through six very different protagonists in terms of age, culture and geographical origin, but united by very powerful personal stories and the ability to represent their activism in artistic form. For the Lavazza Calendar, they have become true artists, in other words, artists who have put sustainable thinking at the centre of their thought and their activities and have been able to describe it, thanks to their sensitivity and talent, first hand. At the heart of the project is people's ability to fully identify with the values in which they believe, making them an integral part of their own lives. In fact, the protagonists chosen are six men and women who express their activism in the social and environmental field, through different artistic forms: musician **Ben Harper**, who combats social inequalities and raising awareness of the effects of the climate crisis; **Saype**, pioneer of sustainable Land Art with his monumental works for protecting the planet and social cohesion; Afghan refugee rapper **Sonita Alizada**, active in denouncing forced marriages and child brides; jewellery designer **Shilpa Yarlagadda**, who promotes and supports female empowerment; marine biologist **Cristina Mittermeier**, with her photography documenting the advancing destruction of the oceans; street dancer **Shamell Bell**, who fights against racism, sexism and homophobia.

"With the 2022 Calendar, we want to celebrate the stories of those who, with exceptional artistic talent, dedicate every day of their lives to putting into practice what they believe in with the aim of making the world a better place, and of those who, moreover, can give us back an open and uncontaminated look that frees us from any constraint that can hold us back from uniting us all for our own common good and that of the Planet. We want to convey a message of confidence in the possibility of changing ourselves and, all together, of changing the world," stated **Francesca Lavazza**, Board member of the Lavazza Group.

Lavazza is the ambassador, but also the protagonist, of a cultural change: the new culture of sustainability, which is not only told through the calendar, but takes the form of daily actions in what may be a fresh reawakening to social and environmental sustainability, placed at the centre of sustainable entrepreneurship.

The narrative strand of the 2022 Calendar stems from the "**The New Humanity**" concept, conceived by Lavazza in the spring of 2020, just when the Company decided to take a stand, entrusting communication with the role of speaking for the values essential for a future of renaissance for humanity: inclusiveness, tolerance, solidarity and social and environmental sustainability.

The goal of "I can change the world" is to convey the importance of turning principles into action, providing the shining example of six extraordinary talents, able to inspire each one of us to have confidence in ourselves and to believe in the possibility of making a concrete contribution to changing the world, so as to make it become a better place.



TOward2030 on Bristol walls

Promoted by Lavazza and the City of Turin to spread a culture of sustainability through the language of **street art**, in 2019 the project TOward2030. What Are You Doing? involved the creation of 18 murals dedicated to the 17 Sustainable Development Goals and Goal Zero. **Turin** thus became the first city in the world to act as ambassador of the Global Goals, a workshop in which urban art conveys a powerful message tied to the planet's future.

In 2021, TOward2030 made a stop in **Bristol**, a city famous not only for its legacy of street art, but also for its commitment to sustainable development, being the first in the United Kingdom to have adopted the SDGs at city level through the drafting of a Voluntary Local Review. So, starting from autumn 2021, the first works were inaugurated in the British city: the 17 SDGs took shape through a series of artistic and cultural activities carried out by local collectives, artists and associations with a concrete commitment to sustainability.

Through the lens of **SDG 3 (Good Health and Well-Being)**, the Muslim women's collective Peace of Art worked together within Saaf Hava ("clean air" in English), a project that monitors air quality in the Easton area in Bristol. The work reflects on the importance of clean air in public spaces and was created using paints able to absorb CO2. Sensors have been installed near the work that can monitor the levels of fine particulate matter present in the air.

An inflatable flower has blossomed on the roof of the We the Curious science centre. In creating the temporary work, the Filthy Luker&Pedro Estrellas artistic duo focused on **SDG 15 (Life on Land)** with the aim of amplifying the strategic objectives of the city's ecological plan to bring nature back as a protagonist in urban spaces.

Reflecting on **SDG 5 (Gender Equality)**, Paul Hartfleet, the artist behind The Pansy Project, with the support of the organisation OutStories Bristol, researched and marked the places in the city where homophobic or transphobic attacks had been reported; there, he wanted to symbolically plant or draw a flower to raise awareness among citizens on the subject, as a token of gentle resistance to hate crimes.



Blend for better

In 2021, a new way was implemented to define Lavazza's approach to sustainability: Blend for Better.

Blend for Better embraces the responsibility assumed by the Company and its brands towards sustainability and is reflected in the commitment made to the Sustainable Development Goals (SDGs) of the UN 2030 Agenda and in a well-structured programme of activities, organised into four defined areas.

- **Spin a virtuous cycle** — the Lavazza Group adopts a sustainable-by-design approach, adjusted to each phase of the product's life cycle in line with the principles of the circular economy, from adopting sustainable agricultural practices to reducing the product's environmental impact up to its end of life.
- **Care for the environment** — the Lavazza Group is committed to a process aimed at minimising the environmental impact of its activities, collaborating with global organisations and NGOs in the promotion of projects to raise awareness of environmental issues and protect nature.
- **Educate for change** if people are better, they also make the world better: inspired by this motto, the Lavazza Group never stops investing in human capital. We aim to create a better world by sharing culture and education and providing the right tools to develop skills and generate opportunities.
- **Open up opportunities** — we constantly promote a focus on social issues, with a wide range of initiatives that involve our employees, our communities and our suppliers with the aim of building a prosperous and sustainable future for all.

Lavazza at the 2020 Dubai Expo

On 1 October 2021, as **Platinum Sponsor of the Italy Pavilion**, Lavazza made its debut at the Universal Exposition, where it remained present for the entire duration of the event, to help spread the excellence of Made in Italy, not only in terms of quality, but also in the sign of sustainability and innovation.

The partnership with the Commissariat for Italy's participation in Dubai Expo is part of the business and sustainability strategy of the Lavazza Group, in a path of development, on the one hand integrated into the Company's processes and activities, and on the other implemented by the non-profit Giuseppe and Pericle Lavazza Foundation.

At the 2020 Dubai Expo, the Company presented a rich programme of initiatives, starting with the **Solar Coffee Garden**, the Lavazza coffee shop inside the Italy Pavilion: designed as an immersive experience in the transparent and sustainable supply chain, it was presented as a space to experience all the phases of coffee production, from bean to cup. A coffee, the essence of which is revealed not only in its aroma, but in the care of the bean's land of origin and the respect for the people who cultivate it. In fact, Lavazza brought to the Italy Pavilion the world of **iTierra!**, the range that blends a focus on the product's origin and preparation, excellence of taste, respect for the environment and attention to social issues. In every cup iTierra! brings with it a true story of sustainability thanks to the concrete support of the projects supported by the Lavazza Foundation.

The heart of the coffee shop and a concrete expression of the focus on sustainable processes was the Solar Moka, an installation powered by solar energy. Designed based on circular economy principles, the Solar Moka features a preparation process that avoids the CO₂ emissions responsible for climate change and allows the user to heat only the water required, with no waste. The production process is shown as a continuous cycle, combining natural and artificial elements, revealing the potential reuse of each component and highlighting the importance of a transparent supply chain. And again in the name of the circular economy, the counter is made with coffee and waste beans resting on a tactile eco-resin surface.





OUR PLEDGE FOR AN INCLUSIVE BUSINESS



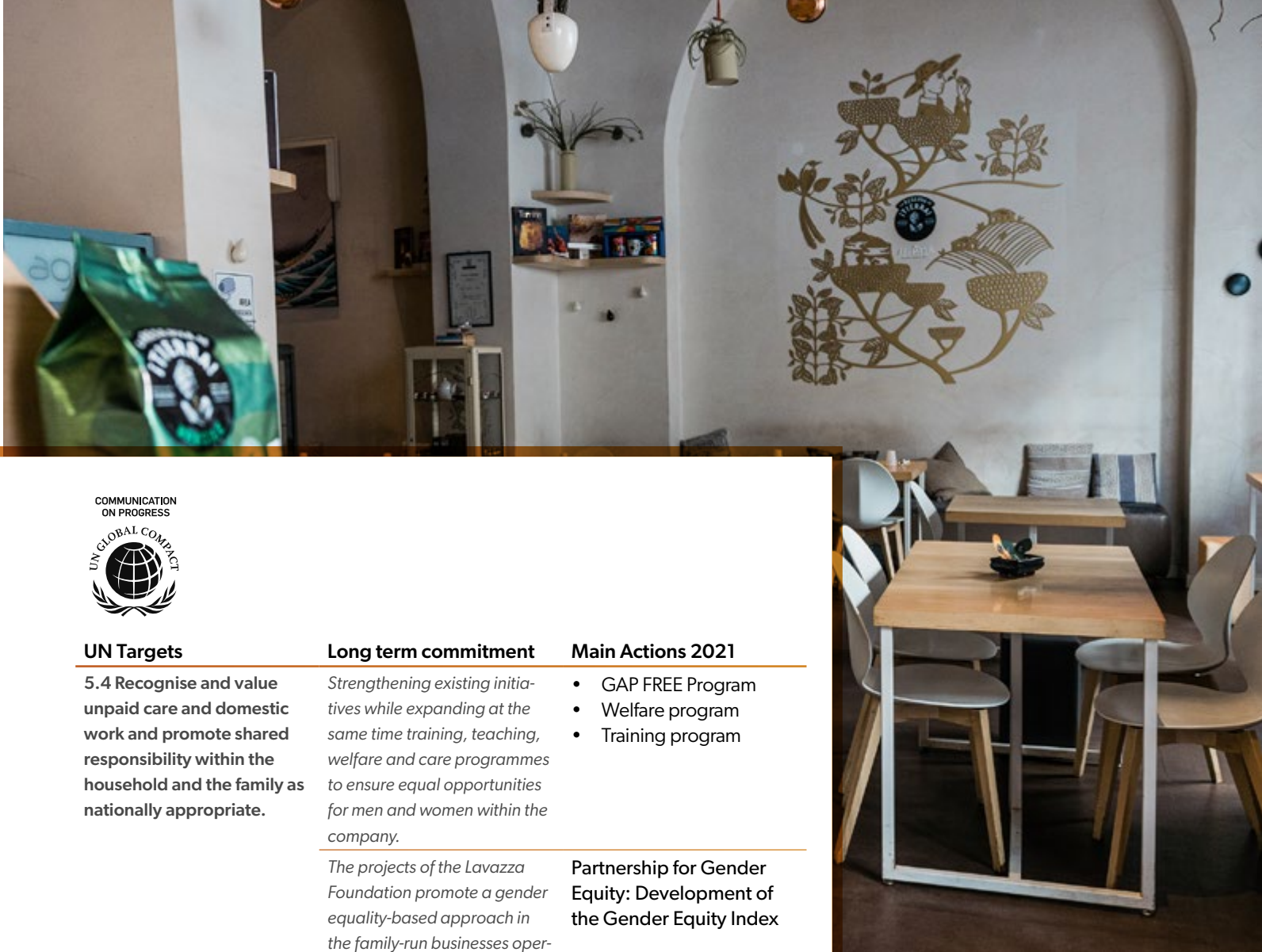
GOAL 5 GENDER EQUALITY

Goal 5 of the 2030 Agenda requires to “Achieve gender equality and empower all women and girls”. It is also one of the four Priority Goals identified by the Lavazza Group. It should be noted that the coffee and food & beverage industry is made up of women and men who contribute to its prosperity on a daily basis, although there are still considerable inequalities to be bridged: **70%** of the coffee grown in the world is harvested by women, but only **20%** of coffee-growing land is owned by women. Further analysis of the supply chain shows that in the coffee industry only about **30%** of management roles are filled by women.

These are just a few examples of the gaps that need to be bridged in order to build an inclusive coffee industry, in line with Lavazza Values. The Lavazza Group is therefore renewing its commitment to offering its people equal opportunities for accessing initiatives for training, development and support to work-life balance, consolidating, in particular, its commitment to reaching Goal 5 of the 2030 Agenda. This section describes the actions undertaken in 2021 in these areas. It also provides data on Lavazza people, broken down by gender and position, training data and the initiatives taken to support and enhance people in 2021.



UN Targets	Long term commitment	Main Actions 2021
5.4 Recognise and value unpaid care and domestic work and promote shared responsibility within the household and the family as nationally appropriate.	Strengthening existing initiatives while expanding at the same time training, teaching, welfare and care programmes to ensure equal opportunities for men and women within the company.	<ul style="list-style-type: none">• GAP FREE Program• Welfare program• Training program
5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	<p>The projects of the Lavazza Foundation promote a gender equality-based approach in the family-run businesses operating in the world of coffee.</p> <p>Carrying out an assessment of the level of women’s participation in the Company’s day-to-day activities and preparing initiatives to fill potential gaps. At least 40% of women in D+ level by 2030.</p> <p>The Lavazza Foundation is committed to ensuring women’s participation in the training projects aimed at coffee-growing communities.</p>	<p>Partnership for Gender Equity: Development of the Gender Equity Index</p> <p>GAP FREE program – Phase 2</p> <p>Implementation of specific programmes dedicated to women within the coffee-growing communities</p>





The impact of the pandemic on the Gender Gap² data

2. Source: <https://bit.ly/WomenAfterCOVID19>

According to the International Labor Organization (ILO), inequalities between women and men in the world of work were exacerbated during the Covid-19 pandemic. A new policy brief projected 13 million fewer women employed in 2021 than in 2019, while male employment was expected to return to 2019 levels. Although global male employment declined at higher rates than female employment in absolute terms between 2019 and 2020, the situation was very different in percentage terms: female employment fell by 4.2% (-54 million jobs), whereas male employment dropped by 3% (-60 million jobs).

The pandemic had different impacts according to the region and the related job market, as shown in the table:

Geographical area	Loss of employment	
	Men	Women
Globally	-3%	-4.2%
Arab States	-1.8%	-4.1%
Asia and Pacific	-2.9%	-3.8%
Europe and Central Asia	-1.9%	-2.5%
Africa	-0.1%	-1.9%

OUR PATH TOWARDS INCLUSION: GAP FREE

2021 was a crucial year for the Gap Free project launched by Lavazza in 2020: an action programme aimed at promoting the spread of an equal opportunities-based culture and enhancing diversity, with the ultimate goal of promoting the Group’s responsible growth to generate a positive social impact. Gap Free is a structured, medium-long term **path** identified by the Company to reach the elimination of all barriers — first and foremost gender-related ones — that hinder the development of an inclusive working environment, in which everyone can express their authenticity, one of the Group’s founding values. In fact, Lavazza uses the term ‘inclusion’ to mean the ability to build an environment where everyone feels welcome, respected, supported and empowered to participate in and contribute to common activities. Gap Free medium- and long-term objectives are ambitious:

- creating an increasingly inclusive **culture** able to promote innovation and the Company’s competitiveness;
- implementing gender equality **programmes** extended to the whole Lavazza Group.

Gap Free, implemented thanks to the collaboration of the Human Resources and Institutional Relations and Sustainability Departments, has been structured applying the Theory U³ methodology, and features three work phases:

1. **listening and research:** a phase carried out in 2020 which led to understand the company culture in terms of equal opportunities and identify the gaps to be filled, through over 1,800 online surveys among the company people, individual interviews and focus groups;
2. **co-design and co-creation:** a phase that saw the Group engaged in 2021 and involved the creation of internal inter-functional working groups tasked with drawing up, with a bottom-up approach, concrete proposals for supporting the desired change;
3. **deployment:** phase that will be launched in 2022, during which the actions aimed at implementing the cultural transformation plan defined in the previous phase are to be carried out.



3. “THEORY U Leading from the Future as it Emerges”, Otto Sharmer - BK Publishers

“This is not an HR programme, this is not a CSR programme: this is a company programme in which everyone can be a key player, a positive influencer and a change agent.”

Based on the assessment of the first phase of Gap Free, we began working on a leadership culture and style that adopt a participatory approach so that people can become change agents.

The following initiatives were implemented in 2021:

- **ESB - Executive Sounding Board** with the CEO’s first-line managers involved in specific one-to-one meetings or focus groups dedicated to raising awareness about and fostering commitment to the above-mentioned themes. This activity will continue in 2022;
- **three Inclusion Labs**, organised in the form of four half-day meetings held over four months, with 45 participants from different departments, tasked with embarking on a path of awareness, reflection and change planning aimed at defining concrete actions leading to a bias-free culture, an updated working model and inclusive leadership;
- the **EmpowerMEN** programme involving a small group of male employees to develop an increasing awareness of gender gaps.

The invitation to participate in Inclusion Labs and EmpowerMEN, open to all employees on a voluntary basis, led to a much higher response than expected. This made it necessary to select applicants in order to create balanced groups in terms of gender, seniority, age and role. Having acquired a new awareness of these issues, the participants will become ambassadors of a new gap-free culture, spontaneously taking on responsibility for involving their colleagues in a growing network.

In addition, every employee has had, and continues to have, the opportunity to participate in numerous training opportunities on the company Intranet and to subscribe to the ‘Gap Free’ teams channel to participate in conversations on the subject and share Gap Free content, such as articles, invitations to meetings, etc. Gap Free is a group programme, which is why project contacts were identified in 2021 to contribute to its definition and be tasked with taking it to other countries and involving everyone at Lavazza.

The change is underway

The Gap Free activity programme was accompanied by some initiatives that reveal the change that is already taking place in the Company: the creation of the **Diversity & Inclusion role** within the Human Resources Department is a sign of the Company’s tangible commitment in terms of economic investment and development. In addition, in 2022 the Diversity & Inclusion criteria will become part of the **Performance Management process**, a further step along the way to bias-free and inclusive HR processes, which will lead to new policies, working models and initiatives for the well-being of the corporate population.

“An extraordinary response rate and demand for participation beyond our expectations”

“This is a true cultural change, which has an in-depth effect, day after day.”

“The Company’s culture is being developed daily through people’s everyday behaviour, not through proclamations.”

Diversity & Inclusion at the Basement Café by Lavazza

Diversity & Inclusion themes are some of the main features in the fourth season of Basement Café by Lavazza, the digital programme conducted by **Antonio Dikele Distefano and Sofia Viscardi**, who meet Italian rappers, singers, professors, journalists, sportspeople and astronauts. It is a programme that seeks to explore the lives of the young generations, and beyond, from all angles. These talks are centred around the interpretation of modernity, together with the theme of rights and respect for diversity, which come naturally to the younger generations, who wonder how to wipe out prejudices and encourage individual freedom, especially in terms of gender and sexual identity.



4 Weeks 4 Inclusion is an initiative developed by companies to raise awareness about inclusion and diversity enhancement through a packed programme of shared events, webinars, digital labs and creative groups proposed and promoted by partner companies. Each year, guests and speakers participate in four consecutive weeks, creating a choral tale of inclusion stories and sharing best practices, models and tools to enhance **diversity in all its forms**: disability, intergenerational conflict, enhancing the female contribution, sexual orientation and gender identity, ethnicity and religion. 4 Weeks 4 Inclusion 2021 saw the participation of over 200 companies, offering their personnel a packed programme to develop awareness on these issues. In 2021, Lavazza participated in 4 Weeks 4 Inclusion for the first time, working alongside linguist **Vera Gheno**, who gave a talk on the role of the ‘word’ in speeches related to D&I themes, analysing how in a complex world one is strongly tempted to think that language is a mere frill and that deeds count more than words.

Lavazza at the
“4 Weeks 4
Inclusion”



Gender Equity
Index for Coffee
and Cocoa

In 2021, the Lavazza Group decided to join the Partnership for Gender Equity (PGE) together with a group of coffee and cocoa organisations to develop and launch the Gender Equity Index for Coffee and Cocoa: it is a **pre-competitive, globally-scalable** approach that aims to make agricultural and technological training easier for women in coffee and cocoa production.

The new **Gender Equality Index (GEI)** will be used by businesses and organisations that provide services to farmers by helping them reach as many women as possible and in the most effective way. The Partnership for Gender Equity (PGE) is creating common tools and methodologies to support the involvement of the coffee and cocoa industries and investment in gender equity throughout the value chain. These instruments will help to improve producers’ livelihoods and boost the sustainable supply of quality coffee. This approach is based on three key elements: a validated set of tools, a common language for gender equity, and a platform that supports scalable investments and actions across the industry. By exploiting the power of collective action within our industry, farmers, buyers, exporters, importers, roasters, brands, private foundations, development agencies and academic institutions can create a positive impact from bean to cup.

Change for Better, Lavazza celebrates women through art

On **8 March 2021**, International Women’s Day, Lavazza launched ‘Change for Better’ on its Instagram channel. Through the art of painter Saddo, this international reportage proposed portraits of seven women engaged in building a better future, thanks to their courage and involvement in sustainable development projects promoted by the Lavazza Foundation.

Seven stories of female emancipation, each different from the next, but all capable, through the universal language of art, of inspiring women worldwide to seek gender independence and equality. Ambrosía in the Dominican Republic, Carmen in Colombia, Doña Rina in Honduras, Isabel in Guatemala, Nadia in Peru, Pinki in India, Sheila in Uganda: all of them have turned their lives around, but have also made a major contribution to their local communities, showing how female empowerment and sustainable development can create shared value within communities.

Lavazza believes in an idea of ‘positive and sustainable art,’ that is to say a responsible art that is also capable of inspiring and raising awareness among the people it targets: a concept of art that recognises the importance of knowledge and awareness in activating a ‘change for the better’, as evoked in the title of the reportage.

Three of the seven stories stand out, on three different continents.



Young **Pinki**, who lives in India, had to give up her studies at an early age, taking on small jobs to support her family financially. However, despite the negative opinion of her brothers, she immediately grasped the opportunities that would come from enrolling in the training course organised in Kolkata by Lavazza with **Save the Children**, a partner of the Company for over twenty years. Today, together with 45 other formerly disadvantaged young people, she can work as professionally certified barista. This result has been achieved through the ‘**A Cup of Learning**’ project, an international training programme run by the Lavazza Group and implemented through the direct involvement of the Company’s experts, who make their expertise, time and energies available to train young people directly, in this case in one of the world’s most disadvantaged areas.

Pinki took part in the first edition of A Cup of Learning, which was organised in India in 2017, to then extend from that year onwards on a global level through a multitude of training courses to the benefit of a total of over 120 people in India and other eight countries: Italy, Brazil, Dominican Republic, Haiti, Cuba, Ecuador, Albania and the United Kingdom.



After nearly ten years as **Sawa World** National Director, **Sheila** is not only an expert in helping young people in her home country of Uganda, but has become an inspiration for numerous young Ugandan women. The **Ujana Coffee Project** supported by the Lavazza Foundation encouraged the entrepreneurship of more than 300 young people in 2020 alone, helping them to organise their business ideas related to coffee growing in 300 micro-enterprises in their area, and to share these ideas digitally to inspire more than 4,000 other young people: this enabled them to contribute to the income of their families, which had suffered significantly due to the COVID-19 crisis. Sheila has triggered a significant change in rural Uganda, highlighting the great value that training and technology can have.

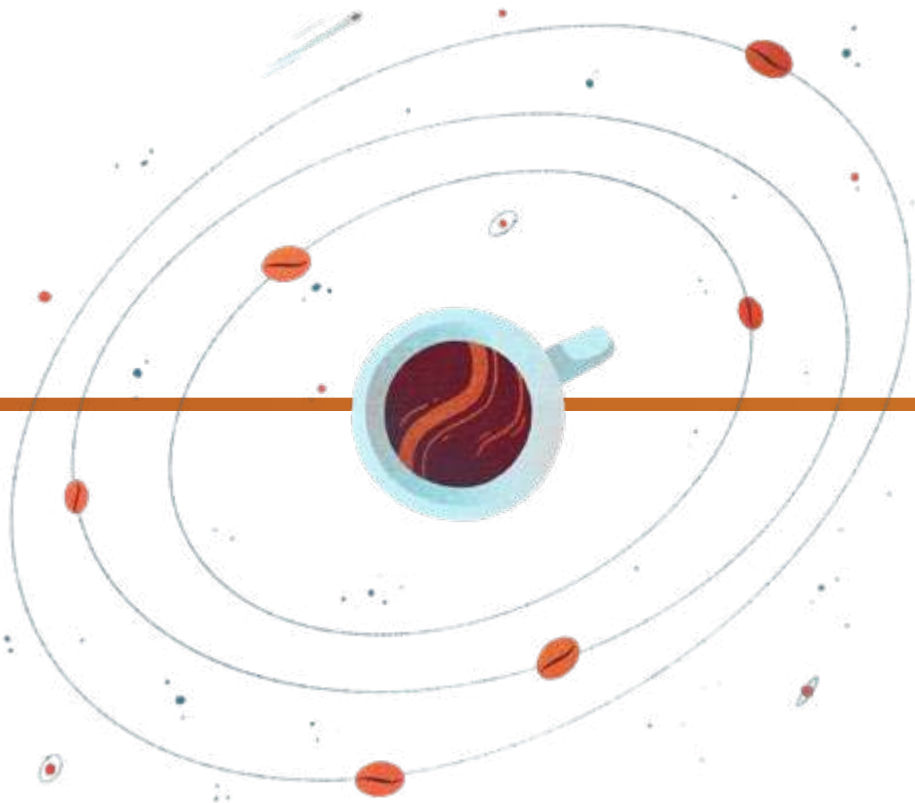


In San Lucas, Guatemala, 55-year-old **Isabel** is one of the oldest women in the indigenous Maya Poq’omchi community, now mainly comprised of women due to thirty-six years of civil war and ethnic cleansing that have decimated the population and impoverished the area. ‘**Coffee to be Reborn**’ is a good agricultural practice training project supported by the Lavazza Foundation with the NGO **Verdad y Vida**. Since 2016, this project has created the necessary conditions for a group of courageous and resourceful women to restart their family coffee-growing businesses. Today, 140 women like Isabel have not only resumed quality coffee production, but have managed to make huge progress in marketing the coffee they produce by offering it on the market collectively, with a positive impact on their lives and on an entire community of more than 1,000 people.

PEOPLE AT THE CENTRE OF LAVAZZA’S PLEDGE

[GRI 102-8 | GRI 401-1 | GRI 401-3 | GRI 404-1 | GRI 404-3 | GRI 405-1 | GRI 405-2]

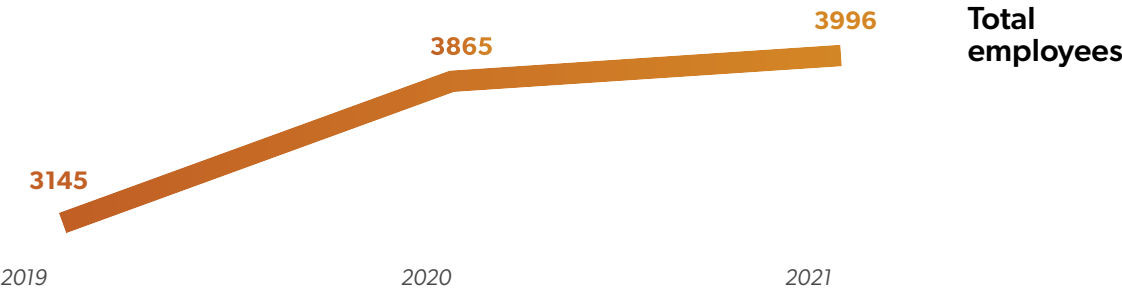
Listening skills, integration and constant dialogue are the key words that guide the approach to the Lavazza Group’s people, particularly in the areas of professional development and performance, training and internal communication. This approach is incorporated in the reflection imposed by the profound changes taking place in today’s world of work, with its new needs and changes of prospects. At Lavazza, the ability to listen is therefore aimed at identifying the needs of its collaborators and valuing their diversity, in a constant dialogue that leads to a flexible and agile way of working and responding. This is always with a view to integration into a large Group that has become global. Lastly, spreading a culture of sustainability based on the Group’s values and purpose serves as a link between all the distinctive elements that enrich the Company, harmonising them within a common vision.



30%
of women

in senior managerial positions
+3% compared to 2020
and +5% compared to 2019

Lavazza Group: key figures⁴



Percentage of employees by gender and professional category

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
Manager	70%	30%	73%	27%	75%	25%
Middle Manager	62%	38%	62%	38%	61%	39%
Specialized Workers	58%	42%	60%	40%	60%	40%
Other Workers	70%	30%	71%	29%	76%	24%
Total	62%	38%	73%	27%	75%	25%

Percentage of employees by age and professional category against the total number of employees

	2021			2020			2019		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Manager	0%	3%	2%	0%	3%	2%	0%	3%	2%
Middle Manager	0%	14%	5%	0%	14%	5%	0%	14%	5%
Specialized Workers	9%	30%	15%	7%	29%	16%	5%	29%	16%
Other Workers	2%	13%	8%	3%	14%	8%	3%	14%	8%
Total	12%	59%	29%	10%	59%	31%	9%	59%	32%

4. In the year 2021 the Group undertook a process of conversion of its professional categories for which the previous categories “Managers”, “Middle Managers”, “White Collars”, “Blue Collars” and “Sales Representatives” have been converted in “Managers”, “Middle Managers”, “Specialized Workers” and “Other workers”.

Employees by contract and employment type

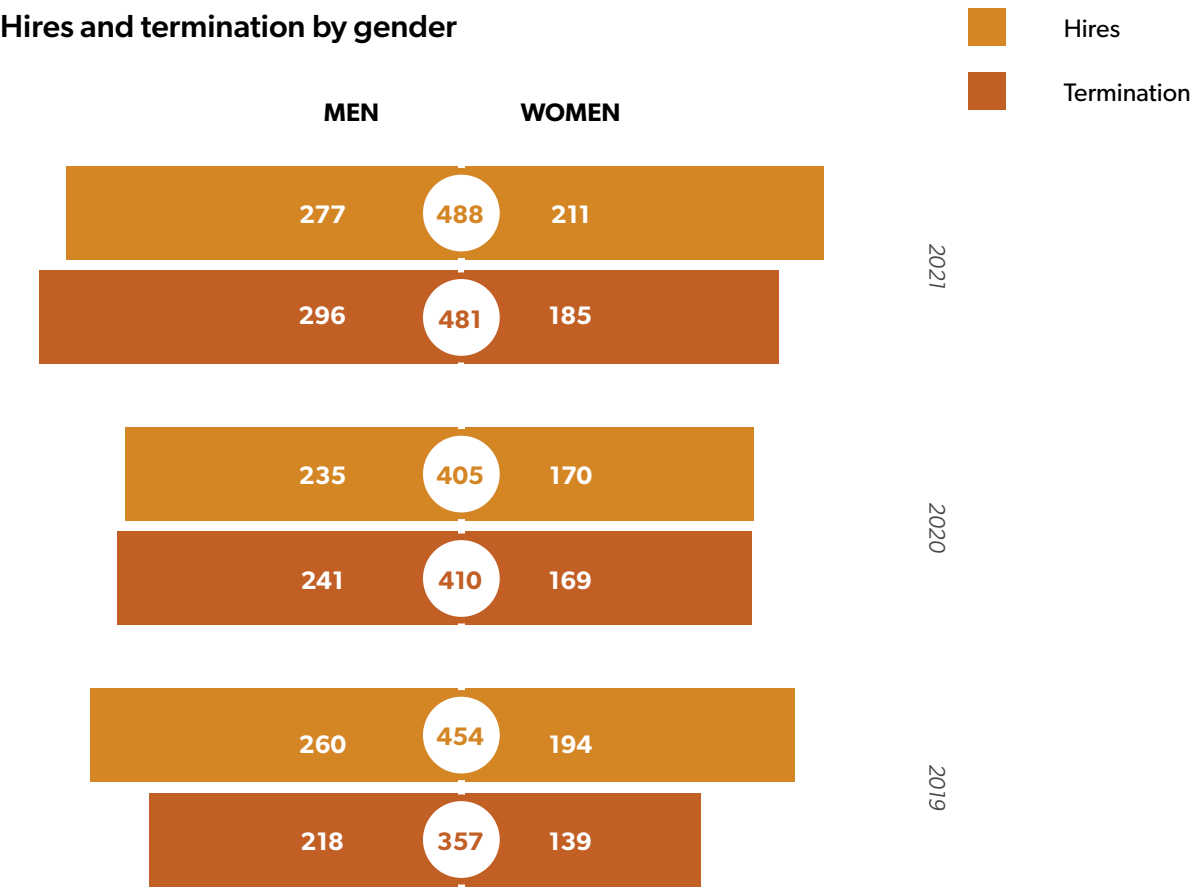
	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Temporary	66	67	133	1133	629	1762	68	56	124
Permanent	2409	1454	3863	1330	773	2103	1966	1055	3021
Full time	2458	1415	3873	2446	1289	3735	2014	1038	3052
Part time	17	106	123	17	113	130	20	73	93

Ratio of women’s to men’s average salary by professional category

	2021	2020	2019
Manager	103%	90%	92%
Middle Manager	95%	91%	91%
Specialized Workers	97%	100%	99%
Other Workers	101%	103%	101%



Hires and termination by gender



Turnover rate

BY GENDER

	Men	Women
2021	23%	26%
2020	25%	27%
2019	24%	31%

BY AGE

	<30	30-50	>50
2021	70%	20%	16%
2020	59%	19%	11%
2019	84%	20%	16%

Parental leave

	Men	Women	Total
Total number of employees that took parental leave (both mandatory and optional)	82	121	203
Total number of employees that returned to work in the reporting period after parental leave (both mandatory and optional) ended	81	100	181

Increasingly international training programmes

Training activities were also provided in 2021 according to an increasingly on-demand approach, but the most distinctive element is that the training programme for the Group’s people has become even more **international and digital**, in order to promote a widespread culture of integration at Group level. The catalogue of courses and training offered centrally to the subsidiaries, in English, has therefore been considerably expanded. Here are just two examples: the course on **Chinese culture**, which has been a remarkable success in different geographical areas; the platform on **multiculturalism** that teaches people how to work with different cultures, through a role play activity that simulates the arrival in a new workplace with numerous different cultures and the related challenges and lessons that emerge from this situation.

Average hours of training

BY GENDER

	2021	2020	2019
Men	8	6	16
Women	10	8	17

BY PROFESSIONAL CATEGORY

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
Manager	17	22	17	22	19	20
Middle Manager	12	15	31	24	17	19
Specialized Workers	6	9	11	11	14	16
Other Workers	5	6	16	14	22	18
Total	8	10	16	15	17	17

On-boarding in Lavazza

Investments in young people continued in 2021 with a view to internationalisation: recruitment activities were ongoing in several countries where the Group operates, leading to **488** new recruits joining the Company, especially young people (**39% under 30**). After the pause in 2020 due to the pandemic-related restrictions, the **on-boarding** process was resumed **in person** (with 90 new participants), as well as with digital tools, during which the new resources are exposed to the Company’s key topics. In October, the on-boarding process once again began including a visit to the Lavazza Museum and the Turin 1895 factory, with the day culminating in a group meal at the Condividere restaurant at Nuvola Lavazza. The **digital** part of the on-boarding training process consists of self-training modules on the dedicated company portal, with sustainability-related objectives (in collaboration with ASviS), Chinese culture courses and various tools for the further study of topics such as multiculturalism. There is also a business game developed by ESCP Business School called ‘Learn-light,’ on the conflicting dynamics that can occur in company life and on possible solutions.

Development Center

Lavazza promotes Development Centres in order to build individual pathways for acquiring new skills. This pathway begins with a personal interview, followed by the **Hogan1 Assessment**, a test aimed at identifying participants’ individual profiles in terms of leadership and values. This is followed by a role play designed to focus on individual skills relevant to the Company, and a long final interview to inform participants about the findings. The results enable assessors to encourage participants to embark on a targeted improvement course, shared with the HR Business Partners. This course is attended by junior figures and managers, new courses are being launched for coaching profiles and the programme will be extended at international level. In the future, this process might be moved to a virtual platform to facilitate coaching.

THE REVISION OF THE GROUP PERFORMANCE MANAGEMENT PROCESS

The Performance Management process, which was implemented in 2016 and has been added to over the years, underwent a review in 2021 and the results will be applied in every country in 2022, with a view to group-level integration.

Work was carried out throughout 2021 to incorporate the four values of the Lavazza Group into the new system, bringing the development of all the Company’s people into line with these values. The resulting evaluation process — based on personal development plans and compensation policies— is centred around performance goals (60% of the evaluation) and the **four corporate values** (40% of the evaluation), as well as the eight specific commitments. Indeed, two commitments have been identified for each of the four Group values. Our Values and Purpose should inspire people to build and consolidate a common culture on a daily basis.

The process review was rooted in a **new context** in which motivational drivers and people’s expectations changed: this implied the need to update career paths and rewarding tools in order to provide an appropriate development system for each individual. Within this scenario, an International HR Team was established in the first quarter of 2021. The team members were open to debating with and listening to people, in order to identify co-design solutions for the personnel development process.

A **survey** was subsequently administered to performance assessors and assessees, which achieved a 43% response rate at Group level (of which 62% came from people managers and 37% from individuals). The survey aimed to gain an understanding of the extent to which personnel feel known and recognised by their superiors, how constructive feedback actually is and how personnel needs are prioritised. It emerged that the evaluation processes have aligned with the Company’s objectives over the years, highlighting the importance of the behavioural and relational aspects of management. Nevertheless, the feedback culture needs to be

strengthened and recognition of behaviours consistent with the company culture needs to be increased, while also making leadership increasingly inclusive.

The new Performance Management process emphasises the importance of **diversity** for both people leaders and individual contributors.

Particular attention is paid to the concept of ‘**responsible growth**,’ which consists of understanding — especially among managers — the sustainability aspects within the Company’s culture and strategy. Awareness of the Company’s economic and sustainability strategy influences the individual choices of contributors and the assessments by people managers, and vice versa.

Each commitment is then associated with specific behaviours to be adopted, divided between individual contributors and people leaders, which are then the subject of the assessment process.

Another meeting aims not to assess but to gather information on each individual’s motivations, ambitions and expectations, thus leading the person to reflect on what makes him or her motivated and proactive within the Company. The importance of this phase lies in understanding the factors that create wellbeing, that drive the person to stay in the Company and that enable employees to find satisfaction in their work.

During the assessment process, individuals define their year-to-year development goals. The employee is assessed from one (targets not reached) to five (targets achieved significantly above expectations). To each result assigned corresponds a specific behaviour.

43%
response rate
to the survey at Group level

Performance Management in numbers

The assessment process is also linked to company rewarding and development policies, aimed at recognising and harnessing individual performance, as well as promoting professional and career growth. The 2021 Performance Management process involved employees in the following companies falling within the reporting scope of this Sustainability Report:

- Luigi Lavazza S.p.A.;
- Carte Noire SaS;
- Carte Noire Operations SaS (just the General manager and his first line);
- Lavazza Coffee Ltd;

- Lavazza Deutschland GmbH;
- Lavazza France S.a.S.;
- Lavazza Kaffee GmbH;
- Lavazza Premium Coffees Corp.;
- Lavazza Australia Pty Ltd;
- Lavazza Sweden AB;
- Merrild Kaffe Aps;
- Lavazza Professional North America
- Lavazza Professional UK
- Lavazza Professional Germany
- Lavazza Professional France

Percentage of employees involved in the Performance Management process, by professional category and gender

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
Manager	90%	81%	70%	92%	51%	65%
Middle Manager	85%	85%	70%	80%	100%	100%
Specialized Workers	69%	70%	57%	68%	87%	100%
Other Workers	16%	40%	34%	58%	68%	67%

Number of employees involved in the Performance Management process, by professional category and gender

	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Manager	123	47	170	99	49	148	61	26	87
Middle Manager	404	250	654	317	223	540	396	238	634
Specialized Workers	857	629	1486	671	539	1210	817	692	1509
Other Workers	100	108	208	233	161	394	408	128	536
Total	1484	1034	2518	1320	972	2292	1682	1084	2766

Percentage of employees involved in the MBO programme and falling within the Manager/Middle Manager category, by gender

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
Manager	85%	71%	91%	79%	80%	52%
Middle Manager	40%	47%	49%	47%	66%	72%



Our objective is to pursue an HR policy really focused on people.

Leaders for Tomorrow

The four group values are also at the heart of the 2021 review of the Leaders for Tomorrow **manager training path**, which targets people who have taken on a managerial role or need to structure skills focused on managing and developing people on their team. The programme reached 50 people in the Group in 2021. It was divided into four modules four months long and required a total commitment of seven days of virtual lessons, as well as a certain number of hours of individual work via an app after each module. The modules were divided into an initial moment of reflection on corporate and personal values in order to bring out the Group's values, followed by a testing phase that maps emotional intelligence and reflects on the potential motivational drivers of the person's collaborators. This is followed by an analysis of how to achieve the objective of understanding different cultures in the various countries, with a view to assessment tool internationalisation. One day is devoted to these topics, which also includes a discussion on the theme of gender equality. Lastly, the theme of cross-functional collaboration is developed. This also includes exercises such as asking for feedback from your leader through a Letter of Discovery at the end of this comprehensive path. In 2021, a version of the path was provided at subsidiaries in the respective languages, starting from France.

Listening and dialogue in the Group’s internal communication plan

The development of the Group’s internal communications programme continued in 2021, after undergoing significant acceleration in 2020 also due to the impact of the pandemic. This programme focuses on boosting **listening** capacity and increasing **dialogue**, leveraging the tools provided by digital channels. It now covers every country in the Lavazza **world**, reaching more than 4,000 employees.

The Group launched quarterly group meetings, known as **Town Hall meetings**, in 2021, which last approximately one hour and are structured as follows: the first part is focussed on institutional topics, such as financial results, and major corporate and brand projects by the CEO and CFO; a second part, during which a subsidiary presents its most important topics to the whole Group; lastly, there is also time for further study, which in 2021 concerned sustainability on two occasions, one dedicated to the Gap Free programme and one to the presentation of the Sustainability Report.

The format is a subtitled English video that is published on the Company’s Intranet after the live meeting and is therefore available for viewing to those who could not attend. The 2021 edition saw great participation from both Italy and abroad (1,531 from Italy and 2,425 from abroad).

The Group’s Intranet, renamed **We Blend**, is at the centre of numerous activities. The four corporate Values that constitute the essence of the Group’s journey towards an inclusive working environment are fully expressed in it every day. It is a space that aims to inform, as in the case of the numerous new ‘vertical’ newsletters dedicated to an in-depth presentation of the Group’s sustainability projects and themes. In addition, it also aims to engage people and share the corporate culture.

WeBlend the movie is one of many engagement initiatives: the world’s first collaborative Lavazza video, in which more than 4,300 people from around the world were involved and encouraged to contribute by publishing their ‘sips’ of life on the internal digital hub — short excerpts from their lives as they begin their working day.

Moreover, ‘WeBlend the movie’ was closely linked to good causes, sharing the importance of individual initiatives to the benefit of one’s local area, in line with Lavazza’s responsible approach towards all the communities in which it operates. People were asked to select a charity/NGO when submitting their ‘sips’ of life and then the one that received the highest number of votes from other employees and collaborators subsequently received a donation from the Company, as a sign of appreciation for the individual’s commitment.

The winning organisation was ‘Girls Inc.’, a non-profit organisation in the United States that deals with female empowerment.

During periods of increased travel restrictions caused by the Covid-19 pandemic, the **Let’s Blend** initiative offered all personnel the opportunity to book virtual 15-minute ‘blind’ appointments with their colleagues, enabling them to take a break from work and keep social interaction and professional mingling alive.

Top Employers Italy 2021

For the **third consecutive year**, Lavazza achieved **Top Employers Italy 2021** certification, which testifies to its commitment to the wellbeing of its personnel, namely its adoption of policies that positively influence their lives, from their training to focussing on their family and social needs, helping to improve the working environment and methods. Certification is granted to large companies (with 250 local employees or at least 2,500 global employees) that meet the high standards required in the area of human resources, following a detailed process that analyses and comprehensively assesses the policies and strategies implemented in various macro-areas, including personnel rewards and recognition, work environment, talent acquisition, training, wellbeing, diversity and inclusion, comprising 20 different aspects and more than 600 best practices.

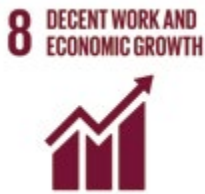


The achievement of this certification once again this year confirms our continuous commitment to HR and organisational processes in general, according to a future-oriented model, which, starting from shared values, always puts people at the centre and values their diversity and inclusion thereby creating a sense of belonging.





RESPONSIBLE GROWTH



GOAL 8 DECENT WORK AND SUSTAINABLE GROWTH

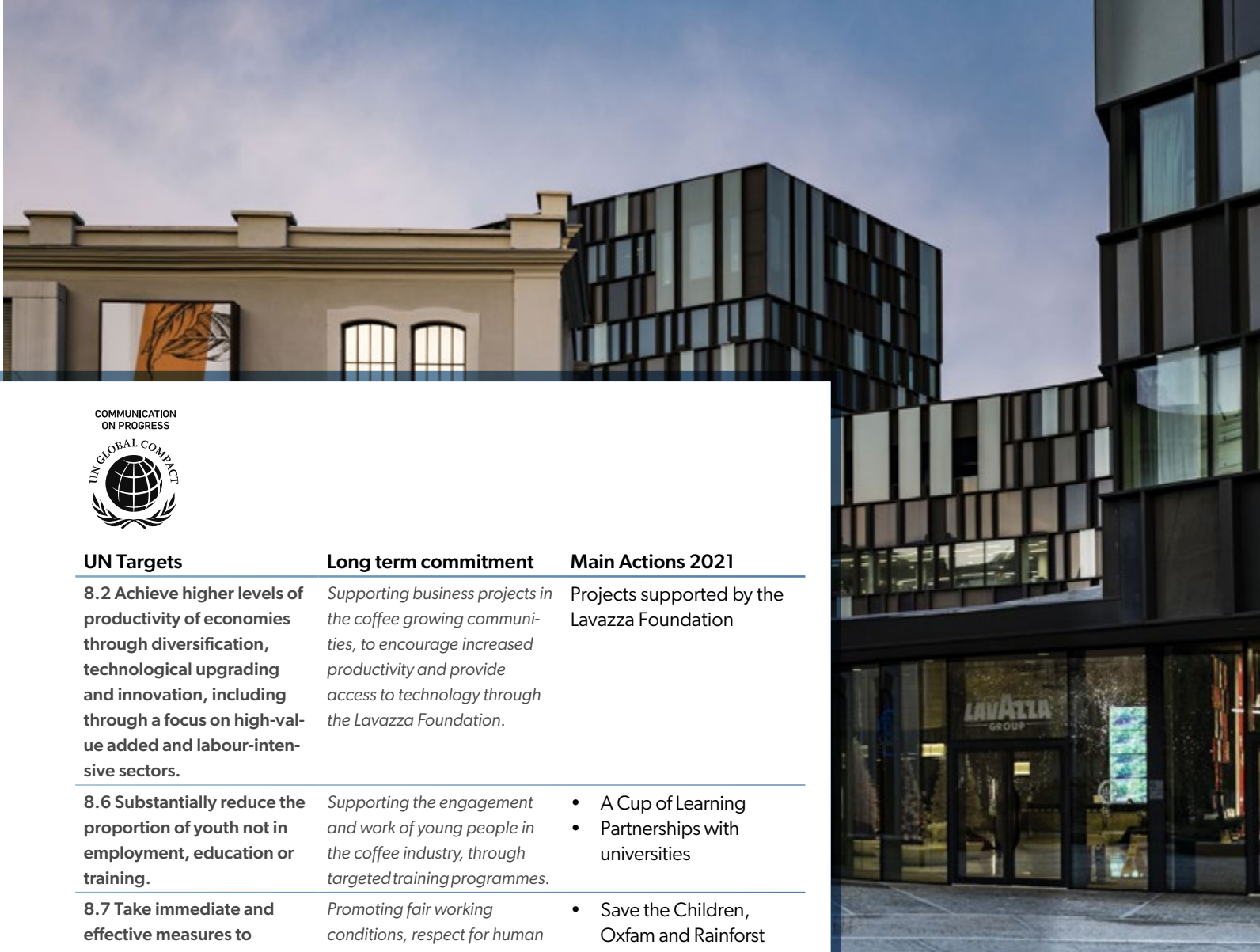
“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”: this is the description of the Sustainable Development Goal 8 of the UN 2030 Agenda. It has been chosen as a Priority Goal for Lavazza as it represents the Company’s approach to both being a business and doing business. The United Nations has detailed Goal 8 through various targets and this chapter describes the initiatives, projects and structures that Lavazza has implemented accordingly in order to contribute to reaching them. In particular, the chapter discusses the following subjects:

- how the goal of responsible economic growth is supported by a solid economic and financial development and how Lavazza was able to confirm this uptrend with respect to the market in 2021 as well;

- how the Lavazza Group develops its governance structure and formal documents and policies, with a view to increased integration of sustainability criteria in its processes and activities;
- how the Company is committed to safeguarding its workers, both protecting their health and safety as the COVID-19 pandemic persists, and promoting constant training and development;
- initiatives and projects to protect and promote human rights in the supply chain, throughout which Lavazza stands by its suppliers;
- local community support programmes, through which Lavazza helps vulnerable social groups by means of a structured process that starts with listening and then develops an effective response.



UN Targets	Long term commitment	Main Actions 2021
8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Supporting business projects in the coffee growing communities, to encourage increased productivity and provide access to technology through the Lavazza Foundation.	Projects supported by the Lavazza Foundation
8.6 Substantially reduce the proportion of youth not in employment, education or training.	Supporting the engagement and work of young people in the coffee industry, through targeted training programmes.	<ul style="list-style-type: none">• A Cup of Learning• Partnerships with universities
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of all forms of child labour.	Promoting fair working conditions, respect for human rights and the abolition of child labour throughout the supply chain, developing partnerships and projects that actively involve suppliers.	<ul style="list-style-type: none">• Save the Children, Oxfam and Rainforst Alliance projects• ECOVADIS: assessment of the whole supply chain on ethical, social and environmental topics. Inclusion of 480 suppliers into the platform• Vendor rating accounting for ESG issues.
8.8 Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.	Ensuring a healthy and safe working environment, in which workers’ rights are respected and the values of sustainability are promoted and disseminated.	Extension of the Covid Fund to support workers throughout the supply chain. Workplace health and safety assessment for the Group’s people.



THE 2021 ECONOMIC RESULTS

[GRI 201-1]

The following table shows the Group’s operating and financial highlights at 31 December 2021 compared with the previous year:

€ million	2021	Ratio %	2020	Ratio %
Net Revenues	2,308.4	100.0%	2,085.3	100.0%
EBIT	163.6	7.1%	107.7	5.2%
EBITDA	312.1	13.5%	252.8	12.1%
Adjusted EBITDA (before non-recurring items)	312.1	13.5%	266.4	12.8%
Profit of the year	105.5	4.6%	72.9	3.5%
CAPEX	134.7		111.1	
Net financial position	(283.1)		(101.7)	
Equity attributable to the Group	2,534.0		2,347.0	
Headcount at 31/12	4,169		4,172	



Although the economic and social scenario is still complex due to the Covid-19 crisis, the Group reported revenues of **€2.308 billion** and a positive performance across all markets, including the more mature markets such as Italy and France, and expanding markets such as the United States and Germany. The Group channel and product mix was positive in 2021, thanks both to the significant recovery of the Away from Home channel after the slowdown caused by Covid-19, and the revenues of the At Home channel, which is still growing, particularly in the Beans segment, where the Group once again reported a leading market share in 15 countries.

The year 2021 closed as one of the best ever in the Group’s history, with economic indicators highlighting revenue growth and a positive net financial position, as well as increasing cash flows from operating activities compared to 2020, testifying to the Group’s solidity.

At 31 December 2021, Lavazza recorded revenues of €2.3 billion, up compared to €2.1 billion in 2020 (+10.7%). The main revenue growth drivers were first and foremost associated with the recovery of the **Away From Home** channel (80% of the amount recorded in 2019), after the Covid-19-related slowdown, and with the ongoing revenue increase in the **At Home** channel (+6.3% compared to 2020 and +23.8% compared to 2019), although the market returned to nearly pre-Covid levels (+0.7% in 2021 compared to 2020, whereas in the previous year it recorded a +8.5%).

The product mix was positive thanks to the growth of the Beans segment, which proved to be the most dynamic on the market. Taking into consideration the 15 main geographical areas where the Group operates, the **Beans** segment rose by +8.5% compared to 2020 and Lavazza grew by 16.9%, increasing its share by 1.2%. In the increasingly more competitive **Single Serve** segment, the Group continued to carry out its plan for the launch of aluminium capsules. At geographical level as well, the Group reported excellent sell-out growth rates in the retail channel in **Germany** (+14.3%), the United States (+4.5%) and Poland (+16%), whereas **Italy** and **France** dropped by 5.3% and 1.4%, respectively, due to the replacement of plastic capsules with those made of aluminium. The Group’s EBITDA was €312 million compared to €253 million in 2020 (+23.5%), with an EBITDA margin of 13.5% compared to 12.1% in 2020, returning to the 2019 pre-pandemic levels. It should be recalled that the 2020 EBITDA had included €12.5 million costs relating to donations made within the context of the Covid-19 health emergency.

EBIT was €164 million, compared to €108 million for 2020 (+51.9%), with EBIT margin at 7.1%. Similarly to EBITDA, EBIT margin also returned to pre-pandemic levels (in 2019 it was 7.1%).

Net profit amounted to €105 million, up compared to €73 million for 2020 (+44.7%).

Value generated and distributed

The economic value generated by the Lavazza Group in 2021 totalled **€ 2,313 million** of which:

- net revenues amounted to €2,308 million;
- interest and dividends collected amounted to €5 million.

The economic value distributed by the Group in the year was **€2,239 million**, broken down as follows:

- cost of sales was €1,386 million, of which €55 million personnel costs;
- promotional and advertising costs amounted to €230 million;
- selling costs amounted to €183 million, of which €127 million personnel costs;
- other structure costs amounted to €340 million, of which €171 million personnel costs.
- the aforementioned costs include staff salaries and benefits totalling €353 million, donations and gifts amounting to €10 million and indirect taxes paid to the Public Administration of €7 million;
- payments to providers of capital totalled €46 million, including dividends paid to shareholders amounting to €33 million and interest expense paid against loans of €12 million;
- income taxes paid amounted to €54 million.

Excluding amortisation, depreciation and write-downs of €151 million and provisions net of utilisations of €51 million from the above economic value distributed, the **economic value retained** for 2021 amounted to **€276 million**.

The following table indicates the economic value retained expressed in thousands of Euro compared with the two previous years.

During the three-year period 2019-2021, the Lavazza Group was able to generate value thanks to a business model and a forward-looking strategy oriented towards growth, innovation and sustainability.

Both the economic value generated and distributed in 2021 returned to growth after the slight decline in 2020 due to the Covid-19 pandemic.

In particular, the economic value generated grew as a result of the turnover, while the economic value distributed rose due to a general increase of operating costs, partially offset by lower payments to providers of capital.

The economic value retained was positive and showed an up-trend. It represents the difference between the economic value generated and the economic value distributed, adjusted by the typically non-monetary items of amortisation, depreciation, write-downs and provisions. In 2020, it also included non-recurring charges arising from donations made in support of the Covid-19 health emergency. In 2021, the Group did not directly incur expenses to specifically support against the health emergency, but made donations totalling €10 million, classified under recurring donations to non-profit organisations and recognised bodies in support of social, health and cultural projects.

	2021	2020	2019
a) Net revenues	2,308,393	2,085,258	2,199,690
b) Interest and dividends collected	4,916	7,265	2,745
A- ECONOMIC VALUE GENERATED (a+b)	2,313,309	2,092,523	2,202,435
c) Operating costs	2,139,120	1,963,049	2,033,534
c1) Cost of sales	1,385,765	1,264,881	1,299,210
c2) Promotional and advertising costs	229,992	185,251	205,025
c3) Selling costs	183,253	177,945	192,566
c4) Other structure costs	340,110	334,972	336,733
- General and administrative expenses	292,587	275,858	284,536
- Research and development costs	15,787	15,041	17,358
- Other operating expense and income	31,736	44,073	34,839
d) Payments to providers of capital	45,841	64,462	47,350
d1) Dividends paid	33,376	50,551	35,657
d2) Interest expense paid	12,465	13,911	11,693
e) Income taxes paid	54,150	22,046	25,131
B- ECONOMIC VALUE DISTRIBUTED (c+d+e)	2,239,111	2,049,557	2,106,015
f) Extraordinary community investments(Covid 19)	-	12,471	-
g) Amortisation, depreciation and write-downs	151,019	151,885	144,559
h) Provisions and use of funds	51,067	21,056	21,964
ECONOMIC VALUE RETAINED (A-B-f+g+h)	276,284	203,436	262,943
Included in operating costs			
Staff salaries and benefits	352,881	337,557	334,967
- of which in the costs of sales	55,608	54,637	55,261
- of which in selling costs	126,514	119,503	119,772
- of which in other structure costs	170,759	163,417	159,934
Donations and gifts	10,196	4,757	5,033
Indirect taxes paid to the Public Administration	7,427	6,846	6,878
Total interest paid and collected as per the Statement of cash flow	7,549	6,646	8,948
	7,549		

LAVAZZA'S APPROACH TO TAXATION

[GRI 207-1 | GRI 207-3]

Internationalisation in China

The Group's path of international growth is continuing with China, a market with extraordinarily strong potential, where demand for premium coffee is expanding and the development of the Lavazza coffee shop concept has been launched. This is a strategic direction implemented through the 2020 with the **joint venture** with Yum China, the largest catering company in China in terms of sales of systems.

The partnership was inaugurated with the opening of the first Lavazza Flagship Store outside Italy, namely in Shanghai, in April 2020, followed by the inauguration of other points of sale in Shanghai, Hangzhou, Beijing and Guangzhou, reaching a total of **58 stores** in 2021.

Thanks to the encouraging successes of the first two years and despite the ongoing Covid-19 pandemic, in 2021 Lavazza announced a project with **Yum China** aimed at accelerating the expansion of stores in China through the opening of a thousand Lavazza stores by 2025 and by expanding the partnership to include product distribution as well.

The next phase of Lavazza's store expansion in China will have the key objective of increasing the density of the store network in the main cities, with different types of stores able to offer a wide range of consumption opportunities.

Lastly, the joint venture will market, sell and distribute Lavazza retail products such as beans and ground coffee and capsules to mainland China. Furthermore, given Yum China's thorough knowledge of the Chinese market and Lavazza products, it will aim to grow the Lavazza brand further in the country.

The approach to taxation adopted by the Group is consistent with the principles set out in Lavazza's Code of Ethics, the Organisation, Management and Control Model as per Italian Legislative Decree No. 231 of 8 June 2001, and the Group Tax Strategy, the latter approved by the Board of Directors of the Parent Company on 24 March 2021. This approach is based on the principles of prudence, responsibility, consistency and transparency towards the Company's stakeholders, including the Tax Authorities. All activities carried out by the Group comply with the relevant tax legislation, and tax planning is always aligned with commercial activities. In particular, as illustrated in the Group Tax Strategy, Lavazza:

- does not carry out transactions with the sole or main purpose of reducing the tax burden;
- does not invest in countries that adopt a privileged tax regime, if not directly functional to the business purposes of the Group.

The **Group Tax Strategy** is published on the institutional website of the Lavazza Group at the following address: <https://bit.ly/TaxStrategy21en>

The business culture **principles** underlying Lavazza's tax approach are as follows:

- responsible management of the tax variable based on trust, transparency and collaboration with the institutions and inspired by the principles set out in the Code of Ethics;
- containment of fiscal risk;
- dissemination of the tax culture and compliance with all legal provisions and tax regulations applicable in the various jurisdictions in which the Group operates;
- dissemination across the Group of the general principles of conduct in tax matters, based on values of responsibility;
- compliance of the organisation and related processes (Fiscal Governance) in accordance with the goals defined;
- constant dialogue with the Tax Authorities managed in a professional, transparent and timely manner.

The integrated **voluntary compliance** process in the customs and tax field, already implemented in 2020, continued in 2021 with the introduction of a system for monitoring, managing and controlling fiscal risk and the definition of principles governing the tax variable, also through the identification of the roles and responsibilities of the persons involved.

The **Group Tax Department** is located within Luigi Lavazza S.p.A. and is responsible for coordinating, controlling and monitoring tax-related issues for the whole Group.

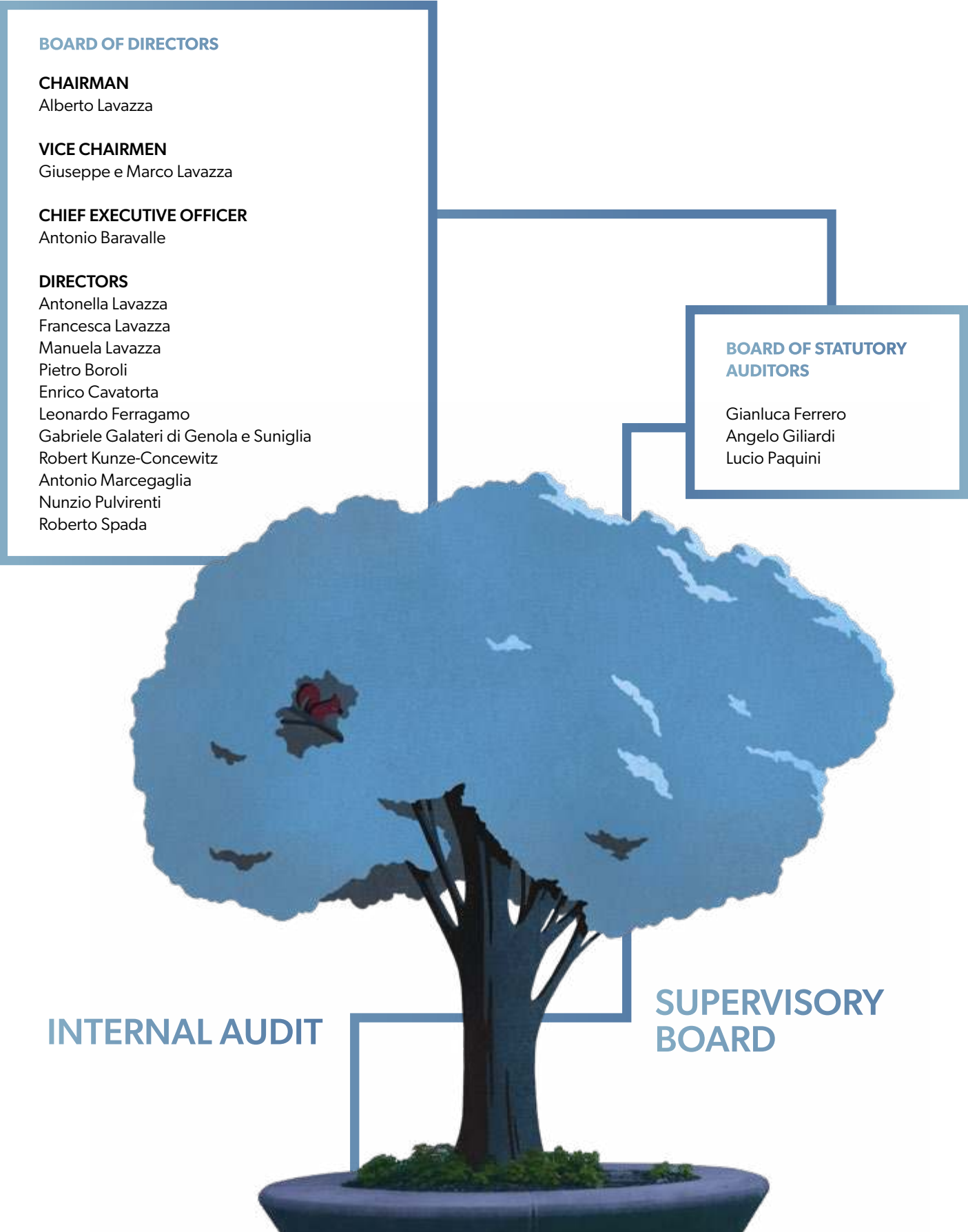
Lavazza has always had continuous and proactive collaborative dealings with the Tax Authorities, based on principles of transparency and mutual trust. According to Lavazza, it is fundamentally important to adopt a behaviour that responds promptly to requests received from the Tax Authorities, providing information that is always correct, accurate and precise.

Lavazza sets the transfer pricing policy applicable to cross-border intra-group transactions in compliance with the principle of free competition and relevant international and local standards, and promotes the reaching of advance pricing agreements.

As part of discussions and preventive compliance programmes, Lavazza undertakes to respect the provisions by always adopting transparent and collaborative behaviours.

The coffee industry in China has a huge potential and the strengths of the joint venture with Yum China are a solid precondition to make Lavazza a leading brand in the coffee sector in the country.

Antonio Baravalle,
Lavazza Group's CEO



LAVAZZA'S GOVERNANCE

[GRI 102-16 | GRI 102-18]

At Lavazza, sound family governance provides effective support to an industrial approach aimed at responsible economic growth and value creation, not only in the short-term, but also over a long period. This method allows the management team, to whom the owners delegated the powers to define growth and development strategies, to plan medium- and long-term actions to continue to grow as a global player in its industry.

The corporate governance model adopted by the Parent Company is a traditional one and features an administrative body, the Board of Directors, and a control body, the Board of Statutory Auditors. The **Board of Directors** is vested with full powers to set strategic policies to ensure that the Group is managed properly and efficiently. The **Board of Statutory Auditors** is responsible for overseeing compliance with the law and the Articles of Association, respect for correct administration principles and, within its remit, adequacy of the internal control system.

The Group’s subsidiaries operate under the management and coordination of the parent company, Luigi Lavazza S.p.A. In addition, the main corporate bodies and functions involved in the internal control system are:

- the **Supervisory Board**, vested with autonomous powers of initiative and control, delegated to oversee the implementation of and compliance with Lavazza’s Organisation, Management and Control Model as per Legislative Decree No. 231/2001, as well as to keep it up to date;
- the **Internal Audit Function**, reporting directly to the Board of Directors, delegated to implement an effective Internal Control System;
- the **Risk Management Function** created at the end of 2016 within the Finance Department. It is responsible for managing and assessing the risks associated with company activities, in order to ensure that the organisation is capable of minimising losses and maximising opportunities;
- the **Compliance Function**, created at the end of 2018 within the Legal and Corporate Affairs Department, in order to ensure the regulatory compliance of business activities and the compliance of internal procedures with the specific statutes enacted by lawmakers and internal rules.

A **corporate governance analysis** of the new model continued in 2021. Whilst Lavazza is not subject to legal obligations regarding corporate governance compliance with the new model, it decided to follow best practices and set up a model that abides by the aspects considered to be a priority and most important. This analysis compared Luigi Lavazza S.p.A.’s current governance model with the new requirements. In light of its findings, some changes will be made to the current model, which may relate in particular to:

- a revision of rules for the Board of Directors and some Committees, in accordance with the new powers and duties conferred;
- compliance with gender diversity criteria within the Board of Directors;
- possible establishment of a Control, Risk and Sustainability Committee;
- inclusion of sustainability-related KPIs in the management objectives.

The Sustainability Governance

Established in 2016, the Institutional Relations & Sustainability (IR&S) Department is tasked with managing, planning and programming sustainability initiatives, promoting the adoption and integration of Corporate Responsibility principles within the corporate business strategies and processes among the various Group Functions.

The Lavazza sustainability performance reporting process is coordinated by the IR&S Department and entails the involvement of the entire organisational structure of the Group Companies. During the meetings of the Executive Sounding Board involving the participation of the Chief Executive Officer and those reporting directly to the latter, the Head of the IR&S Department periodically presents the activities undertaken and the related progress. In 2021, the IR&S Department was reorganised and two areas were set up within it: the **Sustainability Department** and the **Institutional Relations & Community Care Department**.

The Sustainability Department is tasked with contributing to define and implement the Group's environmental and social sustainability strategy, as approved by the Executive Board, as well as ensuring its ongoing monitoring and updating through the coordination of cross-functional programmes and initiatives throughout the Group. In particular, it pursues the following objectives:

- spreading the culture of sustainability throughout the Company;

- proposing the development of the sustainability strategy and programmes, in collaboration with all the Departments, and coordinating initiatives at the central/HQ and Region/Markets level through the Company's network of points of contact for sustainability issues;
- defining the general monitoring system and, in collaboration with the Group Financial Planning & Control Department, monitoring its progress, budget and investments;
- in collaboration with all the Units involved, coordinating the ESG reporting, and in particular the preparation of the Sustainability Report.

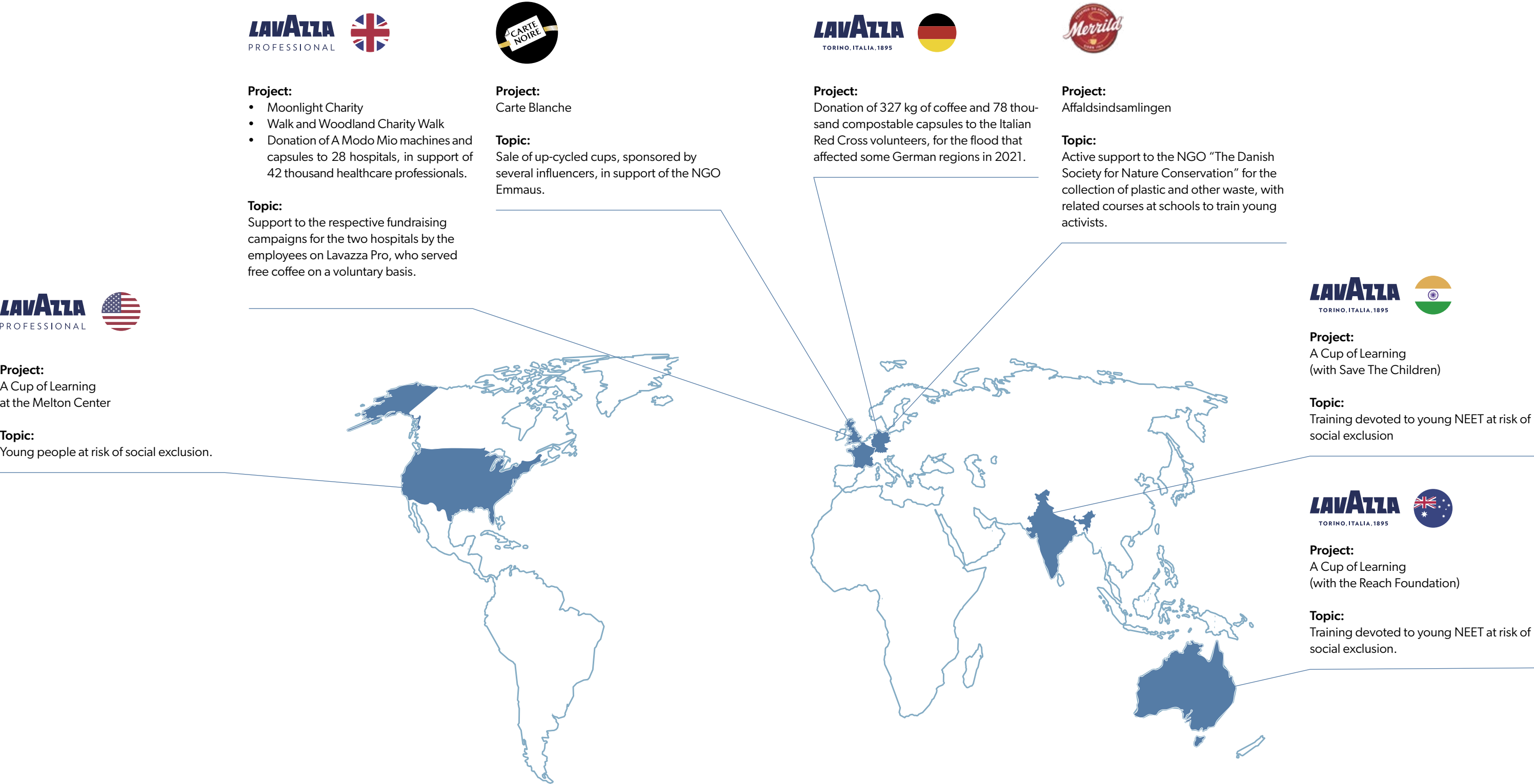
Moreover, within the IR&S Department, the Institutional Relations & Community Care Department is tasked with managing the institutional relationships at national and international level, representing the Group within the different trade associations and managing the projects of the Community Care programme.



IR&S Global Network

With a view to increasing the integration of sustainability issues at an international level within the Group, the IR&S Department set up the IR&S Global Network in 2019. This is a working table composed of the heads of the same department at the headquarters and eleven representatives of as many Lavazza Group subsidiaries on four continents: each of them is a reference point for sustainability issues for the areas in which they operate. During the two years of activity, the network has developed an increasingly productive and effective way of working, adopting an approach based on three elements: awareness, aimed at understanding the CSR projects on which the Group works, the methods of implementation and long-term planning; alignment, aimed at ensuring that each local project is aligned with the Group's principles and guidelines; action, aimed at the conscious involvement of Lavazza Group people in the individual markets, maintaining the focus on the local market in collaboration with the HQ team. This approach was consolidated in 2021 and means that individual subsidiaries are called upon to be an active part of implementing the Group's sustainability strategy, with a view to empowerment and ever increasing collaboration.

The pledge of the IR&S Network
in 2021



BUSINESS ETHICS AND COMPLIANCE

[GRI 205-2]

The Compliance Function promotes the spread of a culture of legality and proper conduct as factors indispensable to the proper functioning of the Company and respect for the principles of business ethics.

The issues within the Function’s purview include the prevention of corruption, also considered relevant in view of the provisions of the United Nations Global Compact, which Lavazza adheres to. The Lavazza Group rejects and combats all forms of corruption, taking a zero-tolerance approach and acting in accordance with the highest professional and ethical standards in the international environment within which it operates.

Lavazza has implemented documents such as the Employee Code of Conduct, Code of Ethics and Supplier Code of Conduct to better formulate the principles adopted in the fight against active and passive corruption.

These documents are divided into specific sections that govern all aspects of anti-corruption.

The aforementioned documents are valid at the Group level and, in Italy, are integrated with the provisions of Legislative Decree No. 231/01. In fact, in Italy Luigi Lavazza S.p.A. has adopted an Organisation, Management and Control Model as per Legislative Decree No. 231/2001 that defines the crimes that

entail corporate liability, including those relating to active and passive corruption, both in the public and private sector.

Each year, Lavazza organises training sessions for its employees on this topic. In 2021, out of 1,781 employees, 1116 people attended standard or update sessions. (Previous attendance rate: 52 employees out of a total of 1,728 in 2020; 21 employees out of a total of 1,700 in 2019)

For some years now, Executives, Managers and Middle Managers have been offered The Lavazza Group’s Legislative Decree 231 Model course, which explores in depth Legislative Decree No. 231/2001, the main predicate offences and sanctions provided for, Luigi Lavazza S.p.A.’s Organisation, Management and Control Model and the duties of Lavazza’s Supervisory Board.

A new training course on Legislative Decree No. 231/2001 intended for all employees in Italy was launched in 2021, attended by 54 people (including general and specific programmes).

The group-wide Global Legal Team was set up in 2021 to develop a legal in-house presence in major subsidiaries, such as Germany, France and the United Kingdom: an internal structure that aims to coordinate and manage compliance aspects and to define and implement international best practices.

Privacy

The Group **Data Protection Function** is tasked with ensuring compliance with Regulation (EU) No. 2016/679 (hereinafter “GDPR”: General Data Protection Regulation) on privacy.

2019 was a year dedicated primarily to raising the awareness of Lavazza’s employees and incorporate the GDPR requirements, whilst it became necessary in 2020 to manage the Covid-19 emergency, overseeing the protection of privacy in line with the guidance and requirements of the Data Protection Authority. Lavazza wanted to play a proactive role as a company, supporting the company medical officer and managing the activities required to internally track situations as required.

In addition to managing the health crisis as regard its effects on privacy protection (a constant issue in both 2020 and 2021), the following activities continued to be carried out in the reporting year:

- **extension of the Lavazza privacy policy to the whole Group**, both for online navigation within platforms and for relations between employees/customers and the Lavazza Group;
- **analysis of all Group websites** to ensure high standards in the protection of users’ personal data and confidential information and to update the cookie policy;
- **continuation of the Binding Corporate Rules project** to manage the transfer of personal data within Group companies in non-EU countries;
- **continuation of online training modules on privacy for the whole Lavazza Group**, with the aim of making everyone within the Group aware of the procedures to be followed during their work and of their privacy rights;
- **better control of privacy claims** made by individuals exercising their rights and of data breach management flows.

Antitrust management

As part of a broader integrated compliance project, aimed at overseeing policies and processes to control the greater legal and reputational risks to which the Group is exposed, Lavazza has developed a **Group Antitrust Compliance Programme**. This programme complies with the Guidelines laid down by the Italian Competition and Market Authority with particular reference to the identification and assessment of a specific antitrust risk, in other words non-compliance with competition law.

A general **training course** on antitrust-related matters was provided to all employees in 2021: delivered in e-learning mode, with theory, exercises and feedbacks, the course was based on the **Antitrust Compliance Manual** that the Company adopted in 2020. The Manual aims to provide operational guidance to minimise antitrust risks in the specific areas of Group operations, especially for those who maintain, on behalf of Group companies, relationships with competitors, customers, suppliers and other stakeholders. It is a document through which the Company intends to renew and strengthen its commitment to full compliance with the rules to protect competition, already enshrined in the Code of Ethics as a founding principle of the business ethics and value system of the Lavazza Group.

Training on these issues will continue in 2022, hopefully in person. On the one hand, this will involve courses dedicated to groups of employees, starting with managers, while on the other, it will involve more specialised groups, such as the sales network.

In parallel, Lavazza appointed on a voluntary basis an Antitrust Compliance Officer, who is responsible for regulatory monitoring activities, preparing training plans, pre-checking conduct and contracts and supporting the requesting business functions (e.g., Commercial Department). The Antitrust Compliance Officer can be contacted for any doubts and questions about the compliance with antitrust law of initiatives or activities and for the reporting of conduct deemed contrary to the Antitrust Manual.

Risk management

[GRI 102-11]

In 2017, Lavazza began the process of adopting a structured risk management system, which allowed the adoption of an integrated risk management system at the Group level (Enterprise Risk Management or ERM), defining an ERM framework and drawing up a dedicated Policy.

The ERM framework, designed in line with the Corporate Governance Codes and internationally recognised best practices, tasks the Risk Management Function with facilitating and coordinating the ERM process and working with the management to ensure that the main risks to which Lavazza is exposed are promptly identified, assessed and monitored over time.

The Management Team acts in an advisory capacity, ensuring that action priorities are appropriately identified. At the operational level, an annual risk analysis is planned, together with half-yearly monitoring of the evolution of the risk exposure and the progress of mitigation measures. The Risk Management Function periodically reports the results of these activities to the top management and the Board of Directors.

In the first part of 2021, the Risk Management Function assessed and measured the risks associated with the 2021-2025 Strategic Plan of the Group, while during the second part of the year it focused on the risks associated with the 2022 budget, taking account of all the main Company’s external and internal factors.

The risks identified chiefly refer to the following areas:

- **the macro-economic context and other external factors**, including the pandemic, the costs and the complexity affecting the coffee and commodity supply chain, as well as the increasingly complex and sustainability-oriented regulatory framework;
- **the structural changes involving market conditions** due to the pandemic, the growing competitiveness and the awareness among consumers about ESG topics;
- **the operating management**, constantly searching to optimise production processes and organisation, enhance resources and protect against the more and more frequent cyberattacks;
- **the Group’s strategies** concerning new products, emerging markets, acquisitions and investments.

In detail, **52** risks associated with the 2021-2025 Strategic Plan, and **32** risks associated with the 2022 budget have been identified. **Four** new risks among those associated with the 2021-2025 Strategic Plan arose from costs and logistics issues experienced over the last months throughout the supply chains (coffee, commodities and packaging).

In 2021, the Group further consolidated the monitoring of the ERM process through an internal organisation of the team.



EMPLOYEES’ HEALTH AND SAFETY

[GRI 102-11]

In its Sustainability Manifesto, the Lavazza Group reflects the deep sense of **responsibility** that it has always shown to the communities in which it operates, and in particular to employees, coffee-growers, and consumers.

With regard to employees and collaborators, the Company promotes a work environment that safeguards people, their quality of life and that of their families.

This focus, which has always been present in the Company founded over 125 years ago, has been further consolidated during the health emergency of the last two years and has found new action and relationship models within the Group, with a view to increasing international integration.

The major focus on the management of the health crisis continued in 2021, taking advantage of the results of actions already undertaken and of the increasingly direct and solid engagement of the Group’s people. The ongoing pandemic has accelerated the definition of a new working scenario, speeding up Lavazza’s path towards increasingly agile and sustainable organisational models and an ever-deeper relationship with its employees and collaborators, based on values and a sense of belonging.

The international Group’s **integration** process continued along various lines, from training to internal communication, as well as in the management of the health crisis: the Group initiatives launched as of 2020 continued to be carried out leveraging regulations shared at group level, although always in compliance with different local regulations and scenarios. Some examples include weekly monitoring of infections, case-by-case analysis and management, and the application of current regulations on workplace attendance.

Employee **engagement** was given a further boost: on the one hand, with more widespread dissemination of information, thanks to internal communication tools, and on the other with the introduction of regular meetings, such as the monthly meetings for all HR Directors aimed at encouraging debate on this subject and collecting country-related data.

All the subsidiaries also followed a common approach with regards to **working from home and hybrid work**. The health crisis has accelerated a series of reflections on these issues that were already being explored within the Company, with the aim of a constantly improving work-life balance. The Group aims to make the hybrid working model structural for all its companies, rethinking work spaces where necessary.

Figures relating to work-related injuries

[GRI 403-9]

Work-related injuries	2021	2020	2019
Number of recordable work-related injuries (including high-consequence work-related injuries and fatalities) ⁵	18.0	23.0	19.0
Number of high-consequence work-related injuries (excluding fatalities) ⁶	0.0	1.0	0.0
Number of fatalities as a result of work-related injury	0.0	0.0	0.0
Rate of recordable work-related injuries ⁷	2.6	3.6	3.6
Rate of high-consequence work-related injuries ⁸	0.0	0.2	0.0
Rate of fatalities as a result of work-related injuries ⁹	0.0	0.0	0.0

5. Work-related injuries that entailed at least one day away from work.

6. Injuries entailing over 6 months away from work.

7. Rate of recordable work-related injuries = No. of recordable work-related injuries / No. of hours worked * 1,000,000.

8. Rate of high consequence work-related injuries = No. of recordable high-consequence work-related injuries / No. of hours worked * 1,000,000.

9. Rate of fatalities as a result of recordable work-related injuries = No. of recordable work-related injuries / No. of hours worked * 1,000,000.

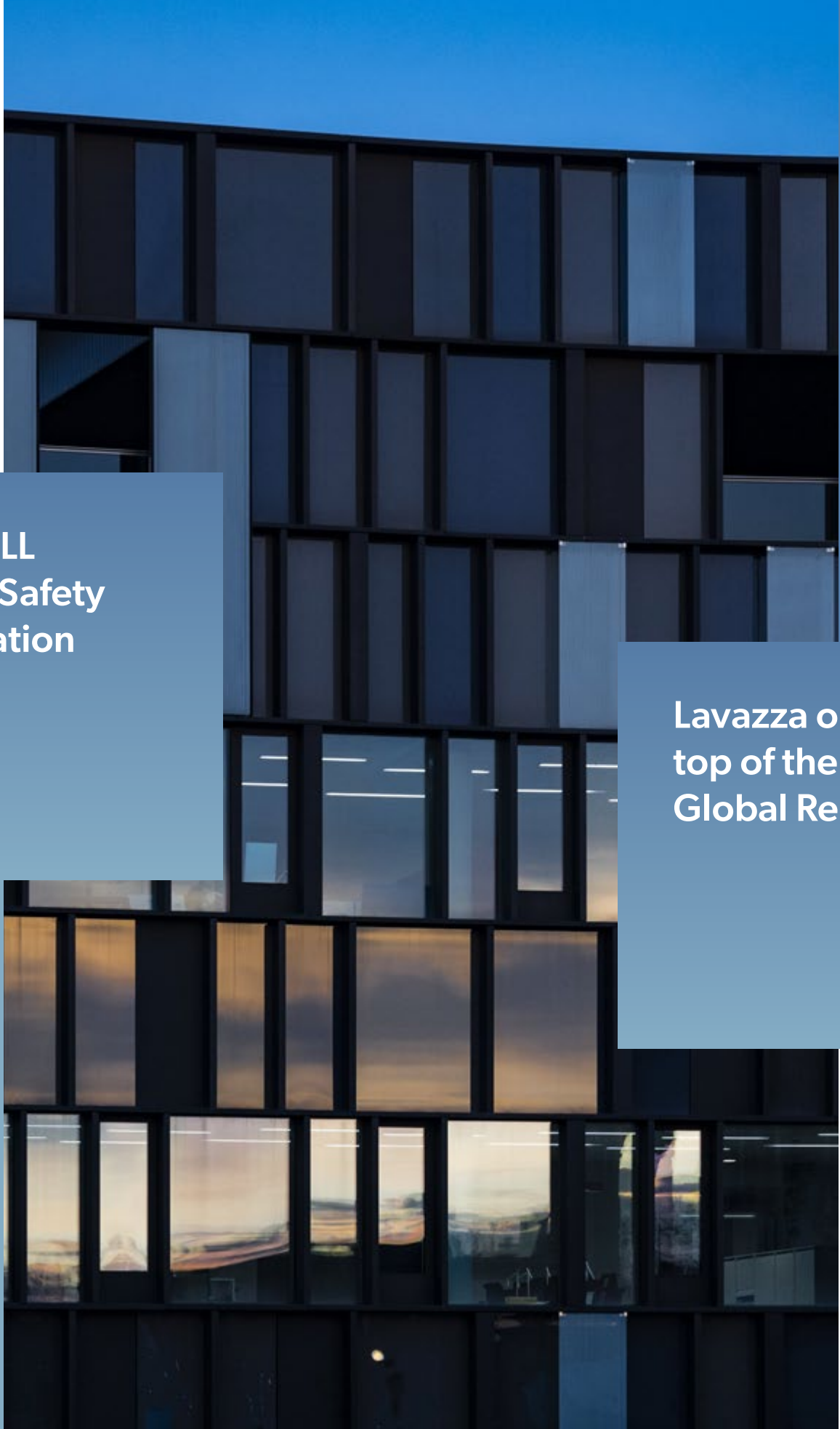


The WELL Health-Safety certification

At Lavazza, working spaces and production facilities are maintained to offer the highest standards of safety, wellbeing and inclusion. All its locations around the world embody the values of quality, innovation, beauty and care.

Lavazza received an important recognition in 2021: it was one of the first Italian and European groups, as well as the first private corporation in Italy, to achieve the WELL Health-Safety Rating certification issued by the International WELL Building Institute (IWBI). The certification concerns the **Nuvola Lavazza headquarters** in Turin. The Group has worked on implementing management policies and protocols, as well as user and maintenance manuals, to enhance all management strategies aimed at protecting its personnel and visitors. In addition, the Company identified the **WELL Health-Safety Rating** as the protocol to be adopted to protect the people that use its spaces: all buildings with this certification are identified by the WELL Health-Safety Rating seal displayed at the entrance.

This protocol confirms the promotion of a working environment aimed at protecting personnel, their quality of life and their families, according to an approach that always places people at the centre of every group project, and also aims to protect the environment: the Nuvola Lavazza building, inaugurated in 2018, had already obtained the **LEED® PLATINUM certification**, the world’s most prestigious recognition for building energy-environmental performance, making it one of the most sustainable buildings in the world.



Among Italian companies, Lavazza is ranked at the top of the **Global RepTrak by the Reputation Institute**, the world leader in reputation analysis that draws up the global ranking of the top 100 companies every year. It is now considered the standard in terms of its stringency and the vast size of the sample taken into consideration.

The study, now in its eleventh edition, is the most comprehensive reputation report in the world. Indeed, the Global RepTrak 100 classifies the top 100 global companies through the 0 to 100 reputation score that mathematically summarises the public’s perception of the company based on numerous parameters such as Products & Services, Innovation, Workplace, Governance, Citizenship, Leadership and Performance.

In addition, since 2021, the evaluation criteria also include a new **ESG score** (Environmental, Social, Governance) that takes into account the relationship with the environment, social responsibility activities and the corporate governance aspect. ESG aspects are now a key part of everyday life, and there is a strong correlation between companies that adhere to high ESG standards and companies that are ranked at the top of the 2021 Global RepTrak 100.

Lavazza on the top of the 2021 Global RepTrak



SUPPLY CHAIN MANAGEMENT

[GRI 102-9 | GRI 408-1 | GRI 412-1]

The involvement of suppliers

The promotion and protection of **human rights**, **environmental protection** and **business ethics** are fundamental principles that have always guided the Lavazza Group's procurement policy. Respect for human rights, in particular, is an essential principle, which cannot be compromised in any way and must be safeguarded with the greatest commitment and the best forces on the field. Globally, the Lavazza Group bases its business on a responsible procurement and supply chain: in **2017, it revised its Supplier Code of Conduct and adopted the Children's Rights and Business Principles**, developed by Save the Children, UNICEF and the UN Global Compact. In the same year, the CSR (Corporate Social Responsibility) criteria for the qualification of suppliers were updated, offering a further tool for verifying compatibility between them and the standards established by the Group. In addition, since 2016, all the Lavazza Group's green coffee suppliers have been invited to recognise and confirm that no coffee comes from plantations included in the "Transparency list on contemporary slavery in Brazil" issued by Danwatch, nor from plantations or suppliers who may not fully comply with the law.

With regard to sustainability issues, the Company has embarked on a complex path of active **involvement** of the supply chain and international and local **partnerships**, with pilot assessment and cooperation projects in coffee-producing countries and in countries that manufacture coffee machines.

To implement this action programme, the Group Institutional Relations & Sustainability Department has established a special unit that works to support all purchasing departments on all social and environmental issues concerning the supply chain.

This commitment provides for the involvement of employees, collaborators and the supply chain and is based on a structured series of partnerships:

- with the local institutions in the coffee-growing countries;
- at a pre-competitive level, from the activity with International Coffee Partners, an association of coffee-producing and trading companies, to the new projects in collaboration with other companies operating in the coffee industry;
- with NGOs within pilot projects, in particular Save the Children — with which Lavazza has partnered for 20 years —, Oxfam and Rainforest Alliance.

SUPPORTING OUR SUPPLIERS IN IMPLEMENTING SUSTAINABLE PRACTICES THROUGH STRATEGIC PARTNERSHIP

1.
in coffee-growing countries with the
local institutions

2.
at pre-competitive level with
associations
of coffee-producing and trading companies and other
roasters

3.
within pilot projects with NGOs such as



Cooperation projects on the field

[GRI 412-1]

With reference to green coffee suppliers, an analysis was pursued in 2021 in order to understand how sustainability issues are addressed by the players involved in the coffee supply chain: starting with the large traders and hauliers right through to the coffee growers.

In particular, the Lavazza Group extended its commitment towards cooperation projects in coffee-growing areas, developed in collaboration with **NGOs** and other market players, including **roasters** or other relevant **suppliers** for the Company.

The projects started over the past years with several roasters both in **Vietnam**, in collaboration with the NGO Save the Children, and in **Colombia**, with the NGO Oxfam, continued.

In 2021, a second project was launched at a pre-competitive level in Vietnam, with several roasters and the NGO Rainforest Alliance. Moreover, with reference to coffee machine manufacturers, Lavazza continued to pay attention to the project developed in **China** focused on the rights of young workers, involving the supplier Providence, in collaboration with the CRB Centre - The Centre for Child Rights and Business, a specialist centre in Hong Kong affiliated to Save the Children. The project concluded in 2020 with evidence of significant improvements in the overall satisfaction of young workers, thanks to training activities on responsible employee management practices dedicated to the latter and to line managers. Although the project has ended, Lavazza’s fruitful involvement has continued through dialogue with the supplier, which has learned several concepts by participating in the project and has developed a sustainability approach and employee initiatives that will continue in the medium and long term.



In Colombia with Oxfam

Another project focused on human rights and workers’ rights was launched in 2020 in Colombia, thanks to the collaboration with Lavazza’s coffee suppliers, and the NGO Oxfam and involves the application of the **Human Rights Impact Assessment (HRIA)** methodology.

Unfortunately, the restrictions resulting from the Covid-19 pandemic have greatly slowed the implementation of this project, but in 2021 the **assessment** phase was successfully developed. After a preliminary investigation on the policies and practices implemented by the company, which included targeted interviews with Lavazza staff and ECOM staff, and an analysis of the socio-political and economic context related to the areas from which Lavazza buys coffee, The first field interviews were held with the players in the supply chain, including coffee producers, and the people employed in the collection. The output of these interviews is being prepared and will provide the basis for the setting up of the second phase of the project that involves the identification of any gaps and the implementation of corrective actions. The implementation of this phase is scheduled for 2022.

In Vietnam for children’s rights

In 2019, Lavazza launched a project, which is still underway, focused on children’s rights, in line with the Group’s commitment to the adoption of Children’s Rights and Business Principles. This initiative was developed in the **Dak Lak** region of Vietnam, the second largest exporter of coffee in the world, as part of **pre-competitive partnerships, together with Save the Children**, an NGO that reached 20 years of collaboration with Lavazza in 2021, making Lavazza one of its longest-standing partners.

In this areas, with the help of the Center for Children’s Rights and Business, the project focused on **six coffee-growing communities** in the Lavazza supply chain, and included different phases, starting with the **Needs Assessment** that consisted of interviews with community members and an assessment of the social sustainability of coffee-growing practices. This phase led to the identification of several elements, including the fact that children in 40% of the surveyed households are involved in the coffee-growing activity with their families, mostly after school or at weekends. They help their parents in the fields, they care for their younger siblings and they look after the coffee plants during and after the harvest. Most parents do not yet know the legal age at which children can start work. In fact, only 18.7% of the parents surveyed are aware of this legal age, which is 16 years in Vietnam.

The data collected in the Needs Assessment phase showed that families have a low level of awareness, so the second phase of the project, which began in 2021, started to work on this aspect: the areas and objectives for improvement were identified and the resulting corrective action plan was outlined, through collaboration between Lavazza, Save the Children, local authorities and several international roasters.

The project aims to achieve three **objectives**. In 2021, work began on activities geared towards achieving the first two:

- **raising local communities’ awareness** of children’s rights and existing mechanisms for protecting children, specifically very young children, with a particular focus on ethnic minority girls, as well as on parents, teachers and all those involved;

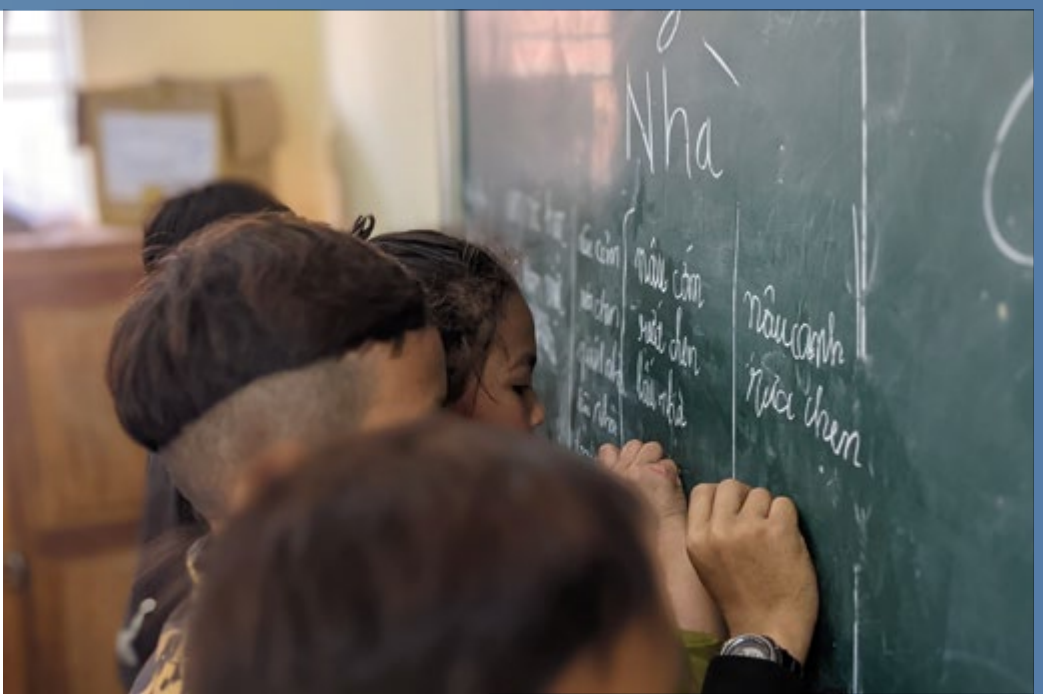
- **increasing the capacity of children and their families to claim their rights** and to benefit from a better environment, in order to protect children, education and health opportunities.
- The results of the activities carried out in 2021 — despite the limits imposed by the Covid-19 health crisis — were positive and the programme will continue in 2022.

In Vietnam, in 2021, Lavazza also joined forces with several roasters within a project funded by the Fund against Child Labor (FBK) run by the **Dutch Ministry of Foreign Affairs**, specifically the Netherlands Enterprise Agency (RVO), in the central highlands of Vietnam, where Lavazza already manages another cooperation programme together with Save the Children.

The NGO implementing the project on the field is **Rainforest Alliance**, with which Lavazza has had a commercial relationship for a long time. The project will run for four years (2020-2024) and aims to **increase farmers’ incomes and combat child labour in the supply chain** in Vietnam’s Gia Lai and Dak Lak provinces, which are home to numerous indigenous ethnic minority groups. The ultimate goal is to reach 1,500 farmers and make the production of half of them Rainforest Alliance-certified by the final year of the project.

In collaboration with Rainforest Alliance staff on the field, this programme will implement a series of activities: training for farmers on good agricultural practices; child labour prevention and mitigation strategies; business skills to improve financial management and access to financing; education for children and access to vocational training for young people; establishment of child protection committees made up of teachers, farmers and women’s associations, people in key roles in villages, local authorities and corporate partners.

By 2024, this project aims to implement a series of structural changes that will combat child labour and improve access to quality education among indigenous and other vulnerable populations in coffee-growing communities in the central highlands of Vietnam. The sustainability of the actions will be ensured by the strong commitment of the government and local authorities, for all the objectives and activities implemented.



The EcoVadis platform

In accordance with the Lavazza standard, **the new supplier accreditation** requires acceptance of the Code of Ethics — which is currently being updated — and the Code of Conduct, as well as, starting from 2018, completion of a questionnaire dedicated to sustainability. Over the past few years, all purchasing policies and procedures saw the sustainability criteria formalised as a fundamental parameter for assessing Lavazza’s suppliers. 2021 saw the continuation and further development of the **EcoVadis** platform, an external system for monitoring the sustainability performance of suppliers. This allows companies to monitor the sustainability performance of their suppliers, manage supply chain risks and propose improvement plans to the suppliers themselves. EcoVadis sends customised questionnaires to suppliers based on specific indicators, such as the number of workers, country of origin and commodity sector. Once received, the questionnaire is completed by the supplier, whose answers must be supported by documentation. Based on the responses, suppliers are assigned both a general score on the company’s performance, as well as a specific score on sustainability issues. The number of suppliers invited to take part in this assessment on the platform was extended in 2021 to include, in addition to the suppliers of **Luigi Lavazza S.p.A., Carte Noire SaS and Lavazza France SaS, selected suppliers of Lavazza Sweden AB, Carte Noire Operations SaS and Merrild Kaffe ApS**. The goal is to cover all suppliers within three years.

Assessment on the EcoVadis platform is always required for Lavazza’s strategic and recurring suppliers. New suppliers are encouraged to register on the platform for the relevant assessment, which is repeated at different intervals depending on the scores obtained. The importance for the Group of monitoring the sustainability performance of its suppliers is also demonstrated by the implementation of **training courses** on sustainability issues for Purchasing Department personnel: in 2020, about 40 employees in both Italy and France participated in technical training on the use of the platform and in training sessions on sustainable procurement issues. In 2021, **48** employees were provided training on all aspects relating to value chain sustainability. Using the EcoVadis platform, Lavazza can assess risk areas in the supply chain and understand how to best use it to achieve continuous improvement, raise awareness and identify KPIs that contribute to achieving its global goals. In 2021, Luigi Lavazza maintained the EcoVadis Silver recognition, confirming the **score of 65/100, ranking 94th**. Of the four pillars on which the assessment by the EcoVadis experts is based, the sections dedicated to Environment and Sustainable Procurement were crucial for the good end result, further confirming the great joint commitment by the Operations, Purchasing, Procurement and Institutional Relations & Sustainability Departments on these issues.



Supplier Coffee Links 2021: the customer at the centre

The annual supplier **convention** Supplier Coffee Links saw the participation of **500 suppliers** and **300 internal guests** of the Company in 2021: it was an important opportunity to take stock of the results achieved last year and share with partners the market’s new challenges, continuing along a path to customer centricity and customer experience, for both the At Home and Away from Home channels. There was a joint effort to transform ‘coffee breaks’ into unique and engaging experiences built on the basis of the customer’s new needs. During the convention, the second edition of the **Supplier Coffee Links Awards** was held, during which awards were presented to the eight best suppliers — direct and indirect — in four categories: Competitiveness, Quality, Innovation and Sustainability. In the latter category, the two best suppliers having the highest EcoVadis score were awarded.





OUR EFFORT FOR THE LOCAL COMMUNITIES

[GRI 413-1]

In doing business, Lavazza has taken people to heart since its foundation in 1895. Today, the Group has an international footprint and is increasingly taking care of the communities in which it operates, not only in line with its adherence to the UN 2030 Agenda, but also inspired by a deep sense of responsibility, one of its four fundamental values. The Group looks after all the communities in which it operates, from coffee-growing communities to those where it is present with its subsidiaries and nine production plants, and those in Italy where the Company was founded, namely the region of Piedmont and the city of Turin.

With its strategy of attention and tangible care for communities, the Group aims to **create opportunities** for people in the areas where it operates, through a structured process that begins by listening to their needs in order to develop an effective response, and consists of long-term projects in collaboration with the local authorities.

Establishing **valuable partnerships** and networking with all the most important local, public and private players and stakeholders is essential for the success of any project, whether it stems from an emergency — as in the case of the vaccination campaign — or involves medium- and long-term commitments to the population's most fragile groups.

A Cup of Learning: job opportunities arising from the sharing of expertise

A Cup of Learning is a **coffee training programme, free of charge**, established by Lavazza in **2017**, with the direct participation of Lavazza's trainers, focused on people in search of new business opportunities. The Group's professionals get personally involved, offering up their experience in training programmes organised directly in coffee-growing countries or at the Training Center in Turin. The attendees are not only beneficiaries of the projects supported by the Lavazza Foundation, but also people in vulnerable conditions, seeking an opportunity in the coffee sector.

A Cup of Learning consists of two different training programmes, one focussing on green coffee and one on espresso. Courses on green coffee delve into the methods and criteria of sensory analysis of coffee, processing and tasting techniques, evaluation of coffee from various production areas and identification of sensory traits by provenance. Training focusing on the entire espresso world instead provides attendees with lessons covering the theoretical and practical sides of **"Being a Barista"**: how an espresso machine works, grinding settings and an in-depth look at the various extraction methods.

In 2021, the A Cup of Learning project was extended to other countries, consolidating the face-to-face format and experimenting with a 100% online format to overcome the restrictions imposed by the health crisis.

The project continued for the fifth consecutive year in Kolkata, **India**, training and certifying 32 young people, and reached new countries, such as **Australia** with six young people trained in person between Sydney and Melbourne, and in **North America** with eight young people who have obtained a training certificate at the Melton Center, a centre open for over 100 years to young people in need, near the West Chester Group plant. In **Ecuador**, the first all-digital course was held with 30 participants.

In **2021**, training was provided to a total of **76 young people**. Since 2017, 196 individuals have benefited from training, acquiring the skills required to enter the labour market in twelve countries (Italy, Dominican Republic, India, Albania, Haiti, Brazil, Cuba, Peru, Ecuador, the United States, Australia and the United Kingdom).



A CUP OF
LEARNING

Lavazza Australia: best workplaces to give back

Lavazza Australia has been named one of the 40 best workplaces to give back for the second consecutive year, in recognition of its particular focus on corporate sustainability and social responsibility projects, including, for example, the Lavazza Group programme A Cup of Learning that focuses on training the most disadvantaged groups, first introduced in Sydney and Melbourne in 2021.



Lavazza's Community Care: working with and for local communities

Working with local institutions and non-governmental organisations, the Lavazza Group develops a broad programme of engagement and support activities for fragile communities to create shared value and a positive impact. The Group currently supports a number of activities in different areas in Italy and worldwide. With Community Care, the Lavazza Group recognises the key role of **culture, education, inclusiveness** and **work** in taking the first steps towards a growth path that can give dignity to the individual and strength to the community. The approach varies from direct financing of activities through charitable donations to co-planning with the implementation of programmes, from the early stages of design to their implementation, in partnership with NGOs and institutions.

An example of this is the collaboration with **Rete Italiana di Cultura Popolare**, a network that has launched a series of local initiatives in the city of Turin over the years, which have stood out for their support to local communities.

The Community Concierge is one of the most significant projects carried out by this network and supported by Lavazza. Located in Piazza della Repubblica, a few steps away from the Lavazza Group's headquarters, the Community Concierge is not only a place able to offer proximity services to inhabitants of the Aurora and Porta Palazzo districts, but is also a reference space for citizenship, through actions aimed at community welfare: a meeting point for labour supply and demand, a space for urban regeneration and promotion of cultural events. Identified as a **'best practice' by the European Social Fund**, in 2021 the project was recognised as a replicable model, leading to the opening of six additional Community Concierges throughout the Piedmont region, with more to come soon in other Italian regions.

Covid-19 Emergency Fund

During the global health crisis that broke out in early 2020, Lavazza did not shirk the sense of responsibility that lies at the heart of its values, taking instead immediate action to provide tangible support to the communities in which it operates around the world: in Italy, in the countries where it is present with its subsidiaries and brands, and in coffee-producing countries. The serious difficulty caused by the prolonged pandemic has led the Group to renew its commitment to local communities this year as well. In 2021, the approach changed: constant dialogue between the Company and its partners in the field revealed new needs and necessities due to the impact of the pandemic on the most vulnerable parts of the population. Emergency support has therefore progressed to medium-/long-term action to reduce pandemic-accelerated structural problems, such as school drop-out, food security, employment support, and health and basic needs.

In Italy, thanks to Lavazza's support, in the areas where the Group operates with its headquarters and production sites, it was possible to reach the following results:

76
projects
supported

70
local stakeholders,
associations and
NGOs reached

100,000+
PPE items – surgical and FFP2 face masks and packs of
single-dose sanitising gels distributed

14,000+
meals prepared by the Bistrot staff in the Nuvola
Headquarters and distributed — in collaboration with the
Turin Caritas — to families in difficulty assisted by local
organisations in the city of Turin

more than
35,000
direct beneficiaries
reached



Support to the vaccination campaign against Covid pandemic

A very special project took also place in **Turin**, where the Lavazza Group has its headquarters: the Company was once again involved in providing support during the health crisis by making the 1,300 square metres of its headquarters available for the creation of the **Hub Lavazza – CV19**, a vaccination centre open to Turin and the Piedmont region as a whole.

Lavazza therefore opened the doors of its Nuvola headquarters, offering space and resources for a coordinated centre run by the local health authority ASL Città di Torino. Between 7 May and 30 September 2021, **it vaccinated 150,000 people** in 22 vaccine cubicles thanks to the work of doctors and nurses.

Lavazza also provided support to local entrepreneurs during the opening of the Nuvola Lavazza Hub – CV19, offering over **50,000 coffees** to vaccinated people who visited cafés in the local area, thus giving tangible economic support to public establishments near the group headquarters.

The Group's tangible participation in the national vaccination campaign has once again confirmed its commitment to the fight against Covid-19 — both in Italy and in the countries where it operates with its own subsidiaries and brands, as well as in coffee-growing countries — in line with the sense of responsibility that lies at the heart of the Group's Sustainability Manifesto.

150,000
vaccinations



With the vaccine centre, we wish to give a positive and tangible restarting signal, helping to restore people's hope in the future, in the belief that together we can soon get back to normal and with our Company's clear and irrevocable promise that it will continue to respond promptly to the community, whenever necessary.

Marco Lavazza, the Group's Vice Chairman



THE LAVAZZA ROADMAP TO ZERO



GOAL 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

GOAL 13 CLIMATE ACTION

The Lavazza Group is a Premium Coffee Company that operates exclusively on the coffee market, from roasting green coffee to designing machines for coffee brewing, covering all aspects of coffee consumption. One of the Group’s four values is its passion for excellence, understood as the possibility to even improve what is already excellent, ensuring consistently impeccable quality across all phases of the production chain, starting from the raw material: coffee. Coffee plants are some of the crops most vulnerable to the impact of climate change. Lavazza’s focus on environmental sustainability is rooted in the Company’s history.

Since its foundation, it has never ceased to influence the Company’s industrial and commercial decisions, as well as its care for the places and communities in which it operates. Environmental sustainability plays a fundamental role in the Group’s pursuit of innovation, guiding the development of its processes and products, with a view to reducing the impact on the environment and making a long-term positive contribution, in line with the UN Sustainable Development Goals that the Company has identified as a priority, specifically Goal 12 – Responsible Consumption and Production and Goal 13 – Climate Action.



UN Targets	Long term commitment	Main Actions 2021
12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Promoting efficient energy use in plants and encouraging suppliers and coffee-producing communities to manage natural resources in a sustainable way, through Lavazza Foundation projects.	Roadmap to Zero: Emission measurement: (ISO 14064 certification) Emission reduction: increasing the use of renewable energy in plants; energy efficiency
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Support training and education programmes, enabling coffee producers to respond and adapt to climate change through the Foundation’s projects. Promote a sustainable waste management.	Offsetting residual emissions: offsetting 5 product ranges; supporting certified forest and biodiversity protection projects Lavazza Foundation projects
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Defining an action plan for sustainable products, promoting recyclability and reuse, and setting measurable objectives. Promote a sustainable waste management.	<ul style="list-style-type: none">• Sustainable Packaging Roadmap• Circular Economy Manifesto
13.3 Improve education, awareness-raising and human capacity on climate change mitigation, adaptation, impact reduction and early warning.	Participate in initiatives involving different kinds of stakeholders, to promote awareness of climate change.	Coffee & Climate Slow Food Coffee Coalition





Based on a scientific approach to evaluating and planning environmental targets, as part of an integrated bean-to-cup process, the Group has divided its sustainability strategy into four main areas:



- **Climate protection:** many human activities add to the growing concentration of greenhouse gases in the atmosphere, contributing to global climate change, which also affects coffee plantations, resulting in the loss of biodiversity, productivity and quality, with negative impacts on coffee growers' living conditions. The objective is to contribute to the fight against climate change by zeroing carbon emissions generated across the Group's entire value chain, thanks to the Roadmap to Zero, an emission-cutting and compensation strategy.



- **Environmental sustainability at the source:** the Lavazza Group has more than 125 years of experience in the field, which has led it to cluster numerous initiatives in coffee's places of origin, where it is possible to make a significant and long-term impact by engaging with and supporting coffee-growing communities. Through the Lavazza Foundation, the Company carries out sustainable development projects that help coffee growers adopt the most suitable agricultural techniques to effectively respond to the impacts of climate change and promote good practices for the conservation of areas of high natural value. Moreover, in recent years, the Lavazza Foundation has partnered with non-governmental organisations and international institutions, intensifying its reforestation projects, as well as projects aimed at fighting deforestation.



- **Sustainable by design:** Lavazza's strategic objective is to guarantee the highest coffee quality with the lowest possible environmental impact. This is the focus, for example, of its R&D activities, which experiment with and implement the most innovative techniques from the first stages of packaging, coffee machine and production model design. The quest for sustainability through design also follows circular economy principles to avoid waste and reduce environmental impacts, boosting efficiency and cutting emissions and waste generation throughout the product life cycle. Drawing inspiration from nature, Lavazza's approach to 'design for circularity' aims to optimise the use of resources, favouring renewable and recycled resources, and to enhance the product's end of life through reuse, recycling and composting.



- **Responsible Use of Resources:** a complex and wide-reaching chain such as the coffee chain requires a multifaceted strategy that aims to reduce its environmental impact, partly through the responsible use of natural resources, from production to consumption. Lavazza has therefore adopted protocols aimed at achieving maximum energy efficiency and sustainable water and waste management.

The year 2021 was particularly turbulent for all commodities, including those in the agricultural sector.

The recovery of global growth, after the sharp slowdown in 2020 due to Covid-19, and the growing logistical difficulties both in finding ships and containers, along with investors' search for yield combined with protection from rising inflation, led to year-on-year price increases with double-digit percentages. Coffee is the agricultural commodity that has suffered the most significant rise in prices, recording an 81% increase on Arabica since the beginning of the year and beating both the global commodity index and the energy and industrial metals sectors. Robusta grew by 78%.

In addition to the reasons common to other raw materials, the coffee trend was affected by a particularly inclement year in terms of weather. First the drought in Brazil resulted in a poor Arabica harvest in an already off-cycle year, then in July the worst frost in decades made next year's harvest forecast particularly critical. In Colombia, too heavy rains put at risk the production of the 14 million bags that the market expected.

As for Robusta, the harvest was good in Brazil and, despite some delays due to persistent rain, it also promises to be excellent in Vietnam (31 million bags). The logistical difficulties triggered first by a Chinese recovery that had already begun at the end of 2020, then the problem in March of the Suez Canal obstruction, spread the delays worldwide. Subsequently, the

closures of a number of important Chinese ports due to Covid-19 outbreaks exacerbated the situation that today features bottlenecks along the entire supply chain and prevents a regular flow of coffee out of the countries of origin.

The coffee sector realm in 2021



I commend the Lavazza Group on its latest Sustainability Report, which highlights a wide array of initiatives to promote sustainability in the world coffee sector. It is a welcome reminder of the enduring need to seek the moving target of sustainability. In the last two years, our minds have been distracted by the Covid-19 pandemic, which has been felt all over the world and also complicated coffee logistics considerably. Then, Brazil experienced the worst frost in a generation and coffee prices began to recover. Throughout this recent turbulence, the coffee sector has shown enormous resilience. In the momentous and unstable days in which we live, it would be easy to relegate more long-term concerns related to sustainability to second place. However, we cannot afford to be complacent about our shared future. Our sector faces many challenges. The list is long: increasing productivity, protecting the environment, incorporating new technology, mitigating and limiting the effects of climate change, encouraging young people, promoting the changing role of women and respecting human rights. As shown in this Report, companies can do much for sustainability through their own, internal initiatives. However, this approach has limitations and must be complemented by other actions. Many of the challenges we face are so large that they are beyond the control of individual companies or even

governments. In order to address these issues, in 2019 the ICO formed the Coffee-Public Private Task Force, an ambitious and innovative initiative that brings together the governments of countries with an interest in coffee and leading roasters and traders to devise concrete approaches to make the world coffee sector more sustainable. These solutions are aimed to achieve sustainable, inclusive and resilient global coffee value chains, ensuring the livelihoods of smallholder coffee farmers and their families to achieve a living income that shall also generate prosperity for all the stakeholders of the coffee value chain, while meeting the high expectations of coffee consumers worldwide. I am pleased that Lavazza has been a partner of the ICO in this initiative and has given its enthusiastic support from the very beginning. For me, while we are all guided by the Sustainable Development Goals and the target of 2030, sustainability is a journey, where we never reach our destination but are constantly trying to improve and make the world a better place, for all. What better partner to have on this journey than a leading roaster such as Lavazza? By its actions in the field of sustainability, both within the company itself and with concrete actions and projects supporting farmers and all stakeholders, the Lavazza Group demonstrates its commitment to the betterment of the world coffee sector. Congratulations!

José Sette,
Executive Director,
International Coffee Organization



A SCIENTIFIC APPROACH

The Lavazza Group's environmental sustainability strategy is based on a scientific approach: the action programmes are structured according to a **three-step** model, in collaboration with excellent partners and, where possible, through certifications issued by third parties:

- **Impact measurement**, an ongoing and constantly evolving process, as it is subject to research and innovation. This is a key step in monitoring, choosing KPIs, reporting results and setting the next goals. In particular, the Lavazza Sustainability Department has the internal expertise necessary to carry out the LCA (Life Cycle Assessment) — a methodology aimed at analysing a product's environmental impact through all the steps of its life cycle, from raw materials to packaging, production, transportation, distribution, use and discharge. The Group is also committed to applying the best techniques when monitoring energy and water consumption, waste production and disposal, through updates and standardisation aimed at international integration;
- **Riduzione degli impatti**, through improvement plans that at Lavazza concern five key areas of its business model, i.e. green coffee, packaging, manufacturing, logistics and coffee machines;
- **Compensazione** of the residual equivalent CO₂ emissions that cannot be reduced; the Group launched carbon credit purchase projects in 2020, developing them further in 2021.

In 2020 the Lavazza Group reached an important milestone of the Roadmap to Zero, with the neutralization (reduction and compensation) of CO₂ (mettere il 2 come pedice) generated by activities under its direct control and from sources within organisational boundaries, and which are owned and controlled by the organisation (Scope 1) and indirect emissions from electricity generation, heat and steam purchased and consumed (Scope 2). From 2020, in fact, all the activities of the production plants, offices, flagship store and corporate vehicles have achieved neutrality of carbon. Now the Group aims to neutralize indirect emissions along the entire supply chain, upstream and valley of its operations (Scope 3): from green coffee to packaging, from logistics to disposal. Significant work continued to be carried out in all three phases in **2021**, involving several business functions in an increasingly integrated way and even accelerating certain aspects, such as the offsetting phase. Among the results achieved, the following are worthy of note:

- within the Packaging Roadmap to the 2025 horizon: 71% of the packaging produced at the Group's three main plants — where 91% of the total production is concentrated (Turin and Gattinara in Italy and Lavérune in France) — is already recyclable. This means that **65% of the product portfolio packaging of the entire Group is already recyclable**, with 95% peaks for flexible packaging;

- as part of the reduction of the CO₂ generated by the Group's plants: today, **100% of the electricity powering the Italian, French, UK and Canadian production plants comes from renewable sources**, thanks to a plan launched in 2012;
- within the Roadmap to Zero, after reaching Scope 1 and 2 in 2020, a major step forward was made along the path toward carbon neutrality also with reference to Scope 3, **by achieving carbon neutrality for several product ranges** and in particular: Lavazza capsules compatible with Nespresso¹⁰ Original machines in aluminium, Lavazza A Modo Mio capsules, capsules for the office coffee machines of the systems BLUE and Firma and coffee products of the Flavia range (Alterra and Lavazza range) produced by the company Lavazza Professional;
- **a working group was implemented on green coffee** involving the main traders.

10. Lavazza is not affiliated with, endorsed or sponsored by Nespresso.



Some examples of multistakeholder collaborations

Lavazza’s commitment to a sustainable coffee supply chain is also reflected in its international partnerships. The partnership with **World Coffee Research (WCR)** is particularly worthy of note. The WCR is a non-profit agricultural research and development organisation that uses innovative technological tools to guide farmers towards the development of sustainable farming practices and to carry out research through the use of special coffee nurseries to ensure coffee diversity at origin and the resilience of the supply chain.

The project partners are implementing a series of initiatives aimed at providing solutions to support farmers in carrying out widespread activities in the renovation and rehabilitation of plantations. A broad analysis of the seed sector in partner countries was conducted with the collaboration of Lavazza Professional UK to achieve a basic understanding of the challenges and opportunities associated with sustainable crops. Training and verification plans followed, and two nurseries in Nicaragua and one in Guatemala was successfully completed the WCR audit, while another seven are pending.

The **Ethical Tea Partnership** is a company that has been working with tea producers to improve the sustainability of the tea industry since 1997.

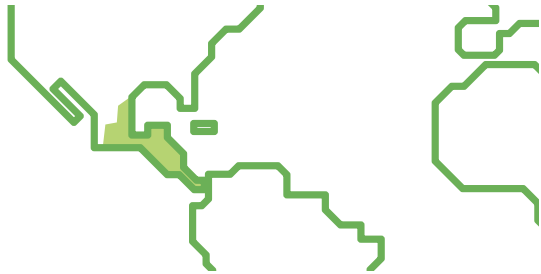
In 2019, Lavazza Professional started a new tea origin programme in collaboration with the Ethical Tea Partnership.

Since 2019, 1,477 farmers (of which 690 women) have completed the Farmer Field School (FFS) training in Ruanda and another 2,311 (of which 1,026 women) have started their training. The training programme covers topics such as leadership and group dynamics, quality harvesting, the responsible use of fertilisers, pruning and diversification in crop production.

As part of the learning process, farmers were provided with seeds for agroforestry tree species, in order to promote soil and water conservation and improve soil fertility.



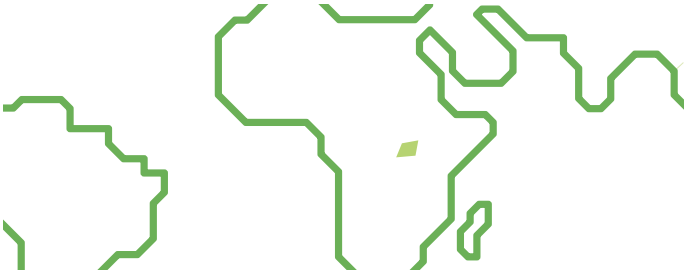
Countries: Nicaragua and Guatemala



Duration: 3 years (2021-2023)



Countries: Ruanda



Duration: 3 years (2019-2021)

CO₂ EMISSION MEASUREMENT

[GRI 305-1 | GRI 305-2 | GRI 305-3]

Over the years, the Lavazza Group has honed its skills in assessing the environmental impacts of its products and the activities performed, with the aim of mitigating and preventing such impacts in a process of continuous improvement. It is according to this perspective, and the firm belief that a full engagement of all corporate structures is essential, that environmental sustainability criteria have been gradually integrated in the approach of evaluating products and initiatives, through both ongoing **education** and **raising-awareness** activities and the effective use of the results of the **LCA (Life Cycle Assessment) analyses** conducted. The results achieved over the years thanks to this engagement include positioning environmental sustainability among the top priorities for the Company’s stakeholders and the ever-growing number of initiatives and projects that focus on reducing the impacts of processes or products (e.g., the Sustainable Packaging Roadmap and the integration of Life Cycle Thinking in the environmental management system). To report and disclose the way that the various stages of the supply and production chain contribute to environmental impact, in this Report Lavazza has used the Carbon Footprint¹¹ indicator. The measurement of Lavazza’s greenhouse gas emissions (GHGs) at a corporate level complies with the **ISO 14064:2018 standard**¹² and is certified through an independent assessment carried out by Certiquality at the end of June 2022. Unlike the 2020 Report, which had been prepared pursuant to the ISO 14064-1:2012 standard⁵ and thus identified three types of emissions/

scopes (direct emissions and removals, energy indirect emissions and other indirect emissions), the 2018 standard required the emissions to be classified according to six different categories, identified and defined for each corporate structure:

- **Category 1:** direct GHG emissions (and removals);
- **Category 2:** indirect GHG emissions from purchased energy;
- **Category 3:** indirect GHG emissions from transportation;
- **Category 4:** indirect GHG emissions from products used by the organisation;
- **Category 5:** indirect GHG emissions associated with the use of products from the organisation;
- **Category 6:** indirect GHG emissions from other sources.

The chart on the following page lists the emission categories evaluation and comparison of the categorisation adopted in the report submitted to certification by **Certiquality** (relative to the year 2021) and that of previous Sustainability Reports.

11. The Carbon Footprint is defined by ISO/TS 14067:2013 as: the sum of greenhouse gas emissions and removals in a product system, expressed as CO₂ equivalent and based on an assessment of the life cycle using the unique impact category of climate change.

12. ISO 14064-1:2018 - Greenhouse gases - Part 1: Specifications with organisation-wide guidance for the quantification and communication of greenhouse gas emissions and removals.



ISO 14064:2018

CATEGORY 1: DIRECT EMISSIONS

- Thermal energy from boilers
- Emissions from refrigerant gases/CO₂ emissions related to decaffeination
- Fuel for company vehicles

CATEGORY 2: INDIRECT GHG EMISSIONS FROM PURCHASED ENERGY

- Energy acquired/generated
- Fuels, thermal energy and fuel for vehicles (CO₂ generated)

CATEGORY 3: INDIRECT GHG EMISSIONS FROM TRANSPORTATION

- Inbound logistics
- Outbound logistics
- Employees’ trips

CATEGORY 4: INDIRECT GHG EMISSIONS FROM PRODUCTS USED BY THE ORGANISATION

- Water consumption
- Plant waste
- Packaging
- Green coffee
- Food raw materials other than coffee
- Machines

CATEGORY 5: INDIRECT GHG EMISSIONS ASSOCIATED WITH THE USE OF PRODUCTS FROM THE ORGANISATION

- Use
- Packaging end of life
- Coffee end of life
- Machine end of life

CATEGORY 6: INDIRECT GHG EMISSIONS FROM OTHER SOURCES

- E-mails and conference calls
- Refrigerant gases (raw materials)

ISO 14064:2012

SCOPE 1: DIRECT EMISSIONS

- Thermal energy from boilers (as of 2021, broken down by CO₂ emitted and CO₂ generated; Scope 1 refers to emissions)
- Emissions from refrigerant gases
- Fuel for company vehicles (as of 2021, figured were broken down by CO₂ emitted and CO₂ generated; Scope 1 refers to emissions)
- CO₂ emissions related to decaffeination (as of 2021)

SCOPE 2: EMISSIONI INDIRETTE ENERGIA IMPORTATA

- Energy acquired/generated
- Thermal energy from boilers (as of 2021, figured were broken down by CO₂ emitted and CO₂ generated; Scope 2 refers to CO₂ generated)
- Fuel for company vehicles (as of 2021, broken down by CO₂ emitted and CO₂ generated; Scope 2 refers to CO₂ generated)

SCOPE 3: INDIRECT GHG EMISSIONS FROM OTHER SOURCES

- Green coffee
- Raw materials other than coffee (as of 2021)
- Packaging
- Coffee machines (as of 2021)
- Outbound logistics
- Phase of use (as of 2021)
- Emissions associated with production plants (water and waste) (nitrogen consumption as of 2021)
- Coffee end of life

In view of the need for comparability with the emissions recorded over the three reporting years, this Sustainability Report applies the classification provided for in the ISO 14064:2012 standard, adding the categories of Coffee Machines and Phase of Use with respect to 2019 and 2020. The **areas of the categories** adopted are detailed below, with the specific characteristics for each reporting year:

- **Green coffee:** this includes the cultivation of the raw material and supply logistics, from the field to the production facility;
- **Raw materials other than coffee:** this includes production and supply logistics, from the field to the production facility;
- **Packaging:** this includes the production of packaging, supply logistics and end-of-life disposal;
- **Coffee machines:** this includes the production of coffee machines, the design of which is controlled (primarily in the single-serve category), supply logistics and disposal. This category of emissions was reported in the 2021 Report;
- **Outbound logistics:** this category, which analyses the impacts of distribution of the finished product under the control of the Lavazza Group, is associated, in the 2021 Report, with the impacts relating to the travel of employees of Luigi Lavazza S.p.A. by rental car, airplane and train;

- **Emissions associated with the production site:** since 2021, this category has been used to report, along with emissions relating to water consumption and plant waste, emissions due to the production of nitrogen used in the process;
- **Phase of use:** this category includes the impacts relating to the preparation of products packaged in the Group’s facilities, with an assessment of the various methods of preparation associated with them and thus energy and water consumption. For the 2021 Report, this category is associated with the impacts relating to the e-mails sent and conference calls made by the employees of Luigi Lavazza S.p.A., in addition to the production of refrigerant gases and CO₂ for the decaffeination process. This category of emissions was reported in the 2021 Report.

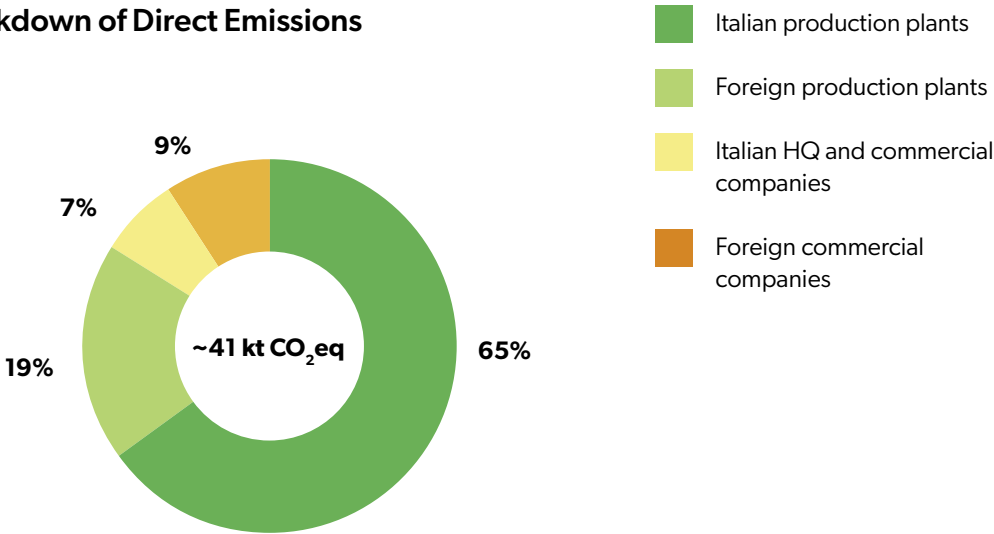
In 2021, direct (Scope 1) emissions included the emissions due to the CO₂ used for the decaffeination process. With regard to the fuel used for the generation of thermal energy for the process/heating and company transport, the ISO 14064-1:2018 standard calls for the associated direct emissions (to be reported in the Direct Scope 1 Emissions category) to be distinguished from emissions relating to the infrastructure used to produce them (to be reported in the Indirect Scope 2 Emissions category). This distinction is used for the 2021 Report.

Scope 1 – Direct Emissions

The process adopted to widen the reporting scope also included the monitoring and calculation of the emissions generated by the new recently acquired companies. In addition, in view of the commitment to neutralising the entire Group’s Scope 1 and 2 emissions, provided for in the Roadmap to Zero, effort has been devoted to acquiring the primary energy (thermal and electrical) consumption data for the offices of the commercial companies, thanks to the international network of IR&S points of contact. The impact of the commercial companies not reached was estimated on the basis of the consumption values available. As mentioned in the previous section, in line with the 14064-1:2018 standard, this category contains the contribution in terms of direct emissions for the fuels used to generate the thermal energy needed for the process/heating and company transport pursuant to the ISO 14064-1:2018 standard. The emissions for their production will be reported in Category 2 – indirect emissions.

The Fugitive Emissions category linked to leakage of refrigerant fluids used in equipment has also been calculated within the direct emissions category, as have been GHGs used in the decaffeination process. As a result of the actions described to change the reporting process required by the updated standard adopted and the expansion of Scope 1 activities, this category’s emissions declined by about 11% compared to 2020. The graph below gives a breakdown of direct emissions for the Group by Italian and foreign production plants and commercial offices. The category’s greatest impact is represented by Italian production plant consumption, linked to process heat consumption, proportional to the quantities of processed coffee and the main source of emission, followed by company car fleet diesel consumption.

Breakdown of Direct Emissions



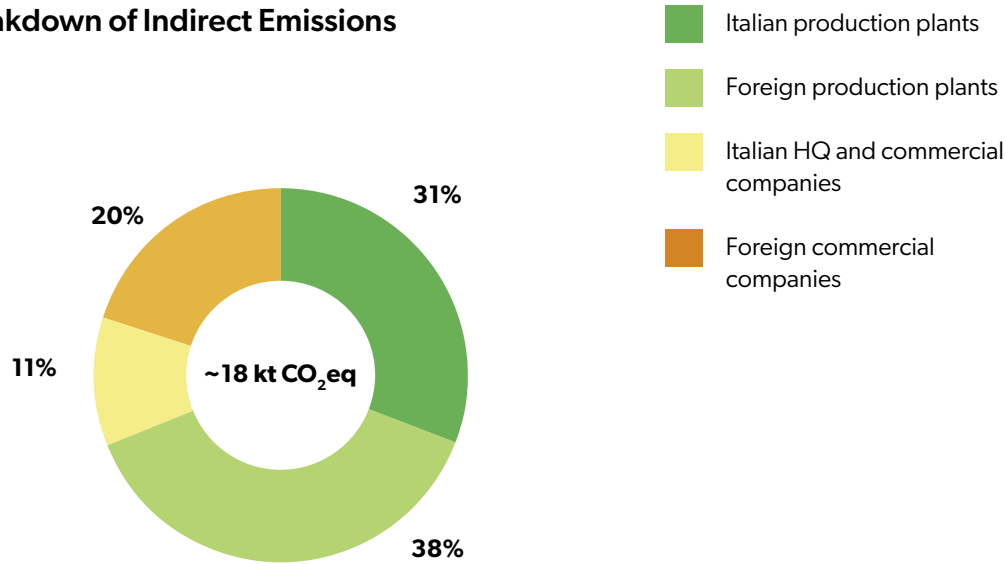
Scope 2 – Indirect Emissions

As a result of the actions described for Scope 1 direct emissions, namely the reporting process’ compliance with the ISO 14064-1: 2018 standard, this category has also seen a rise in the absolute contribution of the impacts.

This area will also report the impacts relating to the electricity imported and consumed by the commercial companies that provided primary energy consumption data thanks to the international network of IR&S points of contacts. The impact of the commercial companies that did not provide primary data was estimated on the basis of the consumption values available.

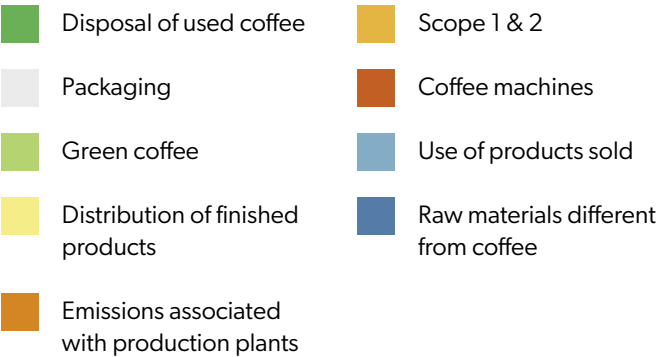
As mentioned in the previous section, in line with the 14064-1: 2018 standard, this category contains the contribution in terms of direct emissions used for the production of the fuels used to generate the thermal energy needed for the process/heating and company transport pursuant to the ISO 14064-1:2018 standard. The graph below hence shows the absolute value of the Group’s indirect emissions in which it is possible to identify the percentage contributions by type of entity considered. The category’s main impact is represented by the consumption of foreign production plants, the effect of which is linked to the use of a grid energy source.

Breakdown of Indirect Emissions



Distribution of direct, indirect and other indirect GHG emissions

Although it is not perfectly comparable as the reporting scope has changed over the years, the graph summing up the percentage breakdown of total GHG emissions shows a similar distribution between the impacts of the categories in question for 2019-2020. The majority of the percent contribution of the impact is related to the production of green coffee, followed by a newly added category, i.e., the phase of use of the products sold, assessed on the basis of energy and water consumption during brewing for the various types of preparation applicable.

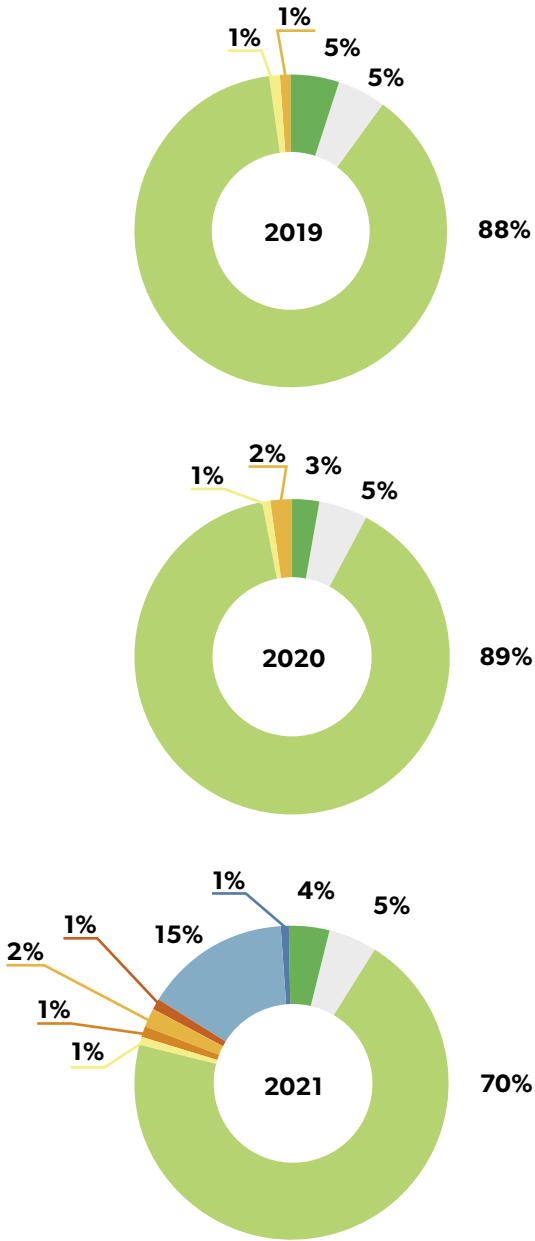


In 2021, the ratio of emissions of Scope 1, Scope 2 and Scope 3 compared to tonnes of processed coffee was **10.46 TCO₂/t**. This year, besides the enlargement of the scope, three additional categories were added to the inventory calculation for:

1. coffee machines;
2. use phase for products sold;
3. raw materials other than coffee.

In order to ensure comparability with the 2020 figure, considering the same emission categories and the related conversion of the compensated emissions, the index is **8,58**.

Lavazza’s percentage distribution of GhG



Impact measurement of green coffee

According to the scientific approach adopted by the Lavazza Group for its environmental sustainability strategy, impact measurement is one of the three key areas of work, downstream of which the reduction and offsetting phases can be developed. In greater detail, in a long and multifaceted supply chain like that of coffee, calculating the environmental impact of the raw material is a very complex issue that the Company has decided to deal with in a distinctive way, making the most of its own experience and professionalism and involving institutions, third parties such as certification bodies and, above all, suppliers, who are key partners in the path towards an increasingly sustainable supply chain. With this in mind, in 2021, the Group set up a **new multifunctional internal working table dedicated to green coffee and its cultivation**, which is the most relevant category in terms of indirect emissions for roasters that, like Lavazza, buy green coffee from specialist traders. The Green Coffee Working Table has the ultimate goal of **supporting the Company’s decision-making processes towards achieving carbon neutrality**, developing a multifactorial computing approach to measure the footprint of green coffee and identifying the main areas of impact on which to focus the efforts of tangible mitigation actions: in short, it aims to carry out a detailed assessment of the aspects contributing to the calculation of indirect emissions from coffee cultivation and, looking forward, to identify guidelines and actions able to reduce them. Said activity is part of the path embarked on by the Group to achieve complete carbon neutrality through the **Roadmap to Zero** launched in 2020, with an approach aimed at a continuous improvement of the emissions recorded throughout the supply chain.

The activity programme is structured into three phases:

Phase 1 - Baseline Deep Dive

The first phase aims to analyse the method used by Lavazza to calculate green coffee emissions, based on both the results of the benchmark of current methods used by the main stakeholders in the coffee industry and state-of-the-art technical regulations.

Phase 2 - Calculation Approach Evolution

The second step consists of developing the calculation approach based on the results of the first phase and involves drafting updated methodological guidelines. In addition to applying the operating framework that establishes the impact calculation method for each stage of the green coffee Life Cycle Assessment, a second protocol is also implemented which has the purpose of steering or directing the Lavazza Group’s strategic decisions for reducing green coffee’s environmental impact: on the basis of the identification and evaluation of the aspects with the greatest influence on the total impact of green coffee, it is possible to identify which solutions have the lowest impact. At the same time, a statistical analysis is carried out on the significance of the sample of plantations to be tested at the next stage of the project. The objective is to validate or refute the available statistical rules and to define a sufficiently representative number of farms representing the entire population concerned.

Phase 3 - Farm Level Pilot

The third and final phase of the project requires extensive work to be undertaken in measuring the impact directly in the field, all the way through to the plantations, involving traders and thus going beyond the most widespread approach in the coffee market today, which is restricted to using data produced by third parties (literature data, called secondary data). In fact, this third phase aims to achieve a higher level of knowledge, which permits more informed decisions and impact reduction. There are many areas of intervention. Lavazza began with the implementation of pilot projects in the main traders’ plantations, by collecting the primary data for calculating the coffee-growing

and processing emissions. This activity was made possible thanks to the active collaboration of the eight main traders of Lavazza, covering most of the countries from which the green coffee purchased by the Group is sourced, and in particular about 30% of its supply. 2022 will see an ever greater involvement of traders by expanding the scope of the suppliers involved, increasing the number of plantations and farmers of suppliers who took part in the last year’s project as well, with the ultimate goal of measuring, through primary data, the environmental impact of the green coffee supplied to Lavazza. In this third phase, the analysis focuses on an insetting model, that is to say, the calculation of the carbon sequestration that takes place through the coffee plant, made possible by a series of agricultural interventions and practices implemented in the field. In 2021, this activity was carried out through a pilot project with a Lavazza supplier on 100 plantations in Colombia. This project made it possible to test the method for calculating the carbon stock.



Environmental impact analysis in green coffee in Dominican Republic

In 2021, a study relating to the environmental impact of green coffee — in terms of greenhouse gas emissions — was carried out in the Dominican Republic. The study included an LCA (Life Cycle Assessment) analysis of the phases connected with coffee cultivation and processing. The project was implemented in collaboration with Oxfam and thanks to the contribution of the *Instituto Dominicano del Café*: about 30 technicians of this institute collected primary data in the plantations, after being trained by Lavazza personnel. This study is the basis for establishing emission reduction targets, identifying, for example, agricultural best practices in strategies and actions that the country has developed as part of its environmental protection commitment (e.g., NAMA). The analysis, which is expected to be published soon by the Technological Institute of Santo Domingo (Intec), was also used to test the statistical rules for sampling the plantations deemed representative.

IMPACT REDUCTION: OUR ENVIRONMENTAL PERFORMANCES

[GRI 302-1 | GRI 302-3 | GRI 303-3 | GRI 303-4]

Looking for the highest efficiency through monitoring and reduction plans

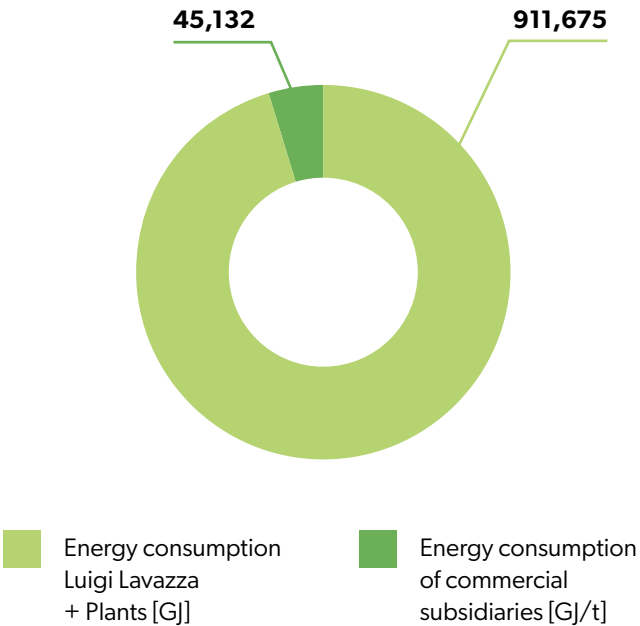
The Lavazza Group’s systemic approach to environmental sustainability, composed of three phases — measurement, reduction and compensation —, is based on a continuous search for efficiency to technically reduce impacts as much as possible. The results obtained in recent years at the Group’s main production plants confirm the effectiveness of this approach. The neutrality of equivalent CO2 emissions under the direct control of the Company — Scopes 1 and 2, achieved in 2020 – is actually pursued through a continuous effort to reduce consumption and emissions, while at the same time compensate the long-lasting impacts that cannot be reduced. In this context, the work carried out by the **Energy Manufacturing Team (EMT)** since 2019 deserves a special mention. The working group, set up to improve energy efficiency in the Turin and Gattinara production plants, which alone absorb more than 84% of the energy directly consumed by Luigi Lavazza S.p.A, is an important player in the above-mentioned approach. The main strands of EMT intervention are as follows:

- **reduction in the use of resources**, through the redevelopment of auxiliary services (e.g., compressed air) and general services (e.g., lighting), the minimisation of consumption at both idle and operating plants;
- **self-production/energy supply** through the use of photovoltaic, district heating and thermal waste recovery;
- **efficiency recovery thanks to line yield**, combustion efficiency, nitrogen production and optimal management of utilities.

In order to develop the efficiency-building activities on the basis of a sound and measurable rational, plants are heavily equipped with monitoring systems and are periodically subject to energy analyses instrumental to determine performance indicators, and therefore improvement targets that can be verified over time. In 2021, the activities carried out by the EMT allowed to **reduce energy consumption by more than 2% the at the Turin and Gattinara plants, avoiding the consumption of more than 1,300 MWh/year** equivalent to that of **450 Italian households**, while maintaining production unchanged. The result was achieved thanks to efficiency-building measures applied to different stages of the production process. In the near future, the experience acquired by the EMT will be shared with the Group’s other organisational units so as to seize any synergy or improvement opportunity to be implemented in both technical and managerial terms, in line with the policy and principles of the Lavazza ISO 14001 Environmental Management System. The activity of the EMT represents a best practice in the implementation of the **Plan-Do-Check-Act (PDCA) model** that the main international standards apply to system certifications. The EMT always plans its activities thoroughly using appropriate analysis and design tools and taking care of the implementation of the planned interventions. It then measures the results obtained by monitoring them in the constant search for efficiency in line with the principles of continuous improvement. The intervention clusters with the greatest incidence were those relating to the efficiency of the compressed air network in addition to the operating logic of the grinders.

Data on energy and water consumption

The following graphs show data and information on energy and water consumption. These indicators refer to the Organisational Units within the reporting scope of this Sustainability Report and therefore include Headquarters, production plants and commercial offices; specifically: Luigi Lavazza S.p.A., Lavazza France Sas, Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Premium Coffees Corp., Lavazza Coffee UK Ltd, Fresh and Honest Café Ltd, Lavazza Sweden AB, Merrild Kaffe Aps, Lavazza Australia Pty Ltd, Carte Noire SaS, Carte Noire Operations SaS, Kicking Horse Coffee Co. Ltd, Lavazza Professional France SaS, Lavazza Professional North America LLC, Lavazza Professional UK Ltd, Lavazza Professional Germany GmbH, and Nims S.p.A. The following is a breakdown of the total energy consumption divided between Luigi Lavazza and the other production companies and commercial companies.

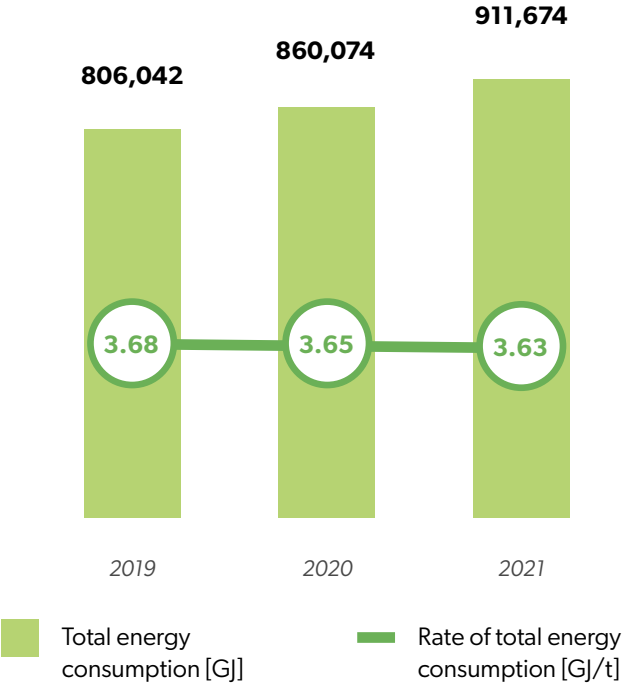


The graphs represent the trend of absolute electricity, thermal and energy consumption expressed in Giga-Joule and their specific consumption (or consumption indices) compared to the tons of packaged coffee of the Group companies listed below and consistent with the 2020 perimeter: Headquarters, production plants and sales offices of Luigi Lavazza S.p.A. as well as the production plants of Carte Noire Operations (France)Fresh & Honest Cafe Ltd (India), Kicking Horse (Canada) and Lavazza Professional (UK and USA).

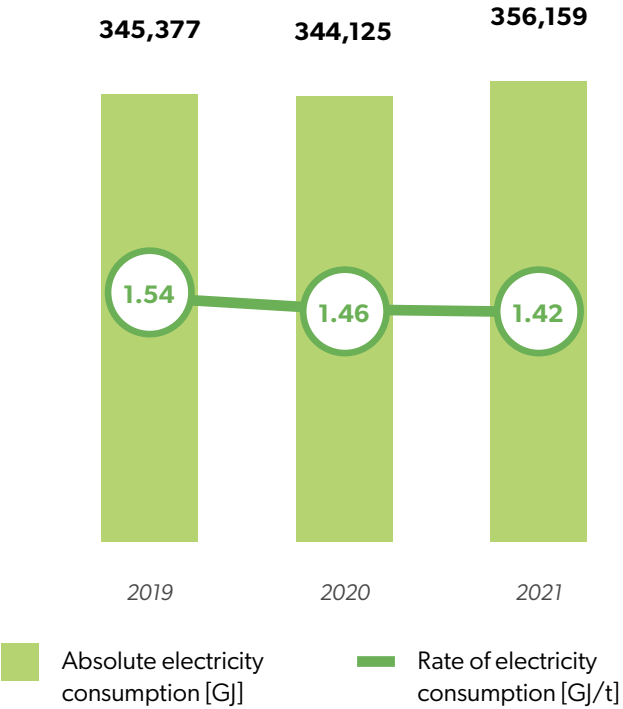
Most indicators show a decreasing trend. To cite an example, the trend of thermal consumption is substantially in line with that of 2020, despite the fact that that year the organizational units monitored were closed for a long time, due to the health emergency: is a data, therefore, that evidences the effectiveness of the measures of reduction of the thermal consumptions adopted in the course of 2021¹³.

13. Conversion factors used:
- Luigi Lavazza SpA, Nims SpA: National Standard Parameters Table, ISPRA, 2021;
 - Kicking Horse Coffee: Conversion Factors for fuel, Ministry of Finance, 2013;
 - Lavazza Coffee UK, Lavazza Professional UK: Government GHG Conversion Factors for Company Reporting 2021 (Department for Business, Energy and Industrial Strategy; Department for Environment, Food and Rural Affairs), 2021;
 - Lavazza Premium Coffee, Lavazza Professional North America: Emissions Factors for Greenhouse Gas Inventory 2021 Centre for Corporate Climate Leadership, U.S. Environmental Protection Agency), 2021;
 - Lavazza Australia Pty: National Greenhouse accounts factors 2021, Australian Government, Department of Industry, Science and Resources, 2021;
 - Lavazza Kaffee GmbH: Austria’s National Inventory Report 2021, Environment Agency Austria, 2021;
 - Carte Noire Operations SaS, Lavazza France SaS, Carte Noire SaS, Lavazza Professional France SaS, Fresh&Honest Coffee, Luigi Lavazza Deutschland GmbH, Lavazza Professional Germany GmbH, Lavazza Sweden AB, Merrild Kaffee: Indicator Protocols Set Environment (EN) Food Processing Sector Supplement Version 3.0 FPSS Final Version, 2010.

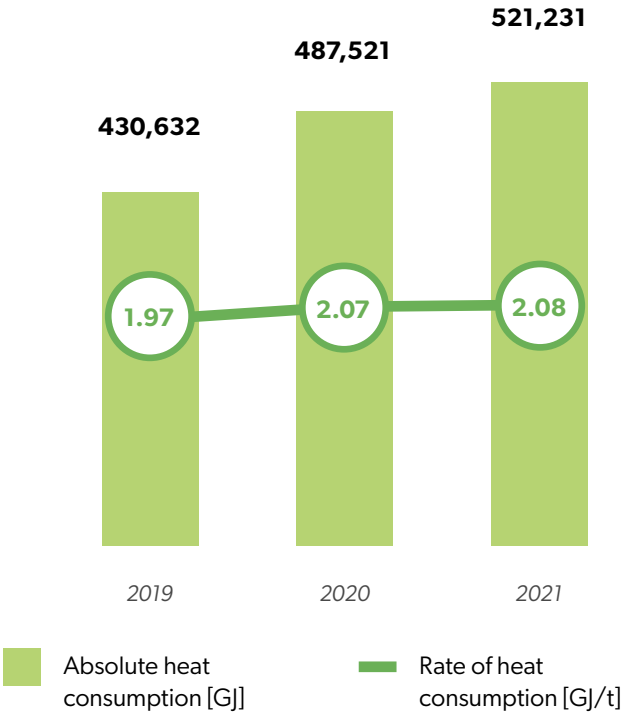
Total energy consumption



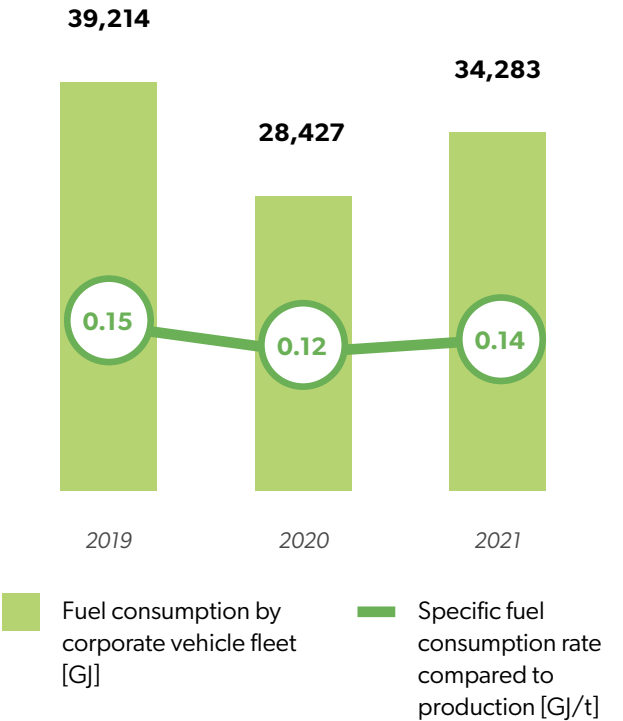
Electricity consumption



Heat consumption



Fuel consumption by corporate vehicle fleet



The water withdrawals are related to the civil hygienic-sanitary uses and to the productive uses, in particular to the coffee roasting and decaffeination processes, as well as to the cooling of the machinery used for the production of compressed air.

The “Water withdrawals” graph represents the specific water withdrawals of companies on the perimeter expressed in m³ of water consumed (for civil and industrial use) in relation to tons of packaged coffee.

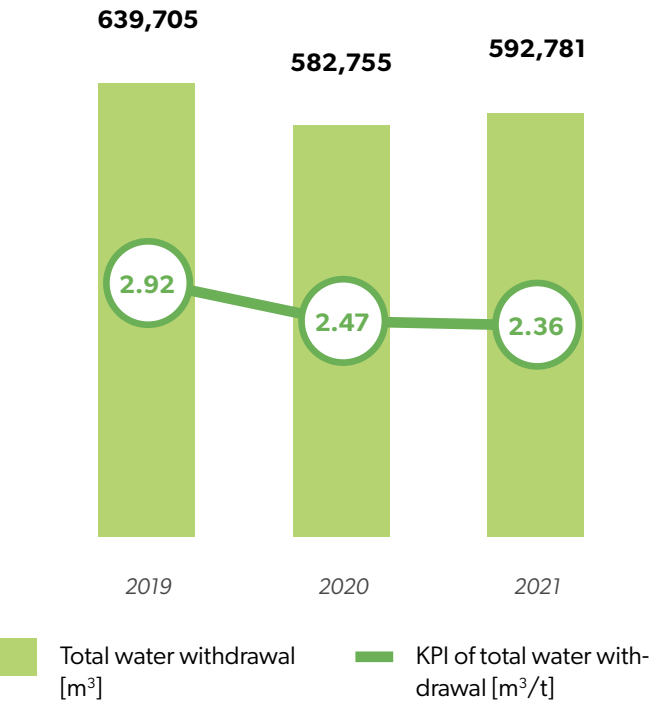
It should be noted that only the Luigi Lavazza S.p.A. plant in Pozzilli, Italy, the Lavazza Professional Uk plant and that of Fresh&Honest, India fall into water stress zones.

The increase recorded in 2021 is due to the enlargement of the reporting perimeter, which now includes also the two plants of Lavazza Professional UK.

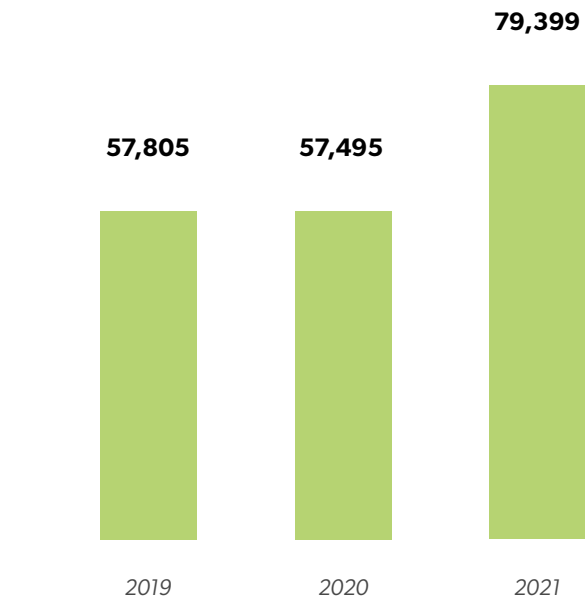
The “Water withdrawals of organisational units in water-stressed areas” graph shows the annual levies of these production units; they have remained almost constant.

The “Water discharges” graph represents the volumes of waste water discharged into public sewage or surface water streams, expressed in absolute m³ and compared to the tonnes of packaged coffee.

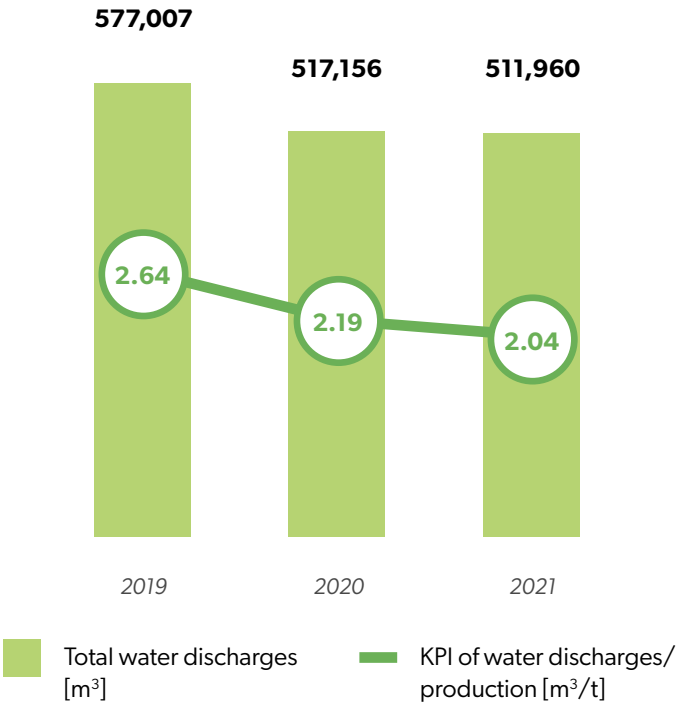
Water withdrawals



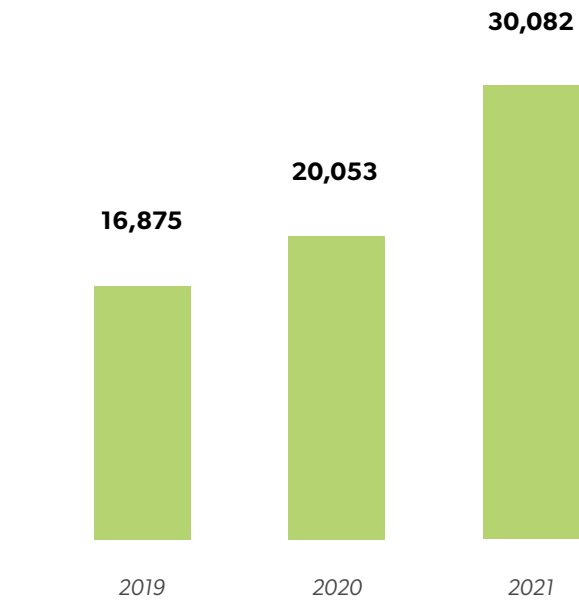
Water withdrawals of organisational units in water-stressed areas [m³]



Water discharges



Water discharges of organisational units in water-stressed areas [m³]





West Chester plant

In 2021, the Group completed **the expansion of the Lavazza Professional plant in West Chester, Pennsylvania**, to introduce new production lines for ground and whole-bean coffee and its packaging, adding 1,000 square meters to the existing structure of 18,000 square meters. The new production layout was made operational at the end of the year and is destined for the local American market: a very important step in the field of sustainability, as it allows to reduce transport from Italy, producing directly in the United States. The products that come out of the roasting plant in Pennsylvania comply with the quality standards of the Lavazza brand, continuing to provide American consumers with the excellence of a product with an all-Italian taste. In addition, the West Chester plant is already excellence in terms of sustainability, being a “Zero waste to landfill” plant and having obtained the LEED Gold certification.

CIRCULAR ECONOMY

LAVAZZA GROUP'S PILLARS

The **circular economy** is an evolution of the economic system aimed at promoting the **efficient use of resources**. The goal is to pursue **efficiency-raising actions** for a **circular management of materials, energy, water and climate-change emissions**.

REUSE AND RECYCLING

Paying attention to the product's characteristics to encourage, where possible, reuse, recycling or composting at the end of its life cycle.

REDUCTION OF MATERIALS

Optimisation of resource use.

SUSTAINABLE OR LOW ENVIRONMENTAL IMPACT RESOURCES

The use of renewable energy and renewable, recyclable or biodegradable raw materials.

LIFE CYCLE EXTENSION

Designing and producing with the aim of a longer life cycle, preserving materials and energy.

THE GROUP'S APPROACH TO CIRCULAR ECONOMY

[GRI 301-1]

Lavazza works to promote the circular economy by playing an active role in the transformation of systems to reduce the use of resources, facilitate the circularity of materials by re-entering them in a production cycle to prevent them pollute ecosystems, or being sent to landfills or incineration. The Company also considers strategic the application of the principles of the circular economy to achieve the objectives of its Roadmap to Zero, that is, the path towards complete carbon neutrality of equivalent CO2 emissions. The **four pillars** identified by Lavazza in its path towards circular economy are the following:

- **recovery and recycling:** pay attention to the characteristics of the product in order to encourage, where possible, reuse, recycling or composting at the end of life;
- **life cycle extension:** design and manufacture with the goal of a longer life cycle by preserving materials and energy;
- **material reduction:** optimisation of the use of resources;
- **low environmental impact or sustainable resources:** use of renewable energy and renewable, recyclable or biodegradable raw materials.

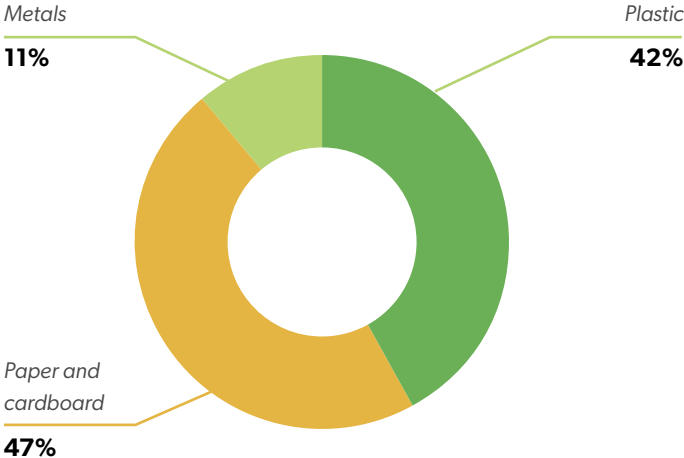
In this perspective, an **inter-functional working table** dedicated to circular economy is active, consisting of various corporate bodies including IR&S, R&D, Operations, Quality and Procurement, Legal, Marketing, and Communication, that moves along three lines:

- **creation of increasing awareness** and culture of the circular economy within the Company;
- **monitoring of the Company's work** through analysis in collaboration with third parties and development of ad hoc tools;
- **management of circularity initiatives**.

In the course of 2021, initiatives aimed at the assessment and measurement of Lavazza's circularity were launched both at the product and corporate level. In particular, Lavazza's **Material Circularity Index (MCI)** was implemented as an internal tool to measure the material circularity of the product. The MCI was applied to products packaged in the Turin and Gattinara plants, adding to the other sustainability indices used for the assessment of the product environmental impacts.

In addition, an assessment of circularity at a corporate level has been carried out, with the collaboration of the Scuola Universitaria Superiore Sant'Anna di Pisa which has allowed to highlight the strengths and weaknesses, giving a positive evaluation by ranking Lavazza among the "Proactivist" companies in terms of Circular Economy.

Percentage breakdown of the type of packaging materials



The packaging mile: road to 2025

[GRI 306-4 | GRI 306-5]

Packaging is essential to maintain the quality, taste and freshness of coffee and at the same time allows its safe storage, transport and use.

Lavazza's **sustainable-by-design** approach aims to ensure that materials are used in the most responsible and efficient way possible, following the principles of eco-design, in order to promote the reduction and reuse of materials and reduce the environmental impact. To date, packaging represents about 5% of the total CO₂ emissions produced by the Group and their reduction is a very important challenge that the Company has been committed to for over ten years.

In this context, the **Sustainable Packaging Roadmap** is a specific and measurable path undertaken in 2020 with the aim of reducing the Group's environmental footprint and **making its entire packaging portfolio recyclable, reusable or compostable by 2025**.

The pillars of the Roadmap include:

1. **Reduction of the environmental impact** resulting from CO₂ equivalent emissions.
2. **Reduction of the use of the quantity of material**, the KPI of which is given by the mass ratio, that is, the weight ratio of the packaging and the product, and which is expressed in:
 - Reduction in the amount of material used in packaging;
 - Elimination of all unnecessary packaging;
 - Use of reusable packaging
3. **Raw materials with low environmental impact**, the KPI of which is the percentage of sustainable material (assessed through LCA) on the total and is divided into:
 - Quantity of bio-based materials, preferably from second generation sources (waste and waste);
 - Certified raw materials, where available;
 - Quantities of recycled materials.
3. **Enhancement of end-of-life**, whose KPI is given by recyclability (ratio of recyclable packaging to total packaging) and which is divided into:
 - 100% reusable, recyclable, compostable packaging.

This is a path that engages different functions of the Company, first of all R&D and Sustainability, and that in 2021 reached an important milestone: 71% of the packaging produced at the Group's three main plants — in which 91 % of total production is concentrated (Turin and Gattinara in Italy and Lavérune in France) — was recyclable. This means that **65% of the packaging in the Group's product portfolio is already recyclable, with the flexible packaging which is already recyclable at 95%**. This result was also achieved thanks to the revamp adaptation, still under-way, of some production lines carried out in the first two years of implementation of the roadmap.

Some specific results:

- **Soft packaging:** through intensive research and development and industrialisation tests with new materials at the production lines, in two years Lavazza managed to make 78% of the production of the soft pack for ground coffee recyclable. In fact, the technology applied for the first time in 2020 to the 180-g ¡Tierra! and the 1895 ranges — offered in a recyclable packaging and with a packaging carbon footprint reduced by about 40% compared to the previous versions — was also transferred to other soft packaging;
- **Carte Noire soft pods:** the process of replacing the entire range of non-compostable pods with pods compostable in industrial composting plants in 6 months within the European market was carried out in 2021, thus achieving the objective of their recyclability.

In addition, the new packaging for the Carte Noire soft pods has an 18% lower carbon footprint than the previous version and, with an annual production of 13 million packages, will save 270 tonnes of CO₂eq compared to the previously used packaging. Production will start in 2022.

In addition to the recyclability of products, work is also underway to further reduce thickness and increase recycled and biobased materials.



65%

of Group's packaging
portfolio is already
recyclable

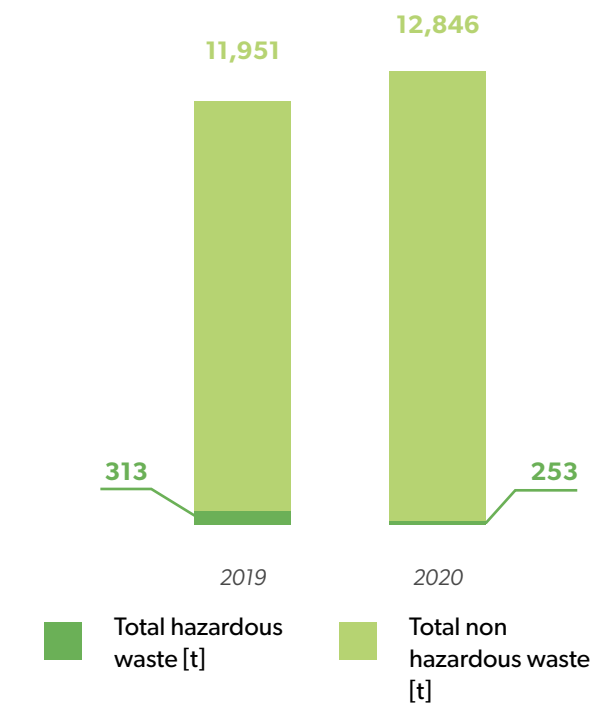
Data on waste management

The following tables show:

- the quantities of waste produced, sent to recovery operations divided according to the components that constitute them;
- the quantities of waste sent to recovery operations in which the operation to which it is addressed is explained;
- the quantities of waste produced, sent to disposal operations grouped according to the operation to which they are sent.

Wasted intended for disposal are not splitted by components
In the Italian plants 95% of the waste coffee is given to a company that produces organic fertilizer.

Waste: hazardous and non-hazardous



Waste: disposal and recovery



Waste not intended for disposal by composition (tonnes)

	UoM	2020	2021
Plastic	t	1,362.00	1,467.58
Paper	t	1,116.00	1,141.09
Metals	t	214.00	217.53
Compostable materials	t	4,535.00	4,816.57
Other hazardous	t	141.00	165.26
Other non-hazardous	t	3,816.00	3,945.97
Total	t	11,184.00	11,754.00

Waste not intended for disposal by recovery operation (tonnes)

	UoM	2020			2021		
		Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Preparing for re-use	t	-	111.00	111.00	-	144.01	144.01
Recycling	t	115.00	5,571.00	5,686.00	136.62	4,849.51	4,986.12
Other recovery	t	26.00	5,361.00	5,387.00	28.64	6,593.90	6,622.55
Total	t	141.00	11,043.00	11,184.00	165.26	11,587.42	11,752.68

Waste intended for disposal by disposal operation (tonnes)

	UoM	2020			2021		
		Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Incineration (without energy recovery)	t	7.00	-	7.00	1.73	-	1.73
Incineration (with energy recovery)	t	1.00	262.00	263.00	1.50	548.84	536.77
Landfill	t				-	48.62	-
Other disposal operations	t	164.00	646.00	810.00	84.47	660.26	744.73
Total	t	172.00	908.00	1,080.00	87.70	1,257.72	1,345.42

IN ITALY

Waste coffee:
95%
turned into
organic fertilizer.

A five-year partnership with the Polytechnic of Turin

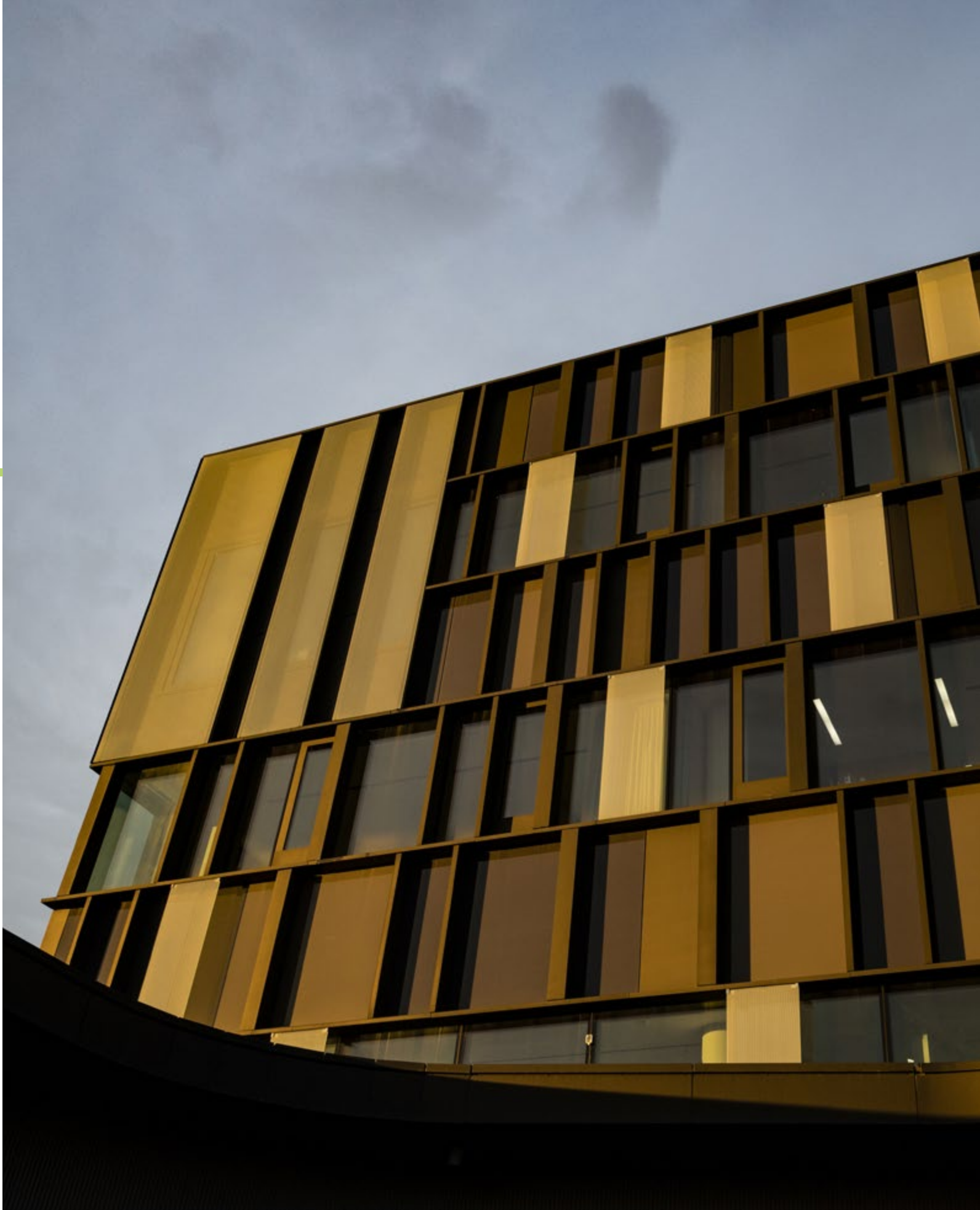
In 2021, the Lavazza Group and the Polytechnic of Turin signed a five-year agreement that seals a long-term collaboration focused on **the sustainable review of products, packaging and the experience of coffee consumption**.

The implementation of Lavazza’s sustainability strategy involves the Group’s Research and Development Centre, made up of more than **110 food engineers and technologists** who work in an “open source” mode with excellent partners in different sectors: the Group and the Polytechnic have already collaborated over the years on numerous projects, but with this agreement, they extend the joint activities so far carried out in a wider scope and duration to generate ideas, research projects, pre-feasibility studies and training activities.

The aim of the renewed partnership between Lavazza and the Polytechnic of Turin is to achieve strategic results for the Company and for the entire sector, including the development of innovative and sustainable coffee capsules or remote or predictive coffee machine management and diagnostics systems.

For Lavazza, today sustainability is the driver of innovation, which results in the responsible use of resources throughout the supply chain and the ‘sustainable-by-design’ approach, i.e., researching, developing, testing and implementing actions to reduce the impact of packaging, coffee machines and production processes since their conception.

Antonio Baravalle,
Group CEO



IMPACT OFFSETTING

Roadmap to Zero and the new Lavazza carbon-neutral products

Contributing to the fight against climate change by zeroing carbon emissions generated throughout the Group value chain, thanks to an emission cutting and offsetting strategy: this is the goal that the Lavazza Group pursues through its Roadmap to Zero. It is a gradual pathway that starts with activities to **monitor** and **quantify** emissions, moves on to continuous improvement actions to increase **efficiency** and **reduce** the impacts (see the paragraphs above) and, finally, **offsets** residual emissions and those that cannot be reduced.

2021 marked a further crucial step along the path toward a gradual neutralisation of emissions linked to Scope 3, i.e., all the indirect emissions throughout the supply chain, upstream and downstream Company’s operations — from green coffee to packaging, from logistics to disposal.

Lavazza has, in fact, offset the carbon footprint of several product ranges within the Group’s product portfolio, thus making them CO₂ neutral. In detail:

- **Lavazza capsules compatible with Nespresso¹⁴ Original machines in aluminium (NCC)** - From this stems the “ZERO CO₂ IMPACT Aluminium Capsules” claim;
- **A Modo Mio coffee capsules** - From this stems the “ZERO CO₂ IMPACT” claim;
- capsules for the machines of the office and vending systems **Blue, Firma and Flavia**;
- **the Flavia Freshpacks products by Lavazza Professional** containing coffee (Alterra and Lavazza brands).

All 2021 production of Lavazza capsules compatible with Nespresso¹⁴ Original machines in aluminium was produced by a third-party supplier. Starting in 2022, the Group will gradually move to producing the capsules internally. Lavazza aluminium compatible capsules are a new product in the range of Lavazza capsules. In 2021, their first year of production, they were produced by an external supplier.

In 2022, Lavazza began a gradual process of internalising production that also involved integrating the production of compatible capsules, to which emission reduction and process efficiency activities will be applied according to the plans adopted at the corporate level, with the aim of increasing energy efficiency, using renewable energy sources and optimising packaging and the logistics chain.

14. Lavazza is not affiliated with, endorsed or sponsored by Nespresso.

Impact measurement and offsetting: methodology and certificates

To measure the carbon footprint of its products, Lavazza used the LCA (Life Cycle Assessment) methodology and followed the international reference standard on product carbon footprint (ISO 14067). The LCA methodology analyses a product’s environmental impact through all the steps of its life cycle, from raw materials to production, transportation, use and discharge.

The life cycle of carbon neutral capsules includes the phases described in the following scheme:

Coffee life cycle:

- Cultivation
- Processing in the country of origin / Raw material production
- Transport to the plant
- Processing at the production plant and packaging
- Phase of use
- Disposal of the finished product

Packaging life cycle:

- Extraction and transport of raw materials
- Production of packaging components
- Packaging end of life

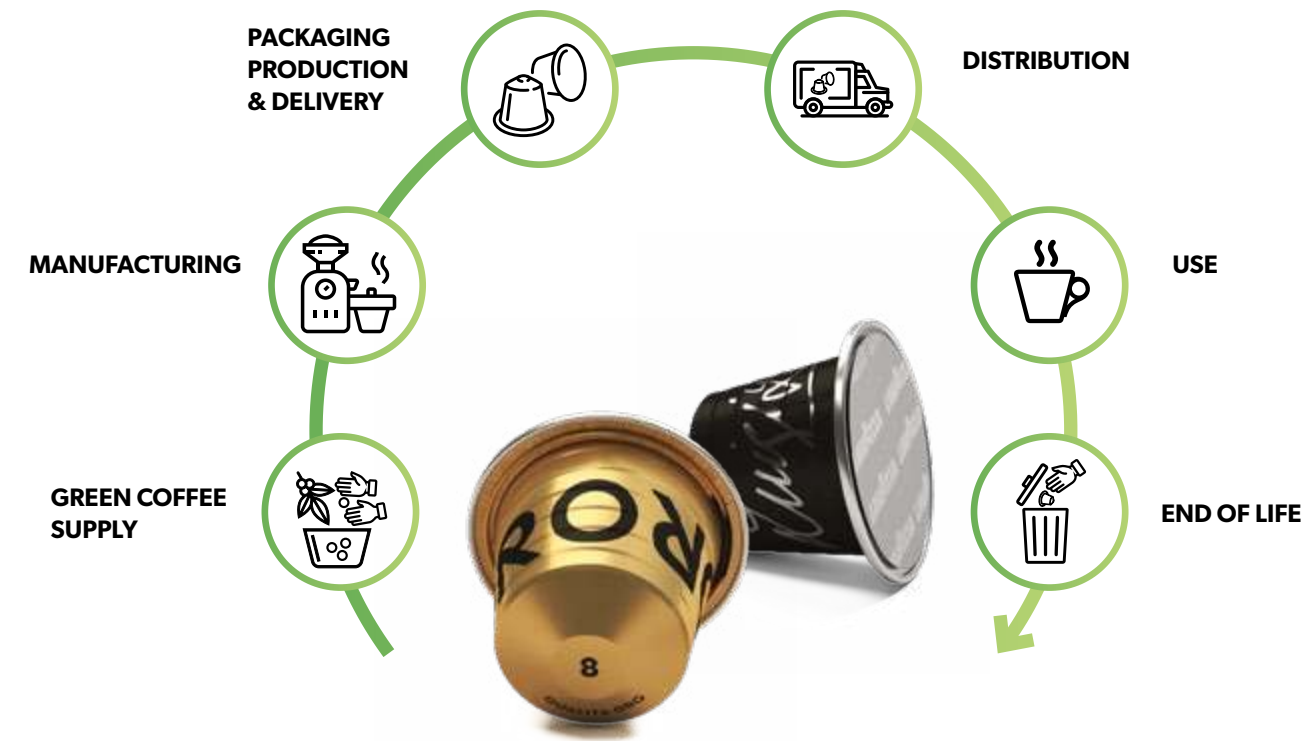
Distribution:

- Distribution of the packaged product through the flows directly controlled by Lavazza

Use:

- Water and energy consumption to brew a cup of coffee.





The LCA analyses performed for each carbon neutral product range, which illustrate the carbon footprint for the pieces sold in 2021 based on the average product impact, have been checked at the end of the year by a third-party certification body. The process of analysis starts at the beginning of the year with a sales forecast for the year and consolidates at the end of the year with the calculation of the actual amount of capsules sold. A thorough check is thus made that the carbon credits purchased at the beginning of the year actually cover the emissions generated from the products sold during the year. The main innovations in the studies in question regard greater monitoring of the impacts of raw materials other than coffee

included in the recipes for single-serve system soluble beverages, together with involving Tier 1 suppliers of the main packaging used. Thanks to considerable work on the coffee machines designed by Lavazza, it was also possible to consider the impact linked to the use of approximately 25 models of At-Home coffee machines. Lastly, reforestation, sustainable agriculture and renewable energy projects in developing countries, based on which Lavazza purchases carbon credits, are also certified by internationally recognised standards, since they are able to generate carbon credits of a quality that meets the highest international standards: VCS, CCB and CDM.



For capsules
NCC
we compensated in 2022

55,258
tonnes of CO₂eq
representing the total
Carbon Footprint
Coffee Life Cycle
63%
Packaging Life Cycle
29%



For capsules
A Modo Mio
we compensated in 2022

60,412
tonnes of CO₂eq
representing the total
Carbon Footprint
Coffee Life Cycle
73%
Packaging Life Cycle
21%



The **VCS** Program is the world's most widely used voluntary GHG program. Projects developed under the VCS Program must follow a rigorous assessment process in order to be certified. VCS projects cover a diverse range of sectors, including renewable energy (such as wind and hydroelectric projects), forestry (including the avoidance of deforestation), and others.



The **Climate, Community & Biodiversity (CCB) Standards** identify projects that simultaneously address climate change, support local communities and smallholders, and conserve biodiversity.



The **CDM** allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits. These CER credits can be traded and sold and used by industrialised countries to a meet a part of their emission reduction targets under the Kyoto Protocol.

Strategy and offsetting projects

‘Carbon neutrality’ is achieved when a balance between the emissions produced and absorbed is reached. Lavazza has carried out measurement and reduction activities, as well as impact offsetting activities through carbon credit purchasing programmes. These are the so-called ‘green credits’, each equivalent to a tonne of avoided or absorbed CO₂, generated by supporting and financing positive-impact projects developed outside one’s own supply chain. Each credit obtained attests to the reduction, or removal, of one tonne of CO₂ emitted into the atmosphere in order to compensate for emissions that cannot be reduced. But that is not all: in the projects chosen by Lavazza, buying carbon credits also means financing and supporting sustainable development projects that contribute to improving the living conditions of local communities, providing social, economic, and environmental benefits on a global scale.



Projects

Madre de Dios – Amazon Forest

Project Developer: Ecoact
Technology: Forest conservation
Certifications: VCS and CCB Gold

Near the ancient archaeological site of Machu Picchu, a UNESCO World Heritage Site, the construction of an interoceanic road linking Brazil with Peru is endangering the conservation of the rainforest, one of the most precious places in the world for biodiversity, with as many as 35 endemic species. The Madre de Dios project aims to safeguard 100,000 hectares of tropical rainforest from deforestation, avoiding the emission of 700,000 tonnes of CO₂ each year. The positive impact, which also involves social aspects, is very high: for example, 470 jobs have already been created for the inhabitants of local communities

Guanaré – Uruguay

Project Developer: SouthPole
Technology: Reforestation
Certifications: VCS

The project consists in reforesting and restoring degraded grasslands in a particular rural area in eastern Uruguay, to improve soil quality and biodiversity, while reducing carbon emissions. The project’s unique feature is that it has promoted a sustainable wood industry, increasing employment opportunities and strengthening the area’s rural economy by bringing young people closer to the soil, sustainable agricultural practices and restoration of woodland habitats.



Run Of River – Chile

Project Developer: Pacific Hydro
Technology: Renewable energy
Certifications: CDM

The Chacayes Community Funds project revolves around a power plant located in the Cachapoal Valley in Chile. Launched in 2011, it has played an important role by meeting the country’s growing demand for electricity and reducing CO₂ emissions, contributing to the economic growth and sustainable development of local communities. For example, over 200 people have been trained and 80 have found employment in the last two years.

Kariba Forest Protection – Zimbabwe

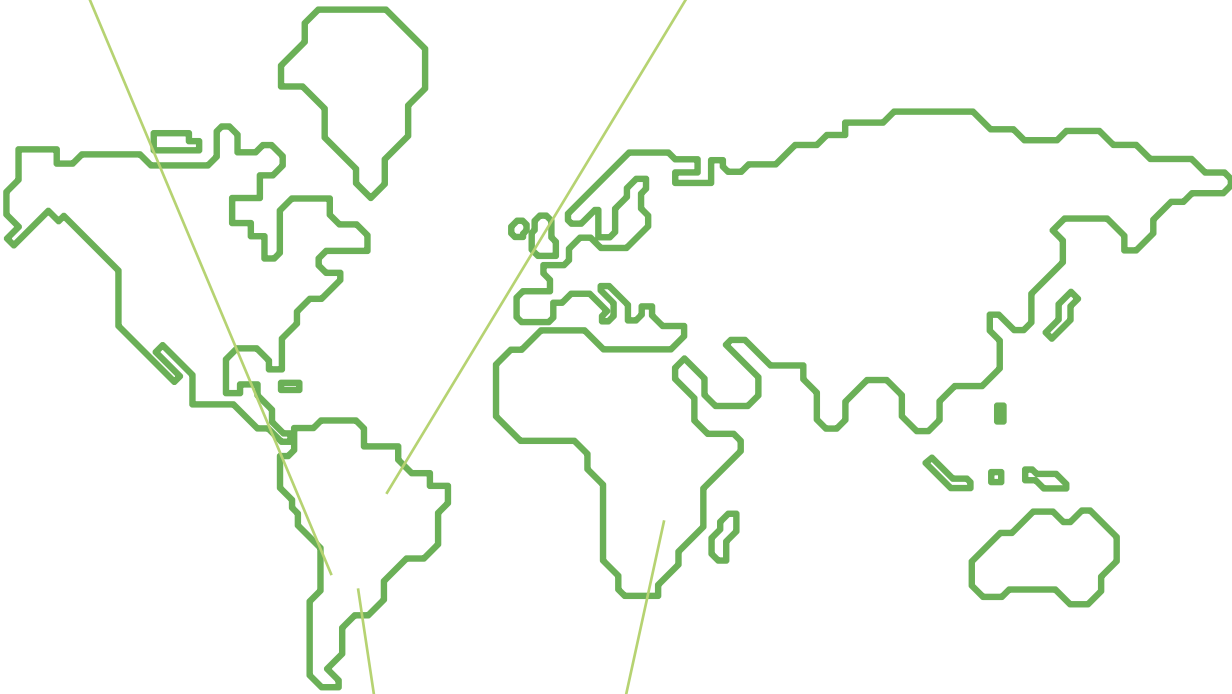
Project Developer: SouthPole
Technology: Forest conservation
Certifications: VCS and CCB

This is a project with a great social impact, as well as an environmental one, which aims to safeguard the independence of indigenous communities and increase their wellbeing by enhancing healthcare, infrastructure, education and agriculture. Thanks to this project, for example, 147 wells have been repaired and today 37,000 people have access to drinking water. Over the years, the project has safeguarded 785,000 hectares of land from deforestation and soil degradation and has avoided the emission of over 3.5 million tonnes of CO₂ each year, with actions such as the creation of community gardens, training of beekeepers on fire management and ecotourism, with positive effects on the whole region. The project covers the southern shores of Lake Kariba, on the border with Zambia: a corridor of biodiversity able to connect four nature parks and eight safari reserves, shelter for several vulnerable and endangered species.



Run Of River

Madre de Dios



Guanaré

Kariba Forest Protection





Endorsement to the New York Declaration on Forests

In 2021, the Lavazza Group joined the **New York Declaration on Forests (NYDF)**, a platform that brings together a large number of global stakeholders in forest protection. The NYDF offers a common, multi-stakeholder framework for forest action, consolidating various initiatives and objectives that drive forest protection, restoration and sustainable use. Adopted in 2014, **the NYDF is the main reference point for global forest action.**

Its ten goals include halting natural forest loss by 2030, restoring 350 million hectares of degraded landscapes and forestlands, improving governance, increasing forest finance, and reducing emissions from deforestation and forest degradation as part of a post-2020 global climate agreement. There are currently over 200 endorsers, including: national governments, sub-national governments, multinational companies, indigenous peoples and local community organisations, non-governmental organisations and financial institutions. These stakeholders have committed to doing their part to achieve the NYDF goals and follow its accompanying action agenda.

The Lavazza Group has been invited to sign the declaration by **UNDP - United Nations Development Program**, with which the Company cooperates in particular on the **Deforestation-Free Coffee** project in Ecuador. The aim of the project is to encourage the production of sustainable coffee, both in the environmental and social fields. To this end, the Ministry of the Environment and Water (MAAE) and the Ministry of Agriculture and Livestock (MAG) of Ecuador and the United Nations Development Programme (UNDP) have formed a strategic alliance through an initiative that allows the foundations to be laid for the promotion of “deforestation-free” coffee, in order to improve growers’ income by increasing coffee quality and productivity. The Lavazza Foundation also supports this project in Ecuador: at the end of 2019, a Letter of Intent was signed in Quito between MAAE, MAG, UNDP and Lavazza to work together on the definition of “deforestation-free coffee”. Lavazza was the only coffee roaster involved in supporting this initiative. The role of Lavazza and its Foundation is aimed at defining a “deforestation-free” coffee and supporting the country in producing high-quality coffee.

QUALITY AND SUSTAINABILITY

The commitment to offering a product of the highest quality is one of the main development drivers for all the Group’s brands. The ambition of each brand, with its own distinctive features, is to position itself on the target market with an offer of excellent products, which stand out for their focus on quality and attention to detail. Right from the choice of the coffee origins needed to prepare the blends, Lavazza has decided to set its own **quality standards** for specific characteristics defined by Lavazza’s experts. The Company has developed these standards to ensure the uniformity of coffee quality it purchases and with the aim of providing its consumers with the same consistent taste, known as the “**in-cup profile**”. These standards apply internationally and cover coffee quality, beans dimensions and the sensory profile. In addition, for each standard Lavazza has defined the maximum number and type of deviations allowed. The Lavazza standards have been revised and extended over time. Specific standards have been defined for those countries of origin where small quantities of coffee are bought. Currently, Lavazza has its own standards in relation to various countries both for Arabica coffee, such as Brazil, Colombia and the Central American area, and for Robusta coffee, such as Vietnam and Indonesia. In recent years, specific standards have also been defined for Carte Noire products and for coffee originating from African countries, such as Ethiopia and Uganda. The coffee not purchased based on Lavazza standards — a marginal portion of the Company’s purchases — is bought using international standards as a reference.

more than
30 billion
cups of coffee
per year

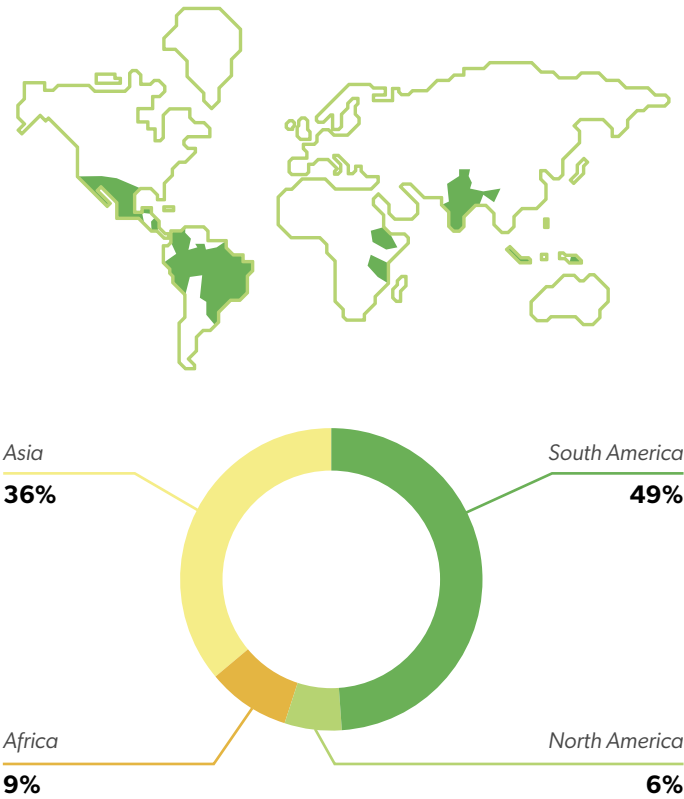
4 million
bags of green coffee
240k tons
from **20** different countries
and from **130** different origins

The coffee journey

Thanks to its long-standing and well-established experience in coffee sourcing, the Lavazza Group has developed a set of own qualitative standards for each type of coffee origin, which allow to buy only the best green coffee. The Company buys most of its coffee from long-established exporters with which it has worked for years and which provide a secure guarantee both in quality terms and from the standpoint of “country risk” and financial solidity. At the same time, Lavazza researches and assesses new potential suppliers, so as to always ensure the consistency of the in-cup sensory profile of the product.

Lavazza purchases its coffee through collaboration between coffee buyers, coffee tasters and coffee exporters, which are required to provide the commodity according to specific “Lavazza standards” in order to ensure that the “in-cup profile” is kept constant over time. The bags of purchased coffee are loaded into containers and embarked. Each individual container is checked using monitoring forms to verify general coffee conditions, intact seals and presence of any damage.

BUYING COUNTRIES FOR LAVAZZA



Coffee spends up to 35 days crossing the oceans by ship before reaching its destination port (in Italy or France). Upon entering the port, coffee containers are unloaded, still closed, to the customs warehouse and all the procedures are then completed so that the product is available to be used for production. A sample is taken from each container and then sent to **Lavazza’s laboratories** where the coffee tasters carry out the necessary tastings and analyses to verify that the product received corresponds to the coffee purchased in the coffee-growing countries. A specific identification code is given to each lot of coffee to identify characteristics such as the embarkation month or the price fixed. The lot is held in the customs warehouse until the analyses are completed and it is judged fit for processing at the plants. When it reaches the plant, the green coffee undergoes a number of visual and humidity checks, according to specific reference and control standards. Once these checks have been passed, the coffee is put in storage silos. Depending on the plant in which the coffee is processed, the origins are roasted separately and then mixed to make the blends, or, in other cases, the blend is made before the roasting phase. Various controls are carried out on packaging integrity during the packing phase. Each plant has a small tasting laboratory, where all the finished product lots are tasted by personnel who have received special training to check that the right blend is contained in the pack and has no defects.

The decaffeination process is carried out in the Pozzilli plant, in the Molise region, Italy.

The Group’s **Coffee Buying Department (CBD)** is dedicated to purchasing and procuring green coffee, whatever its origin and destination. It also deals with transport management, customs and shipping. The CBD has been carrying out sustainability integration projects since 2002, and in 2021 it intensified its efforts to integrate sustainability criteria into the processes, particularly by dedicating several resources to the development of a Vendor Rating approach. The aim was to create an evaluation process able to establish a supplier base in line with the Group’s sustainability principles, through extensive data collection, based on different criteria, first and foremost sustainability criteria.

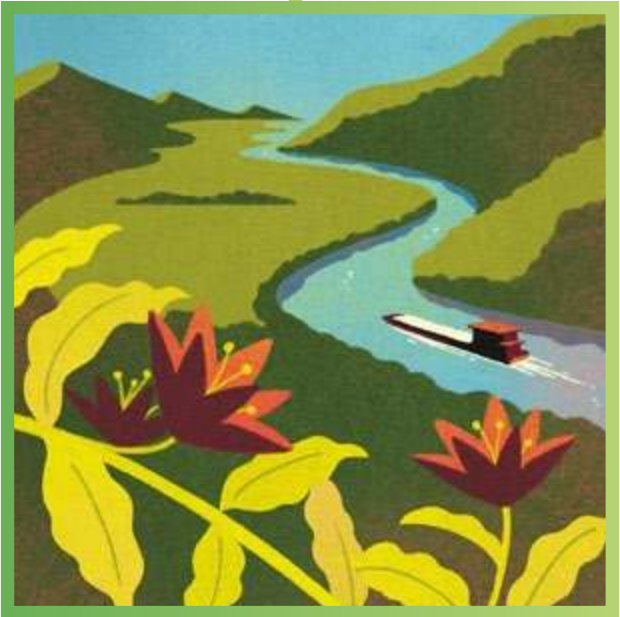
Secondary distribution, or finished product distribution, is organised through three central hubs in Italy and a central warehouse for each market of distribution.

In Italy, Lavazza organises its own coffee distribution using **three central storage warehouses**:

- the hubs in Turin and Novara, from which the coffee is distributed to Lavazza’s subsidiaries (Denmark, France, Great Britain, Germany, Austria, Sweden, the United States, Australia) and Italian and foreign distributors;
- a central warehouse for the Italian market located near Milan.

The subsidiaries’ network includes a central warehouse in each country — located in a strategic position identified with reference to sales volumes —, from which the secondary distribution is organised. All movements among central warehouses are carried out with full vehicles and, where possible, intermodal transport is used.

In recent years, the Lavazza Group’s share of exports has grown considerably, consistent with the Company’s international development. Secondary distribution is allocated to specialist logistics operators and is managed by a dedicated Department which operates in an increasingly integrated manner at Group level, as a centralised function in coordination with the local supply chain managers. Since the early 2000s, traditional truck flow transport has been supplemented by the first intermodal rail-road journeys to Italy and abroad: the first intermodal journey was made to Germany, followed by the UK and Italy. This choice made it possible to contain both costs and polluting environmental emissions and in 2021 **40% of travel was made through intermodal journeys**. In parallel, monitoring of the environmental impact in this phase of the supply chain was implemented through a cross-functional working group made up of the staff of the Logistics and Sustainability Departments, aimed at defining the KPIs and implementing further emission-cutting initiatives.





La Reserva de ¡Tierra!: a sustainable excellence

In 2021, Lavazza presented La Reserva de ¡Tierra!, a range of premium blends dedicated to professional baristas. Each blend contains coffee that brings with it those values that Lavazza promotes and implements in the projects that it supports through the **Lavazza Foundation**. For this, La Reserva de ¡Tierra! is synonymous with “sustainable excellence”: a premium coffee, born from a careful selection of the raw material that, for all the blends in the range, comes from organic or Rainforest Alliance certified farms.

Among the new “destinations” proposed by Lavazza, there is **India**, the geographical area of production and origin of coffee in which the Lavazza Foundation began to operate several years ago.



Lavazza ¡Tierra! Bio-Organic: changing the world cup after cup

In 2021, three new products by Lavazza ¡Tierra! Bio-Organic were launched on the market: three different coffees for as many projects of the Lavazza Foundation in the name of sustainability, which combine the utmost care to the origin of the raw material and the excellence of taste with respect for the environment and social attention.

In every cup, Lavazza ¡Tierra! has a true story of sustainability that has its roots in the land of origin of the bean and in the respect of the people who cultivate it and, even before that, in the vision and commitment of the Company for a better world. All products are Rainforest Alliance certified and have the EU organic label.

¡Tierra! Bio-Organic, finally, brings with it the principles of sustainability also in its packaging thanks to a package designed to encourage recycling and made with homogeneous plastics (PP/PE).

- **¡Tierra! Bio-Organic For Planet**, to respond to climate change;
- **¡Tierra! Bio-Organic For Amazonia**, supporting reforestation;
- **¡Tierra! Bio-Organic For Africa**, to support the training of young people.

Lavazza ¡Tierra! Bio-Organic For Planet is a delicate blend dedicated the Lavazza Foundation’s project that aims to teach coffee producers agricultural techniques to manage the effects of climate change.

Lavazza ¡Tierra! Bio-Organic For Amazonia is an organic coffee from Peru, where the Lavazza Foundation is engaged in activities to protect the Amazon rainforest.

The project supported by Lavazza Foundation is carried out by CESVI together with the Peruvian Ministry of the Environment and the local and indigenous communities of the Madre de Dios region, in the heart of the Amazon forest.

Lavazza ¡Tierra! Bio-Organic For Africa is an organic coffee that was born in East Africa, a region where the Lavazza Foundation supports the new generations of farmers by training them on the entrepreneurial management of their activities. Here, the Lavazza Foundation has launched several projects, including in Uganda where:

- it collaborates with the NGO Sawa World, which was awarded for its innovative approach in facing and solving the serious issues caused by extreme poverty;
- it supports ICP (International Coffee Partners) training sessions on innovative farming techniques and the financial and organisational plantation management provided to groups of young people through the Farmer Field Schools’ approach.

Sustainability certificates used by Lavazza

Rainforest Alliance and UTZ

Rainforest Alliance is an international NGO for nature conservation operating in around 100 countries worldwide today. In 2018, Rainforest Alliance merged with UTZ, a sustainable agriculture programme set up in 2002. These two organisations are committed to promoting and certifying products deriving from sustainable agriculture, which helps farmers and their families to adopt good agricultural practices and to run their farms profitably, while respecting people and the planet's resources. These standards can be used to certify aspects such as working and safety conditions among coffee, tea and cocoa producers, environmental protection and their children's access to education. The certificates come at a price both for the farmers, who have to obtain recognition from the certifying bodies, and for the companies that buy from these farmers.

For further information:

<https://www.rainforest-alliance.org/>

Organic

Organic farming is an agricultural production method that makes the most of the natural fertility of the soil and the healthiness of products without using synthetic products and without the excessive exploitation of natural resources. Organic certification guarantees that the production processes comply with the specific requirements for the processing of raw ingredients of organic origin. Organic certification covers all levels of the production chain and an organic product is guaranteed to have been checked and certified by expressly authorised bodies.

For further information:

<https://bit.ly/BioOrganic2007>

<https://bit.ly/BioOrganic2008>

Fairtrade

Fairtrade is an international organisation that aims to improve conditions for farmers in developing countries. It uses specific standards that enable farmers and workers to rely on a more stable income, thanks to the certification of their products. Fairtrade works with the farmers themselves to calculate a so-called "minimum price", which the farmers receive for their products. The minimum price never falls below the market price and does not depend on stock market speculation. In addition to the minimum price, farmers and workers receive the so-called "Fairtrade premium", an additional sum that they can decide how to spend through their organisations. For example, they can invest it in shared social, healthcare or business development projects.

100% of the coffee produced by the Canadian subsidiary Kicking Horse is Fairtrade certified.

For further information:

<https://www.fairtrade.net/>



Coffee traceability

In recent years, many of the largest international coffee traders from which Lavazza buys the raw material have developed systems for tracking and monitoring the supply chain’s sustainability performance. Technological platforms have been developed that not only allow the coffee’s journey to be tracked through georeferencing, but also control to be kept of indicators linked for example to:

- coffee productivity;
- correct use of production inputs such as fertilisers;
- environmental impact (carbon footprint, land use and impact on water);
- employee health and safety;
- social issues linked to the engagement of women and young people.

These platforms allow roasting companies like Lavazza to collaborate with their own suppliers to make the coffee supply chain increasingly more transparent.



	Torino Plant	Gattinara Plant	Sri City Plant	Pozzilli Plant	Lavérune Plant	1895 Plant	Basingstoke Drinks factory	Basingstoke Machines Factory	USA West Chester Factory	Kicking Horse Coffee
Process/Systems Certifications										
ISO 9001:2015 Quality Management System	●	●	●	●	●	●		●		
HACCP (Ref. CodeXAlimentarius) HACCP System – International Food Standards	●	●	●	●	●	●				●
FSSC 22000 Food Safety Management System	●	●	●		●	●	●		●	
ISO 14001 Environmental Management System	●	●		●	●	●			●	
ISO 45001 Occupational health and safety management System									●	
Product Certifications										
UTZ/Rainforest Alliance Product Sustainability Standard	●	●	●	●	●	●	●		●	
Fairtrade Product Sustainability Standard										●
Confida Italian Vending Products Standard	●	●				●				
BIO European regulatory framework governing organic foods	●	●		●	●	●				
NOP US federal regulatory framework governing organic foods									●	
Certifications of a Religious Nature										
Kosher Jewish Religious Certification	●	●	●	●	●	●	●		●	
Halal (Specific Standard for Malaysian requirements) Muslim Religious Certification	●	●		●	●	●				
Certifications requested by Customers on proprietary Standards										
STS Public Sector Audit							●			

Customer care

A new way of putting quality at the centre

Since 2020, the two core aspects of the Quality & Procurement function have been accompanied by a third: Customer Care. The Department has been expanded with a view to Group integration and with the aim of maximising product and service quality by developing a growing capacity for listening to customers, as well as to suppliers, always with a view to integrating the principles of economic, social and environmental sustainability in the Company's operations. **The new Customer Care area**, set up in January 2020, deals with customer relations and care throughout the cycle, from pre-sales to after-sales. It is a central function that avails itself of the collaboration of reference figures in local markets: in 2021, it was able to respond promptly to requests from all over the world for a total of **more than 500,000 contacts**.

Customer Care aims to provide all subsidiaries with a common direction and approach, channelling the customer's needs into governance and a set of quality standards. For example, the various tools include a Q&A document for each product and service

type, in coordination with the Sustainability, Legal, Research & Development functions, with centrally identified questions and answers that every local market can adapt as required — a set of standards that can be adjusted to local needs. The term 'customer' means both the end consumer and the business customer, with a specific response approach having been developed for each of them. For example, in the case of business customers, such as cafés and offices, once the report has been received and analysed, the Company fields a coffee task force, the **Flying Doctors**: teams made up of members from different functions, such as R&D, Customer Care, Quality and Technical Services operating in Italy, France and northern European countries, who can visit the customers to help them analyse and solve the problem, subsequently taking the issue into account to further improve service and product quality standards. In this way, through the Customer Care function, the Company is able to pay much more attention to issues reported by customers, thus identifying priorities and keeping them in due consideration when making business decisions.

500,000
contacts
in 2021





THE WORK OF THE NON-PROFIT FONDAZIONE GIUSEPPE E PERICLE LAVAZZA ONLUS

Once again this year, I am particularly pleased to present the Annual Report of the Foundation I have the honour of chairing, and I am pleased to do so by going beyond the figures that provide a direct expression of its results, verified by the painstaking work of the Board of Statutory Auditors, which ensures that it complies with legal provisions and that the figures it contains are accurate. I would like to focus on the Foundation's response to the purposes for which it was established, which are set out clearly in its Articles of Association.

In 2021, this response could not avoid the moral obligations imposed by the spread of the COVID-19 pandemic on an international level: the Foundation's activity was therefore extended to Italy, in addition to the initiatives carried out in the countries where it usually works and achieves its results. Its commitment regarded the main lines of action along which the Foundation has always operated: the health sector and issues facing young people, with particular reference to employment and the primary need for food.

As regards the Italian situation, in continuation of the work carried out in 2020, the activity made possible by the COVID-19 Fund continued throughout 2021, involving a large number of associations, with 20 interventions in 14 countries. Over and

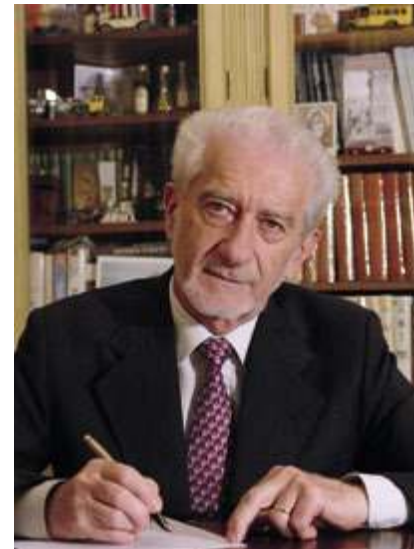
beyond this specific field of intervention, the Foundation's work took place, under different aspects, in 14 countries with 20 interventions.

At the same time, its international activity continued at an increasingly intense pace through participation in medium- and long-term projects, in collaboration with institutions that were already partners of the Foundation during previous projects with particularly successful outcomes.

On a thematic level, it is worth mentioning both the projects linked to proven states of need that have emerged in the contexts in which the Lavazza Group operates, and the attention paid to environmental issues, with a view to helping to mitigate the effects of climate change.

The expansion of the Lavazza Foundation's areas of intervention has offered, and continues to offer, an example of how a business, operating in a specific sector, can effectively combine the results of sound management with the effects generated by the same on the context in which it operates. The foundation therefore becomes a natural and efficient intermediary, so that economic growth can also translate into social development, generating the essential conditions for its tangible continuation towards the confirmation and achievement of fascinating new goals.

Giovanni Zanetti,
Chairman



THE BOARD

With the aim of coordinating, managing and effectively implementing economic, social and environmental sustainability projects in coffee-growing countries, in 2004 the Company established the non-profit Giuseppe and Pericle Lavazza Foundation. Ever since, the Foundation has been promoting and financing a wide range of sustainability projects in coffee-producing countries, working both on its own and through public and private partnerships.

The Foundation has **five directors**: Antonella and Giuseppe Lavazza, Professor Giacomo Büchi, Professor Arnaldo Bagnasco and Professor Giovanni Zanetti, President of the Foundation. The Foundation's Secretary is Mario Cerutti, Lavazza Group's Chief Sustainability Officer.

Our goal is to make the production of our coffee sustainable, and maintain the quality and variety of crops. To do this, we need vibrant and independent communities, capable of embracing traditions but also modernity. Coffee is like mankind: it embraces the Planet and is rich in diversity. And this diversity must be protected

GIUSEPPE LAVAZZA

The past two years have reminded us that there are no longer 'problems that do not concern us' in today's connected world. The pandemic and the climate crisis are global phenomena that we have to face together. The Foundation's commitment to coffee-producing countries, which are also experiencing a health crisis, stems from this awareness and the need and urgency to be as united as possible. The best wish we can make for ourselves, as well as for our Foundation, is to learn to work side by side for the good of all, and this is something we need to learn well and immediately. This is needed now to defeat the pandemic, and in the future to try to stem, if not resolve, the countless problems that unfortunately continue to afflict the planet and its inhabitants.

ANTONELLA LAVAZZA

Our model is to participate very closely in the activities: we know personally the very different realities of these countries and the people involved: in a logic of proximity to the project that gives us the opportunity to change the programs quickly in order to achieve better results and greater positive impact for the communities.

MARIO CERUTTI

The pandemic has shown us once again, dramatically, that we live in one world as one humanity. The Lavazza Foundation has consolidated on the basis of this concept, which is a founding part of its heritage.

ARNALDO BAGNASCO

The economic and social value created by the Foundation for coffee-growing countries certainly lies in addressing essential needs, but also in spreading knowledge through a variety of means and objectives. All this has been accelerated and boosted during the pandemic. As the Year of Dante is coming to a close, it may be interesting to refer to the Canto of the Divine Comedy in which Ulysses admonishes his companions, calling upon them to pursue their own moral and intellectual growth, and to ask ourselves: to what extent are knowledge and virtue related? And above all: to what extent can the former exist where the latter is not present? The Foundation's origins and its human capital ensure that these questions are not avoided.

GIACOMO BÜCHI



OUR VISION AND THEORY OF CHANGE

This chapter will describe the Theory of Change and the priority actions of the non-profit Giuseppe and Pericle Lavazza Foundation, as well as the highlights and results achieved in 2021. The theory of change begins with the assumption that coffee production is at risk, as the current climatic instability is menacing the supply of high-quality coffee. If we fail to take action to stem this phenomenon, millions of hectares risk vanishing in the span of a few decades, and millions of coffee growers risk losing their livelihoods and thus being forced to migrate.

The **five major challenges** facing the agricultural coffee sector are:

- **loss of cultivable land** and shifting of cultivation to higher altitude;
- increased **water stress** with loss of plant quality and yield due to irregular rainfall, especially during the flowering phase;
- **poor flowering** due to rising temperatures;
- increased outbreaks of **plant pests and diseases**;
- **greater vulnerability among farmers**.

Although the Covid-19 pandemic produced the biggest shock along the value chain in recent history, it can be considered the latest in a series of disruptions that have exposed the fragility of the global coffee sector. Only a decade ago, the aftershocks of the global economic crisis and the devastating spread of “roya” — the parasitic fungus that causes a plant disease known as “coffee rust” — in Central and South America caused massive damage to coffee-producing communities. Furthermore, low prices and high production costs have further reduced incomes, affecting small producers in particular.

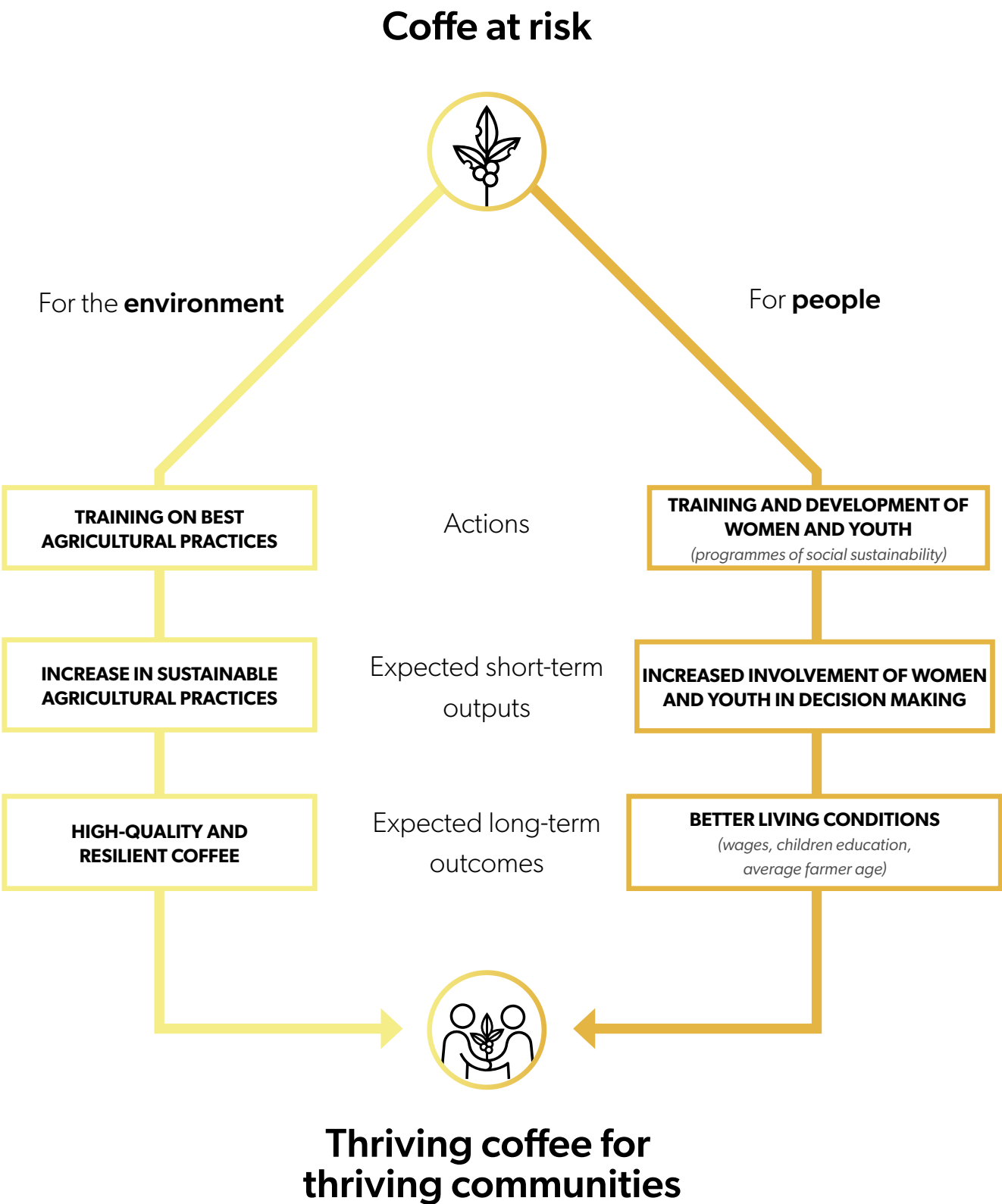
The Foundation’s goal is to make coffee a great opportunity: a quality product for prosperous communities that respect and protect the environment within the framework of long-term sustainable social and economic development.

The resources used for the implementation of the Foundation’s activities are invested, on the one hand, in projects related to **training and the spread of good agricultural practices** to improve coffee quality and crop yields, and on the other hand, in the implementation of **specific programmes with social sustainability objectives**. These particularly include strengthening the role of women through the promotion of gender balance within households and communities, and empowering younger generations with activities that motivate them to remain in their homelands by becoming coffee entrepreneurs.

Many of these activities are beginning to be supported by technological platforms that accelerate and facilitate the training process in the field. Indeed, technological progress is another relevant factor that provides farmers with tools to anticipate actions in the field by working more efficiently and it is important to spread it as widely as possible, even in the most remote communities, to reduce inequalities.

The effects generated by the implementation of agricultural and social training sessions have led to an increase in the application of good agricultural practices and greater involvement of young people and women, as well as boosting the role of cooperatives. The impacts achieved show a higher quality of coffee that is resilient to climate change, an improvement in the living conditions of coffee-growing communities with a relative increase in income, and growing professional development accompanied by an entrepreneurial vision of the sector.

The Foundation’s approach is characterised by its **collaboration with excellent partners** operating in the local area, such as NGOs, institutions and suppliers, boosting the ability to listen to people and the environment’s real needs and succeeding in providing answers with effective, tangible and timely support.



The core of our projects: the coffee growers

The small coffee growers, men and women, those who make coffee one of the world’s favourite beverages, are the main beneficiaries of the Foundation’s projects. Among them, the **younger generations** need particular attention: today, the average age of a coffee farmer is over 50, and there is a growing gap between ageing farmers and the emerging generation that prefers to migrate to urban areas. These young people should not only be seen as potential coffee farmers, but they also represent the next generation of rural community leaders, capable of keeping these communities alive and self-sufficient.

Economic sustainability is essential for coffee production to be a coveted career path for young talents in producing communities and something to which they aspire: it should be able to generate an adequate income and create economic stability; coffee production must also allow a fair distribution of resources amongst family members and ensure the promotion of new economic activities to foster ever broader professional development. The commitment to the inclusion of the **younger generations**, the focus on the role of **women** and the development of **associations** are among the specific objectives of each project launched by the Foundation, even in countries that are extremely fragile from the socio-political point of view.



Stories from the field

Juan Antonio is a 34-year-old coffee producer originally from San Fernando, a rural community north of **El Salvador**, near the border with Honduras. After living in the United States for almost ten years, he decided to return home in 2017 with his wife and two children. Antonio is currently one of the leaders of the group of coffee growers that **Soleterre**, an NGO that partners the Lavazza Foundation, supports through the **Sustainable Community Coffee project**. Together with nine female producers and sixteen male producers, Juan undertook technical training and started the formalisation process that will enable them to form a cooperative. Since February 2021, despite the difficulties in accessing communities due to the COVID-19 health crisis — made even more complex during the rainy season —, Soleterre’s expert agronomist has been constantly monitoring their work. Thanks to this mentoring in the field, they were able to get to know the coffee varieties best suited to their area and learn the best cultivation techniques. Two areas for the production of organic fertiliser were also set up and work began on the construction of two nurseries. The project’s long-term objective is to make the cooperative sustainable and independent, to support the producers’ families and to assist their communities, accompanying entire households through the process of social and employment inclusion. In addition, Juan Antonio, his wife and two children were able to count on the support of the psychologist who fostered intra-family and community relationship processes, with a particular focus on the difficulties generated by the pandemic. The two children also attended art workshops promoted in their municipality.

As part of the **Promoting Rural Development for the Peasant Families of Chiquimula, Guatemala project**, **María Josefina Roque**, 34, received technical assistance to set up a seedbed for coffee seedlings and took part in training and practical activities on coffee cultivation implemented by the Foundation’s NGO partner **Action Against Hunger**. These activities were a great opportunity to improve her ten-year coffee cultivation and production business over an area of more than 2.5 kilometres. María recounts that she had stopped investing in her plantation because the coffee varieties in the area were not resistant to “roya”, the coffee rust disease: to combat its devastating effects on her crops, she would have had to invest large resources in the purchase of the necessary tools and would still have needed training to learn how to use them and stem the damage caused by this disease. For her, a single mother with five children who lives with her mother in the village of La Ceiba in Talquezal, in the municipality of Jocotán in Guatemala, the workshops and training activities “have given new hope in coffee cultivation” and have made “coffee a crop worth investing in to improve the family situation”. Lastly, since May 2021, María Josefina has also been growing corn and beans as a second crop, thereby supplementing her family’s livelihood with additional crops besides coffee.

The goals of our projects

The projects supported by the Lavazza Foundation are primarily intended to increase **coffee yields and quality**, while also promoting entrepreneurship among coffee growers and improving their living conditions.

These goals are mainly achieved through:

- the spread of sound agricultural practices that foster coffee quality and respect for the environment;
- support for coffee-growers to help them build and manage their own organisations, in the form of associations, cooperatives or companies. Organised growers can, in fact, gain access to broader markets, obtain services useful to improving production and enjoy better access to credit and networks for marketing their products.

In addition, the Lavazza Foundation's projects set a series of **goals that generate an impact on social sustainability**, namely:

- promoting gender equality within families and communities;
- harnessing the work of young people through training programmes that encourage them not to abandon coffee-growing lands and to become coffee entrepreneurs instead;
- promoting the diversification of crops in order to reduce risks and facilitate greater food production;
- supporting reforestation and combating deforestation;
- spreading farming techniques that enable growers to respond effectively to the effects of climate change;
- introducing technologies to support traditional coffee-growing techniques.



The projects' engine: our local partners

The projects supported by the Lavazza Foundation are implemented thanks to the collaboration with **NGOs, international agencies, local entities, traders and roasting companies that operate locally in the producing countries** and work in close contact with the coffee-growing communities, supporting them throughout the process. Many collaborations are undertaken in the form of pre-competitive partnerships. The Lavazza Group's Tool Goal, i.e., **Goal 17** of the 2030 Agenda, is also the mainstay for implementing the sustainability programmes of the Foundation as the Lavazza Group, through its Foundation, firmly believes in the promotion of a collaborative system complemented by multilateral partnerships that mobilise and share knowledge, skills, technologies and resources to support the achievement of the objectives of the 2030 Agenda.

The Lavazza Group attaches great importance to pre-competitive partnerships, such as those with International Coffee Partners – ICP and Global Coffee Platform.



Experiences from the field: interview with Vivian Vasquez

The first contact between the Fundación Carcafe and the Lavazza Foundation came about thanks to representatives from the two organisations. The most exciting aspect of this partnership is being in contact with members of the Lavazza Foundation, people with strong principles, great transparency and willingness to help coffee farmers in need around the world.

When the Lavazza Foundation put us in touch with project operators from other partnerships, we were able to learn from many different experiences and create solutions together that could bring benefits to both countries.

Vivian Vasquez – Carcafé Project Manager



20 years with International Coffee Partners

www.coffee-partners.org



Since 2001, Lavazza has taken part and actively contributed to the foundation of International Coffee Partners (ICP), a pre-competitive organisation whose mission is to launch, develop and monitor projects that spread **agricultural best practices among small coffee growers**, while fostering farmers' direct engagement, so that they take charge of improving their working and living conditions.

In 2021, International Coffee Partners (ICP) celebrated 20 years of continuous support for coffee-growing communities. The organisation was founded in 2001, during a particularly unfavourable economic scenario with serious consequences for millions of small coffee farmers, when a group of Europe's leading coffee roasters decided to join forces to promote effective solutions for the benefit of the producers and their families. There were five founding partners of ICP, namely Lavazza, Löfbergs, Neumann Gruppe, Paulig and Tchibo, later joined by Delta Cafés, Franck and Joh. Johansson

Over a 20-year period, ICP has reached almost **100,000 households in 13 coffee-producing countries** around the world, working with a long-term commitment based on five-year strategies and a holistic approach to livelihoods that combines the themes of gender, youth, family businesses, farmers' organisations and adaptation to climate change. The projects are based on the **public-private partnership (PPP)** approach and involve international organisations, NGOs and national institutions, as well as private entities.

This approach is shared by the Lavazza Foundation, which has many years of experience with maximising the results of development projects through strategic partnerships formed with public or private partners on a pre-competitive basis. In fact, a synergistic collaboration that pursues the economic, social and environmental sustainability of coffee production based on the pooling of skills, resources and expertise can benefit the entire industry. In addition, such collaboration gives rise to a leverage effect that yields profoundly meaningful results. The ICP projects currently implemented by Hanns R. Neumann Stiftung (HRNS) are developed in in Brazil, Ethiopia, Guatemala, Indonesia, Tanzania and Uganda.





Global Coffee Platform

The Global Coffee Platform (GCP) is a multi-stakeholder association that brings together producers, traders and roasters, but also civil society and government organisations, united by the shared objective of promoting sustainable development in the coffee sector. In 2021, the Lavazza Group took part in **two projects** in particular.

The first was in **Vietnam**, where the GCP implemented a series of programmes and activities for sustainable coffee production, including the Collective Action Initiative (CAI) on the “Responsible use of agro-inputs for coffee in Vietnam”, which trains farmers on how to use agro-inputs in a responsible and sustainable manner. The second was in **Brazil**, where Lavazza joined forces with the GCP in an initiative that promotes collective social wellbeing among growers to improve living and working conditions in the sector.

www.globalcoffeeplatform.org

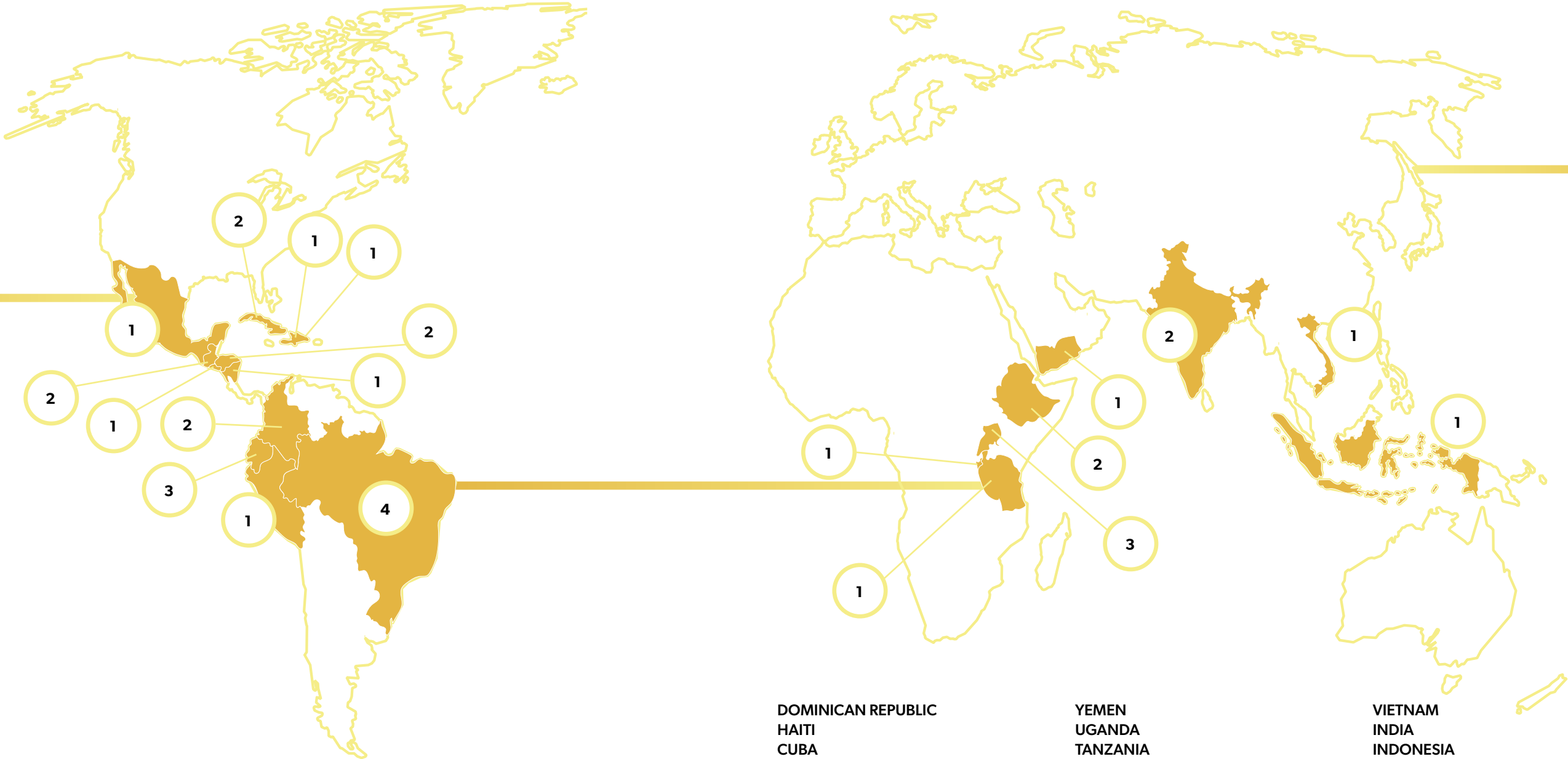


LAVAZZA FOUNDATION IN THE WORLD

32
projects

20
countries

+146,000
beneficiaries



DOMINICAN REPUBLIC
HAITI
CUBA
GUATEMALA
EL SALVADOR
HONDURAS
COLOMBIA
PERU
BRASIL
MEXICO
ECUADOR
NICARAGUA

YEMEN
UGANDA
TANZANIA
ETHIOPIA
BURUNDI

VIETNAM
INDIA
INDONESIA

PROJECTS LAUNCHED IN 2021

Creating value for coffee-growing communities in the Ecuadorian Amazon

The Province of Napo is the gateway to Ecuadorian Amazon, where the Andes make way for the rainforest. It is an area with unique biodiversity, so much so that 78% of the provincial territory is subject to environmental protection. The indigenous populations devote themselves to growing coffee and protecting the environmental heritage from deforestation and the use of chemical contaminants. The small size and limited productivity of the plantations, whose produce is often the only source of income for indigenous families, and the difficulties in accessing markets mean that the communities of farmers do not enjoy a sufficient quality of life, not always having access to water and health care. In addition, many of the young people emigrate to cities and the communities are also threatened by the mining industry. In 2021, the Lavazza Foundation launched a project in partnership with the NGO **ENGIM**, designed to boost production and trade for two cooperatives in the region: Waylla Kuri and Jatary.

First activities implemented:

- delivery of 11,700 coffee plants and 4,600 forest trees to 104 producers;
- measures to upgrade the collection centres on the basis of analyses of their weaknesses, through the purchase of machines and tools, such as a hopper and a pulping machine, and the construction of a new drying glasshouse;
- construction of a café laboratory, an innovative structure with natural, recycled materials and sustainable technologies;
- organisation of an intensive cupping course for seven young people from different Amazonian provinces for beneficial sharing of experiences;
- wash actions: construction of a drinking water system for 80 homes and installation of a 15,000-litre water tank;
- launch of a fish-farming programme;
- activation of environmental education courses:



Sustainable community coffee in El Salvador

The Lavazza Foundation has launched a project in collaboration with **Soleterre**, an NGO that has been operating in El Salvador and the Chalatenango Department for thirteen years. This is an area that has always been a major coffee-producing region, but where for several years now the producers have had to cope with damage caused by climate change, poor training and the phenomenon of migration that is hitting Salvadoran families hard, taking young people to the United States, Canada and Spain. The project focuses on training on and the implementation of sustainable agricultural practices, the creation and further development of three farmers' organisations through the establishment of a local cooperative, and the promotion of gender equality. It is intended for the young children or grandchildren of producers, who are involved actively so as to prevent migratory phenomena, through the transfer of knowledge and the development of cross-cutting skills such as self-esteem, the ability to work in a team, and problem solving.

First activities implemented:

- start of construction work on a nursery;
- preparation of land for the construction of tanks for tilapias (fish typical of the tropical zone) to boost the food security of families and schools;
- installation of three organic vegetable gardens in community schools to reinforce the national food programme in educational institutions that often only offer corn;
- art workshops in community schools and workshops on the themes of education, children's rights and the role of women: focus on the dynamics of gender-based discrimination and violence;
- psychosocial activities led by a psychologist to help children process the lockdown and remote learning experience that caused many of them to drop out of school.



Akawa project in Burundi

Burundi is a small landlocked country in east Africa, bordered by Rwanda, Tanzania and the Democratic Republic of Congo. Although its natural climate is ideal for growing coffee, small coffee producers often find themselves faced with numerous obstacles, for instance in terms of infrastructure or poor yield of coffee plantations, which make it difficult to devote themselves to this crop to sustain their families.

Believing in the great potential of coffee production in the Mimirwa coffee area and aware of the challenges faced by coffee growers, the Lavazza Foundation decided to support a project developed by **SUPREMO**, an international coffee-buying company, in collaboration with a Burundian coffee producer and exporter, **SUCCAM**, which decided to take a bold step towards more responsible and sustainable coffee production in the region.

During the initial phase (2016 to present) of the AKAWA project, the two partners started to support farmers to increase production by growing and planting new coffee seedlings and transferring good agricultural practices to be used in the plantations. This enabled growers to successfully implement a UTZ-certified programme.

Promoting rural development among households in Chiquimula, Guatemala

The year 2021 marked the start of another important partnership with an international humanitarian organisation committed to eradicating world hunger, namely **Action Against Hunger**, a leader in the fight against malnutrition. The project was activated in Guatemala, the country with the highest rate of chronic malnutrition in Latin America (46.5%), specifically in the Chiquimula Department, in 11 communities in the municipalities of Jocotán, Camotán and Chiquimula, on the border between Honduras and El Salvador. Chiquimula is one of six departments with the highest percentage of the population living below the poverty line (70.6%).

The aim of the project is to improve availability and access to food for vulnerable households through the adoption of sustainable agricultural production techniques and the strengthening of community organisations.

In 2021, families were provided with the necessary means and materials to establish coffee nurseries through the distribution of disease-resistant seeds, the promotion of animal farming to establish self-sufficiency and training on good agricultural practices, in collaboration with **Anacafè**.

Hassan –High-impact actions for coffee-growing communities

The Hassan District is one of India’s key production areas for Robusta and Arabica coffee, where most of the privately owned farms are small-to-medium sized. Olam supplies the Lavazza Group and is one of India’s biggest coffee exporters with UTZ and RFA certifications. It currently works with more than 70 farms in this district and has launched a series of sustainable development activities that the Lavazza Foundation has decided to support. All the farms taking part in these initiatives have UTZ certification.

- The action areas are as follows:**
- facilitating access to better livelihoods by improving the conditions of schools and kindergartens, for example by providing solar/emergency lights that allow children to study, even during power outages;
 - raising full awareness of the importance of good health, through the provision of clean drinking water on the farms and the organisation of medical check-ups for workers;
 - improving the economic viability of coffee cultivation through training on good agricultural practices.



THE FOUNDATION'S RESPONSE TO THE COVID-19 EMERGENCY IN THE COFFEE-PRODUCING COUNTRIES

Covid-19 fund in 2021

Also In 2021, the Foundation set up an Emergency Fund, which enabled it to intervene promptly and effectively to help the most vulnerable communities. Restrictions on movement, pandemic-related closures, insecurity and forced confinement of people already living in acute and prolonged humanitarian crises have greatly increased their unstable condition. Whereas in the first wave in 2020 priority had to be given to preventive measures and health, in this second phase the Foundation focused more on income support, food security and social protection for more fragile groups (children, women, migrants). This included activities to prevent child labour in Vietnam, the opening of shelters in Guinea-Bissau to support women victims of gender-based violence by providing them with a safe place, psychological assistance and vocational training. Action was also taken on the issue of migration in Senegal and Venezuela to establish activities to promote economic growth. Another key intervention concerned support for the younger generations in their academic education with the provision of scholarships that will allow young students from Central America to spend the academic year in Italy, thus guaranteeing them greater economic and social sustainability in the future.

20 projects launched

17 NGOs supported



14 countries

Senegal, Guinea-Bissau, Uganda, Kenya, Brazil, El Salvador, Somaliland, Peru, India, Guatemala, Honduras, Colombia, Venezuela, Vietnam

more than 50,000 direct beneficiaries
indirect beneficiaries: more than 190,000

more than 160,000 meals distributed

financing resources to 18 small businesses suspended due to COVID
1 telepathology platform



more than 34.000 PPE items
(gel, gloves, visors, tracksuits, face masks)

117 scholarships

35 of coffee plant nurseries and family-run gardens

UGANDA, SHANTY TOWN IN LUZIRA

Project: “Semi di speranza”
Partner: Fondazione Italia Uganda
Implementing NGO: Sawa World

In Uganda, 11 million people live below the poverty line, and although the country’s agricultural potential is significant, levels of malnutrition affect the weakest segments of the population: 29% of children under the age of five suffer from rickets and 53% are anaemic (www.wfp.org/countries/uganda). Furthermore, the closure of schools due to the pandemic has exacerbated food shortages, as it is the only place for many children to have a guaranteed daily meal.

The “**Semi di speranza**” (Seeds of Hope) project aims to improve food security for families living in the slums of Kampala (Luzira, Kitintale, Kasokoso, Mutungu, Acholi districts), through the independent development of a domestic urban garden where they can grow vegetables starting from recycled materials.

There were 26 beneficiaries involved, for a total of 183 family members living in conditions of great economic and social vulnerability.



Firstly, theoretical and practical training courses were provided by the **Sawa World** team on urban farming techniques thanks to the creation of a large community urban garden for learning. To this end, different types of tuber and vegetable seeds were provided along with recycled materials to be used for cultivation, such as boxes and crates.

After the first six months of the pilot project, the 26 beneficiaries have successfully completed the various training courses: 23 of them have managed to create and maintain their own home garden; 13 have started to generate additional income from the sale of their produce and have used the proceeds to buy new seeds and materials to expand their garden; 15 have in turn trained four other people in their community in the techniques they have learnt. In addition, the community garden continues to produce food for the poorest families and provides employment for three people.

The project is a good example of multi-stakeholder collaboration of organisations with a common vision coming together to create opportunities for the world’s most disadvantaged populations.



Since arriving in Kampala, I’d never grown any food, but now I have nine different vegetables in my patch. It’s something I’d never have thought of doing. Without the training I’ve received, I’d never have imagined being able to plant and grow plants to feed myself and my family.

Achola Evaline, project beneficiary

2001-2021: 20 YEARS WITH SAVE THE CHILDREN

In 2021, the ongoing partnership between Lavazza and Save the Children celebrated its **20th anniversary**, making the Company **the longest standing partner** of the international organisation, which has fought for over 100 years to Save the Children and guarantee them a future. As a company and through the non-profit Giuseppe and Pericle Lavazza Foundation, the Lavazza Group has reached 100,000 children and young beneficiaries, collaborating in various programmes aimed firstly at mitigating seven national and international emergencies, then at promoting the health of mothers and their children, supporting adolescents and welcoming under-age migrants. The initiatives have been developed in nine different countries: **Italy, Yemen, Indonesia, Nepal, India, Ivory Coast, China, Vietnam and Myanmar**. The projects that have been developed together with Save the Children have transformed the lives of thousands of people who, thanks to the possibility of receiving an education, now have the prospect of a better life.

During the early years, the partnership with Save the Children focused on providing support to girls, boys, young people and families who had experienced conflicts, humanitarian emergencies or situations of great hardship, such as the earthquakes in Central Italy and Nepal and the tsunami in Indonesia. We also developed health and nutrition programmes in developing countries such as India, Ethiopia and Myanmar. Over time, the relationship with

Save the Children has been consolidated through programmes for the protection of children's rights. A key example is our adherence to the **Children's Rights and Business Principles** developed by UNICEF, the UN Global Compact and Save the Children, which is the first comprehensive set of guidelines for companies regarding the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights. Save the Children has therefore worked alongside the Lavazza Group on specific projects, designed to integrate these principles with the Company's daily business.

In addition, a large contribution has been made to programmes aimed at providing young people with vocational training, to take back their lives, find jobs and assert their rights. An example is New Horizons, a project that has given thousands of young people from the world's most disadvantaged areas a chance at redemption by teaching them a useful trade to find qualified employment.

The partnership has always had a strong international scope, without losing sight of the needs of those closest to home. This is demonstrated by the recent intervention in response to Covid-19 in Italy and India and the one for the CivicoZero office in Turin, a day centre for the inclusion of under-age migrants, especially when not accompanied by an adult.



These twenty years of working together make us Save the Children's longest standing business partner. It is a record that makes us proud and moves us, especially when we look back over the many projects we have developed together and remember the faces of some of their young beneficiaries. It is a stage in a journey that continues: strengthened by a sincere sharing of values centred around protecting the rights of all children, we are already planning the next years together to create targeted aid programmes in the communities where we operate as an international Group.

Mario Cerutti, Chief Institutional Relations and Sustainability Officer of the Lavazza Group

We are happy to have reached this milestone together. Our partnership with the Lavazza Group and Foundation has been able to grow and renew itself over time, always aiming to promote the rights of the most vulnerable children, and it is even more urgent now that the impact of the Covid-19 pandemic is amplifying inequalities around the world, depriving so many more children and their families of health, the resources they need to survive, and the indispensable tools they need to grow, such as education. In addition to this, we think it is very important to increasingly develop our collaboration in the area of protecting children's rights within the group's supply chain in order to create positive and sustainable changes in the communities where it operates.

*Daniela Fatarella,
CEO of Save the Children Italy*



GRI CONTENT INDEX

The following chart shows the list of indicators reported in this Sustainability Report. Each GRI indicator is referenced in the chapter or section or where the data or information is not contained in the text, the description of the indicator shall be given.

UNIVERSAL STANDARDS	REFERENCE OR DESCRIPTION
GRI 102: General Disclosures 2016	
102-1: Name of the organization	See the Methodological Note
102-2: Activities, brands, products, and services	Below is a list of the brands under the management of the Lavazza Group in Italy and in the countries included in the extended reporting scope of the Sustainability Report 2019. Single Serve category <ul style="list-style-type: none">LavazzaCarte Noire Food Service category <ul style="list-style-type: none">LavazzaCarte NoireMerrildSenseo Roast & Ground category <ul style="list-style-type: none">LavazzaMerrildKicking Horse There are no Lavazza products or services banned in some markets or countries.
102-3: Location of headquarters	See the Methodological Note
102-4: Location of operations	See the Methodological Note
102-5: Ownership and legal form	See the Methodological Note
102-6: Markets served	See the Methodological Note
102-7: Scale of the organization	See the Methodological Note
102-8: Information on employees and other workers	See paragraph “Our pledge for an inclusive business: Goal 5 - Gender Equality”
102-9: Supply chain	See paragraph “The involvement of suppliers” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
102-10: Significant changes to the organization and its supply chain	See the Methodological Note
102-11: Precautionary Principle or approach	See paragraph “Risk management” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
102-12: External initiatives	See the Methodological Note and chapter “The work of the non-profit Giuseppe and Pericle Lavazza Foundation”
102-13: Membership of associations	See paragraph “Stakeholder engagement and materiality matrix”
102-14: Statement from senior decision-maker	See the Chairman’s and Chief Executive Officer’s opening letters

UNIVERSAL STANDARDS	REFERENCE OR DESCRIPTION
102-16: Values, principles, standards, and norms of behavior	See paragraph “Lavazza’s governance” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
102-18: Governance structure	See paragraph “Responsible business management” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
102-40: List of stakeholder groups	See paragraph “Stakeholder engagement and materiality matrix”
102-42: Identifying and selecting stakeholders	See paragraph “Stakeholder engagement and materiality matrix”
102-43: Approach to stakeholder engagement	See paragraph “Stakeholder engagement and materiality matrix”
102-44: Key topics and concerns raised	See paragraph “Stakeholder engagement and materiality matrix”
102-45: Entities included in the consolidated financial statements	See the Methodological Note (section “Reporting scope and period”)
102-46: Defining report content and topic Boundaries	See paragraph “Stakeholder engagement and materiality matrix”
102-47: List of material topics	See paragraph “Stakeholder engagement and materiality matrix”
102-48: Restatements of information	There are no changes/restatements compared to the 2020 Sustainability Report
102-49: Changes in reporting	See the Methodological Note (section “Reporting scope and period”)
102-50: Reporting period	See the Methodological Note (section “Reporting scope and period”)
102-51: Date of most recent report	The latest edition of the Sustainability Report refers to 2020
102-52: Reporting cycle	See the Methodological Note (section “Objectives, scope and references of the Report”)
102-53: Contact point for questions regarding the report	sustainabilitylavazza@lavazza.com
102-54: Claims of reporting in accordance with the GRI Standards	See the Methodological Note (section “Objectives, scope and references of the Report”)
102-55: GRI content index	Reference should be made to this table
102-56: External assurance	See paragraph “Stakeholder engagement and materiality matrix” (section “Assurance process”)
GRI 103: Management approach 2016	
103-1: Explanation of the material topic and its Boundary	See the information given in the chapters of this document
103-2: The management approach and its components	See the information given in the chapters of this document
103-3: Evaluation of the management approach	See the information given in the chapters of this document

SPECIFIC STANDARDS	REFERENCE OR DESCRIPTION
GRI 200: ECONOMIC TOPICS	
GRI 201: Economic performance 2016	
201-1: Direct economic value generated and distributed	See paragraph “The 2021 economic results” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
GRI 205: Anti-corruption 2016	
205-2: Communication and training about anti-corruption policies	See paragraph “Business ethics and compliance” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
GRI 207: TAX 2019	
207-1: Approach to tax	See paragraph “Lavazza’s approach to taxation” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
207-3: Stakeholder engagement and management of concerns related to tax	See paragraph “Lavazza’s approach to taxation” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
GRI 300: ENVIRONMENTAL TOPICS	
GRI 301: Materials 2016	
301-1: Materials used by weight or volume	See paragraph “Lavazza’s approach to circular economy” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
GRI 302: Energy 2016	
302-1: Energy consumption within the organization	See paragraph “Impact reduction: our environmental performances” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
302-3: Energy intensity	See paragraph “Impact reduction: our environmental performances” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
GRI 303: Water and effluents 2018	
303-3 Water withdrawal	See paragraph “Impact reduction: our environmental performances” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
303-4: Water discharge	See paragraph “Impact reduction: our environmental performances” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
GRI 305: Emissions 2016	
305-1: Direct (Scope 1) GHG emissions	See paragraph “CO ₂ emission measurement” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
305-2: Energy indirect (Scope 2) GHG emissions	See paragraph “CO ₂ emission measurement” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
305-3: Other indirect (Scope 3) GHG emissions	See paragraph “CO ₂ emission measurement” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”.
GRI 306: Waste 2020	
306-4: Waste diverted from disposal	See paragraph “Impact reduction: our environmental performances” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”
306-5: Waste directed to disposal	See paragraph “Impact reduction: our environmental performances” in chapter “The Lavazza Roadmap to Zero: Goals 12 and 13”

SPECIFIC STANDARDS	REFERENCE OR DESCRIPTION
GRI 400: SOCIAL TOPICS	
GRI 401: Employment 2016	
401-1: New employee hires and employee turnover	See paragraph “People at the centre” in chapter “Our pledge for an inclusive business: Goal 5 - Gender Equality”
401-3: Parental leave	See paragraph “People at the centre” in chapter “Our pledge for an inclusive business: Goal 5 - Gender Equality”
GRI 403: Occupational health and safety	
403-9: Work-related injuries	See paragraph “Employees’ health and safety” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
GRI 404: Training and education 2016	
404-1: Average hours of training per year per employee	See paragraph “People at the centre” in chapter “Our pledge for an inclusive business: Goal 5 - Gender Equality”
404-3: Percentage of employees receiving regular performance and career development reviews	See paragraph “People at the centre” in chapter “Our pledge for an inclusive business: Goal 5 - Gender Equality”
GRI 405: Diversity and equal opportunity 2016	
405-1: Diversity of governance bodies and employees	See paragraph “People at the centre” in chapter “Our pledge for an inclusive business: Goal 5 - Gender Equality”
405-2: Ratio of basic salary and remuneration of women to men	See paragraph “People at the centre” in chapter “Our pledge for an inclusive business: Goal 5 - Gender Equality”
GRI 408: Child Labor 2016	
408-1: Operations and suppliers at significant risk for incidents of child labor	See paragraph “Supply chain management” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
GRI 412: Human Rights Assessment	
412-1: Operations that have been subject to human rights reviews or impact assessments	See paragraph “The involvement of suppliers” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”
GRI 413: Local communities 2016	
413-1: Operations with local community engagement, impact assessments and development programs	See paragraph “The support to local communities” in chapter “Responsible growth: Goal 8 - Decent work and sustainable growth”



Independent auditor’s report on the limited assurance engagement of the Sustainability Report 2021

To the Board of Directors of Luigi Lavazza SpA

We have been engaged to undertake a limited assurance engagement on the Sustainability Report of Lavazza for the year ended 31 December 2021. Lavazza identifies, only for Sustainability Report 2021 purposes, the following companies: Luigi Lavazza SpA, Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Premium Coffees Corp, Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, Lavazza France Sas, Fresh and Honest Café Ltd, Kicking Horse Co Ltd, Lavazza Professional North America Inc, Lavazza Professional UK Ltd, Lavazza Professional Germany GmbH, Lavazza Professional France Sas and Nims SpA.

Responsibilities of the Directors for the Sustainability Report

The Directors of Luigi Lavazza SpA are responsible for the preparation of the Sustainability Report in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” issued in 2016 and updated to 2020 by GRI - Global Reporting Initiative (the “GRI Standards”), as illustrated in the “Methodological Note” section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of Lavazza, as well as for identifying its stakeholders and material topics to be reported on.

Auditor’s Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers Business Services Srl

Società a responsabilità limitata a socio unico

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 725991 Cap. Soc. Euro 100.000,00 i.v. - C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 06234620968 - Altri Uffici: Bari 70122 Via Abate Ginnia 71 Tel. 080 5640311 Fax 080 5640349 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 36977501 - Cagliari 09125 Viale Diaz 29 Tel. 070 6848774 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 Fax 055 2482899 - Genova 16121 Piazza Piccopietra 9 Tel. 010 39041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 8734311 Fax 049 8734399 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 6256313 Fax 091 7829221 - Roma 00139 Via Roma 457 Tel. 06 6752111 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 Fax 0521 781844 - Pescara 66127 Piazza Ettore Trullo 8 - Roma 00154 Largo Fochetti 29 Tel. 06 6920731 Fax 06 69207330 - Torino 10122 Corso Palestro 10 Tel. 011 5773211 Fax 011 5773299 - Trento 38121 Viale della Costituzione 33 Tel. 0461 237004 Fax 0461 235977 - Treviso 31100 Viale Fellissent 90 Tel. 0422 315711 Fax 0422 315798 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 Fax 040 364737 - Verona 37135 Via Francia 21/C Tel. 045 8263001

Società soggetta all'attività di direzione e coordinamento della PricewaterhouseCoopers Italia Srl

www.pwc.com/it



Auditor’s Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with “International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Information” (hereinafter also “ISAE 3000 Revised”) issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, we did not obtain assurance that we became aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

- 1)

We analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the method of their identification in terms of priority for the various categories of stakeholders and to the internal validation of the results of the process;
- 2)

We compared the financial information reported in the “the 2021 economic results” section of the Sustainability Report with the information included in the Group’s consolidated financial statements as of 31 December 2020 on which other auditors issued an audit opinion, in accordance with article 14 of legislative decree n° 39 of 27 January 2010, on 13 April 2022;
- 3)

We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we inquired of and discussed with management personnel of Luigi Lavazza SpA and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of Lavazza, at a holding level:

- a)

with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;
- b)

with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.



For the companies Luigi Lavazza SpA, Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Premium Coffees Corp, Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, Lavazza France Sas, Fresh and Honest Café Ltd, Kicking Horse Co Ltd, Lavazza Professional North America Inc, Lavazza Professional UK Ltd, Lavazza Professional Germany GmbH, Lavazza Professional France Sas and Nims SpA, which we selected based on their activities and contribution to performance indicators at a consolidated level, we obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Lavazza for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the “Methodological Note” section of the Sustainability Report.

Turin, 21 July 2022

PricewaterhouseCoopers Business Services Srl

Signed by

Paolo Bersani
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2021 translation.



LUIGI LAVAZZA S.P.A.

Registered and administrative offices:
Via Bologna, 32 - 10152 Turin - Italy
Fully paid-up capital €25,000,000
Tax code and Turin Register of Companies
No. 00470550013

Editorial Supervision:

Institutional Relations and Sustainability Department,
Laura Poggio

Graphic Concept and Design:

SGI Società Generale dell’Immagine S.r.l.
Turin

Illustrations by:

Sonia Ligorio

Photographs by:

Hanns R. Neumann Stiftung (HRNS),
Save the Children, World Coffee Research (WCR),
Davide Bozzalla, Charlie Davoli, Andrea Guermani,
Joey L., Roger Loguarro, Emmanuel Lubezki,
Steve Mc Curry, Denis Rouvre

Translated by:

Koinè
Trieste

Printed by:

SGI Società Generale dell’Immagine S.r.l.
Turin

Printed in Italy

July 2022

