

LAVAZZA
GROUP

A Goal in Every Cup



2023
SUSTAINABILITY
REPORT

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LETTERS TO STAKEHOLDERS

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Today we aim to make our entrepreneurial project evolve with energy and a clear direction.



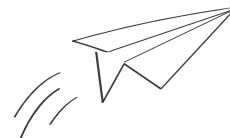
I am proud to introduce the Group's Sustainability Report for the first time in my role as Chairman, after the handover from the third to the fourth generation of our Family: a transition that has reconfirmed our Company's business model, which has inspired our actions for over a century through growth, cohesion, harmony and respect.

During the years of the chairmanship of Alberto Lavazza, now Honorary Chairman, we witnessed the transformation of our Company into an international multi-brand group, thanks to a forward-looking and inclusive vision that allowed us to conquer new markets and consolidate existing ones. A path we followed with courage and foresight, which led to continuous development, always accompanied by an attention to the human and environmental dimension.

These aspects are key to our Company, as witnessed by the numerous activities implemented and the important results achieved in 2023 in many different areas: the inclusion of the circular economy criteria into our processes and products, the constant mitigation of the impacts of our operating model, the attention to our people's inclusion and wellbeing, the implementation of sustainable development models within coffee-producing communities thanks to the Lavazza Foundation's activities, and much more.

With this in mind and with these solid foundations, today we aim to make our entrepreneurial project evolve with energy and a clear direction, even though the world economic landscape is increasingly characterised by uncertainties, and what was considered a certainty yesterday, today has become a more opaque and difficult to interpret dimension.

The Group continued and will continue to invest to ensure its long-term prospects, with a constant eye to the future. We are confident that, thanks to our people and through the collaboration with a wide network of partners, we will be able to implement that positive change we are constantly searching for and that reflects our Group's values and strategic thinking.



Giuseppe Lavazza
Chairman of Lavazza Group

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A commitment that confirms the strength of our development and sustainability strategy, highlighting the passion and efforts of all our people.

The 2023 Sustainability Report is the tenth report that our Company prepares on a voluntary basis, which is focused on our path towards sustainable development. During these ten years, the global scenario has deeply changed due to multiple factors: from the pandemic to the constantly evolving geopolitical context, to name just a few. Ten years during which our Company has changed as well, thanks to a constant growth that turned it into an international Group operating in over 140 countries. Ten years during which the commitment to integrating the ESG criteria into our business model has been structured into a strategy covering all sustainability-related aspects: a responsible, transparent governance that supports value creation and distribution; a systematic and globally widespread care for people both within the Group and in the communities in which we operate; a fight against climate change effects through a plan centred around impact monitoring and gradual impact reduction throughout the supply chain.

In 2023, we continued to pursue this path with determination — as illustrated in this Report —, and continued to grow, exceeding for the first time €3 billion revenues. This was a significant result in light of the very challenging macroeconomic context, marked especially by the sharp rise in commodity prices. This commitment confirms the strength of our development and sustainability strategy, highlighting the passion and efforts of all our people.

Our people are at the heart of our values and our strategy. An example of this is the international expansion of our GAP FREE programme, dedicated to Diversity & Inclusion and aimed at enhancing everyone's uniqueness and considering diversity as a valuable resource not only in ethical terms, but also for growth: according to numerous studies, companies that are able to implement effective inclusion measures also prove to be among the most competitive ones. This is why D&I policies have gradually taken on a key role within our organisation, becoming an integral part of our strategic plan.

Antonio Baravalle
Chief Executive Officer
of Lavazza Group



PURPOSE AND VALUES

Awakening a better world every morning

Our purpose

Awakening a better world every morning is the highest expression of the commitment to helping make the world better, coffee after coffee, day after day. It is precisely in compliance with its purpose statement that Lavazza Group aims to offer high-quality products through a responsible model based on innovation, passion and competence.

The **2021-2025 five-year strategic plan** was designed based on this model and in this value framework, which, for 128 years of history, has evolved to a point that economic, social and environmental sustainability is considered to be

the compass for guiding the Company's strategy and for multiplying the positive effects on the Company and on the communities in which it operates.

In 2023, all company functions kept working to consolidate this approach, which involves all brands, and integrate an international group perspective into a family company with a global vision — an independent key player in all segments and distribution channels of the coffee market, with over **30 billion cups of coffee produced yearly**.

A responsible model

A family company with a global vision

128 years of history

LAVAZZA GROUP

30 billion cups of coffee produced yearly

innovation - passion - competence

Our worldwide coffee family grows through respect for people and the environment



AUTHENTICITY

We are true to our past, and to ourselves.
We are genuine because we value the freedom to be ourselves, the freedom to express our ideas. We respect the opinions of others throughout the entire Group. We are proud of our roots, and we believe in the future we are building together.



PASSION FOR EXCELLENCE

We believe that even excellence can be improved.
We are passionate about our products and services and we always ensure impeccable quality, whatever our role may be. We are committed to everything that we do, which is how we are able to exceed all expectations. We always seek to create exceptional experiences for our customers, consumers and for all people: for us, people are the top priority.



RESPONSIBILITY

We are responsible coffee producers.
We are committed to responsible economic growth, and do everything we can to protect people and the planet. We are inclusive, working closely with both those inside the Group and our external partners. We take responsibility for our actions and for the impact that we generate.

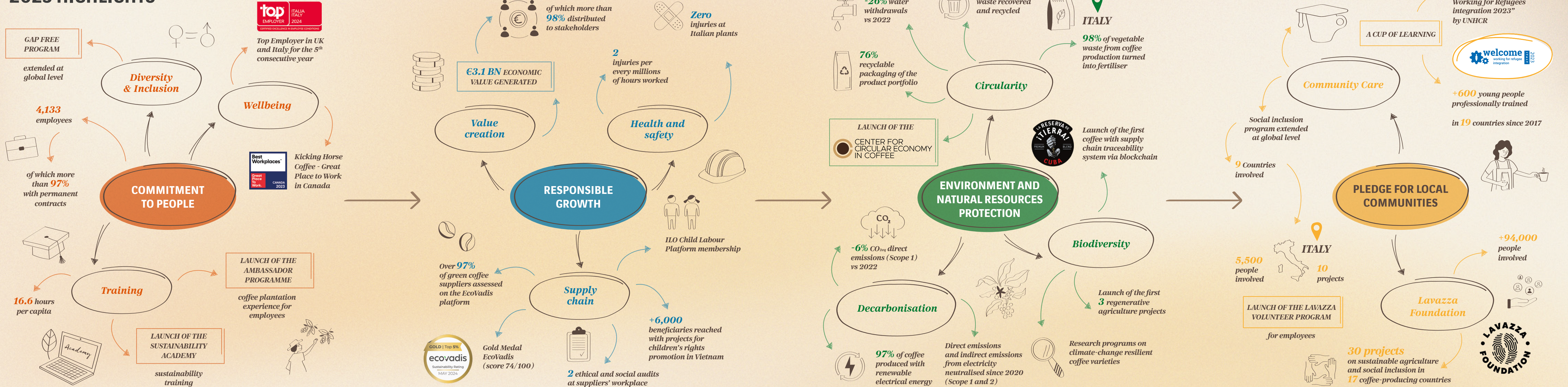


INVENTIVENESS

We never stop striving for more
We focus on the future, learning from our mistakes in order to create a better tomorrow. We are flexible and capable of adapting, and we approach new situations with an open and receptive mind. We apply our spirit of initiative to overcome problems, we are courageous and daring, we think big and we never give up.

Our values

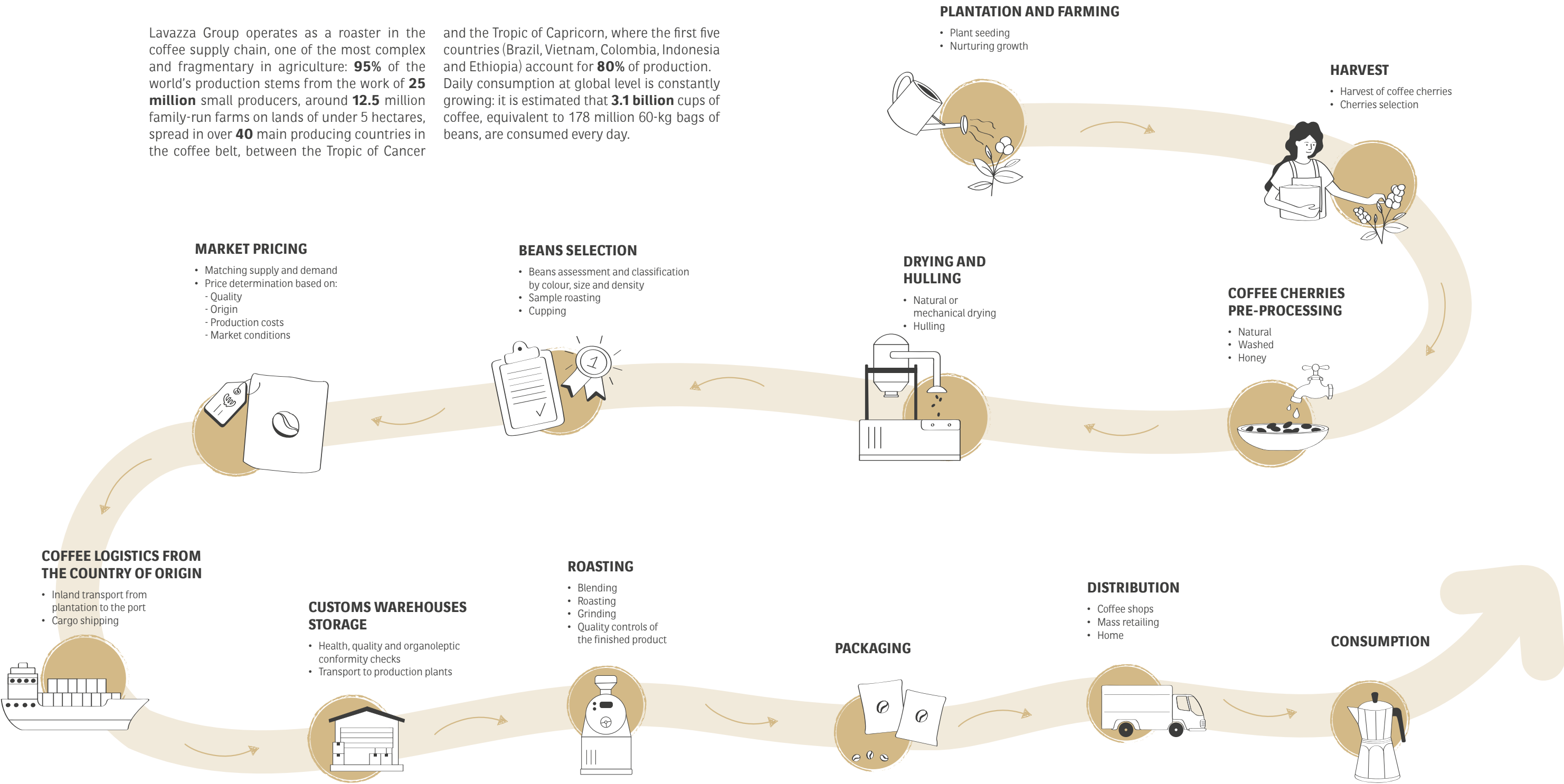
2023 HIGHLIGHTS




THE WORLD OF COFFEE

Lavazza Group operates as a roaster in the coffee supply chain, one of the most complex and fragmentary in agriculture: **95%** of the world's production stems from the work of **25 million** small producers, around **12.5 million** family-run farms on lands of under 5 hectares, spread in over **40** main producing countries in the coffee belt, between the Tropic of Cancer


and the Tropic of Capricorn, where the first five countries (Brazil, Vietnam, Colombia, Indonesia and Ethiopia) account for **80%** of production. Daily consumption at global level is constantly growing: it is estimated that **3.1 billion** cups of coffee, equivalent to 178 million 60-kg bags of beans, are consumed every day.




COFFEE TREE




Tropical and equatorial regions with hot and humid climate




124 species, Arabica and Robusta the most widespread




Arabica coffee grows at an altitude of 700-2,200 metres



Robusta coffee grows at an altitude of 0-900 (with peaks up to 1,600) metres



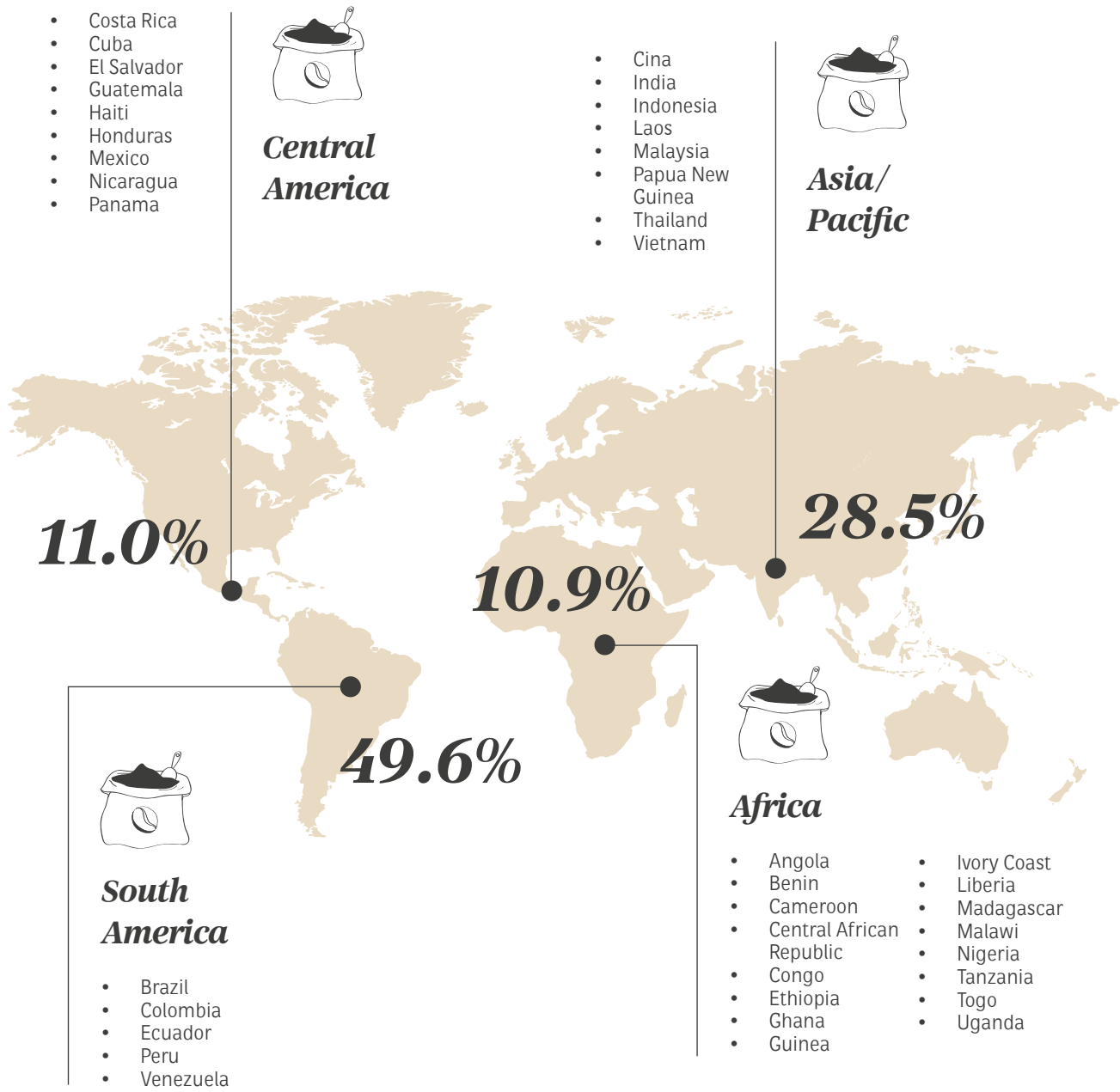
Maximum plant height 3.5 metres



Produces white flowers and red cherries, each containing 2 coffee beans



PRODUCTION ¹



1) USDA (United States Department of Agriculture Foreign Agricultural Service) - 2023.

1. LAVAZZA GROUP

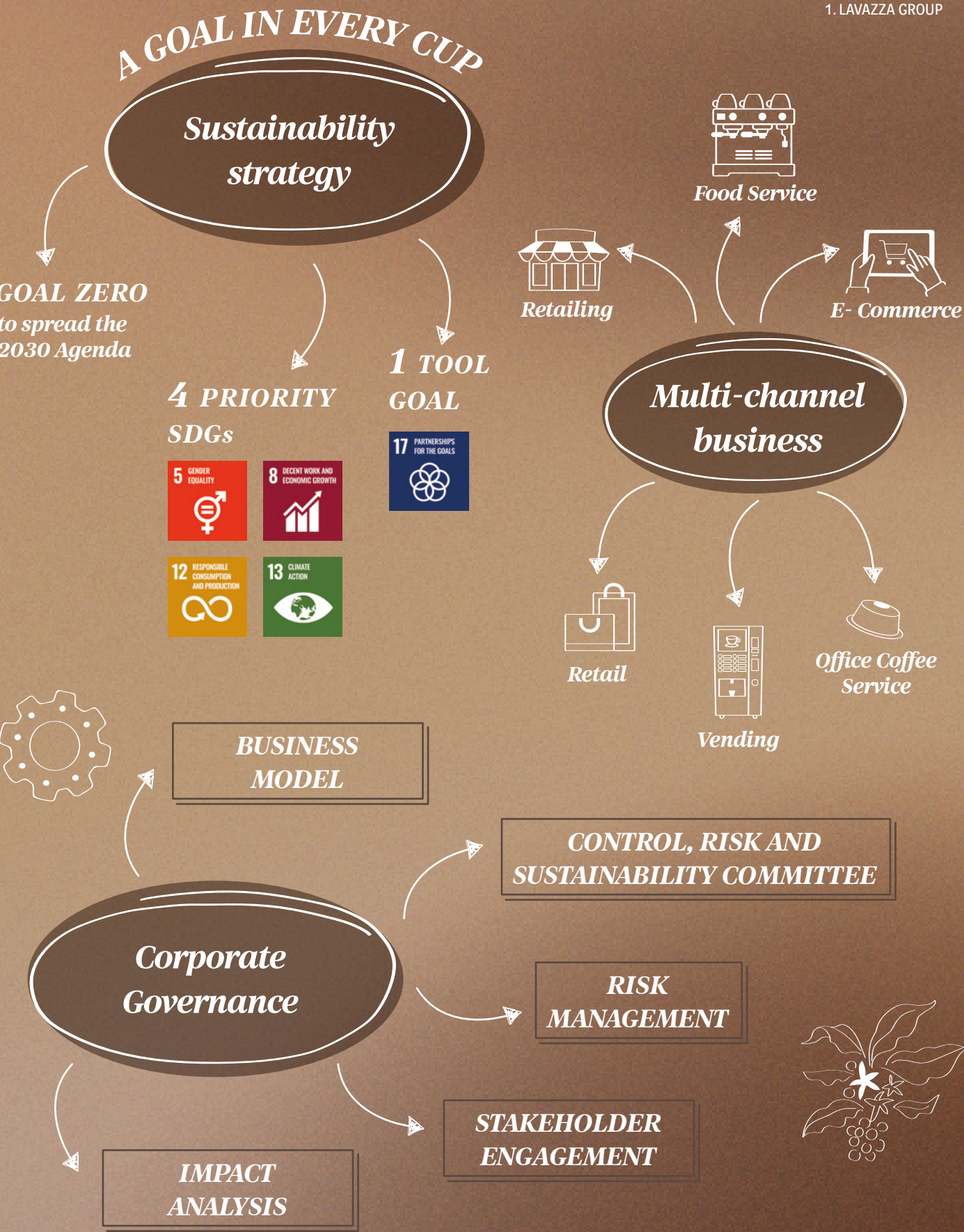
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OVERVIEW
LAVAZZA GROUP



1.1 WHO WE ARE

Lavazza Group (hereinafter also as “Group” or “Lavazza”) with Headquarters in Turin, Italy, was born by the entrepreneurial passion of the Lavazza family, and today it is among the major players in the global coffee arena as a roaster, present in all business segments. It operates in **140** markets, with **8** production plants in **5** countries (Italy, United Kingdom, France, Canada and the USA) and over **4,000** employees and collaborators² worldwide. This global footprint stems from a growth path that has lasted for **128** years.

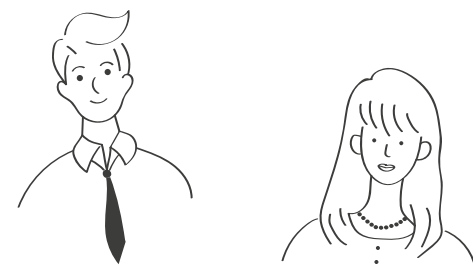
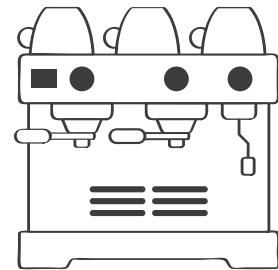
Following a paradigm that integrates economic, social and environmental sustainability, the Group has always ensured optimal product **quality** through investments in research and innovation that guarantee the best coffee experience in all its forms, offering a moment of pleasure with the perfect product for all times of the day. From the intuition that marked the Company’s first success – the **coffee blend** – to the development of innovative solutions for packaging, from the first espresso drunk in

space to the hundreds of patents in its portfolio, Lavazza has always revolutionised the coffee culture, with courage, energy and reliability, modernising tradition to anticipate the needs of the market and consumers.

The Company’s attitude is also reflected in the attention paid to economic, social and environmental sustainability, always considered a reference in steering the company strategy and multiplying the positive effects on the Group and on the communities in which it operates. Sustainable development in favour of the coffee-producing communities and the most vulnerable segments of the local areas in which it operates has been supported by the non-profit Giuseppe and Pericle Lavazza Foundation since 2004.

This approach to sustainability covers all the Group’s brands and creates a common culture based on **responsible innovation, passion, integrity and competence** that serves as a guide for continuing to offer superior quality coffee.

*More than
4,000 employees*



*+50 Training
Centers worldwide*



2) In line with the reporting scope described in the Methodological Note, at 31st December 2023 Lavazza Group’s employees numbered 4,133. Taking into account the most recent acquisitions (MaxiCoffee and Stirlingshire Vending) – excluded from this Sustainability Report since they are in their first year of integration –, the number of employees exceed 5,600. Please refer to the Group’s 2023 Directors’ Single Report on Operation for further details.

BRANDS

Lavazza Group brings together the global Lavazza brand with the brands Carte Noire, Kicking Horse and Merrild, market leaders in

their respective countries, all united by a focus on quality, yet quite distinct in terms of characteristics and personality.

Lavazza



It is the Group's global brand, synonymous with authentic Italian coffee around the world and a symbol of conviviality, quality and the Italian way of life. A history that dates back to 1895, thanks to the entrepreneurial spirit of Luigi Lavazza, inventor of the art of blending. Lavazza is a consolidated, historic leader in Italy's retail chains, and it is present in all business segments — At Home, Away From Home and Office Coffee Service — with dedicated products and solutions at the global level. It can also count on excellent brand awareness and reputation in all the most strategically important markets, also thanks to its constant commitment to sustainability. A communication innovator, over the years the Lavazza brand has also built its global identity through partnerships in the areas of top gastronomy, sport and culture.



Merrild



Part of the Group since 2015, this brand was founded in Denmark as a result of the passion of Møller Merrild, an entrepreneur who in 1964 opened a small coffee roasting company in Fredericia, a small Danish municipality on the shore of the North Sea, driven by a desire to improve the coffee blends available on the market.

His research resulted in the development of high-quality recipes with unmistakable flavour — some of which remain unchanged to these days — propelling the brand's growth and transforming it into a leader of the coffee market in Denmark and the Baltics.



Carte Noire



Part of the Group since 2016, Carte Noire is an icon of the French art of coffee and is the leading retail coffee brand in France, well known since its foundation for its extremely high-quality coffee.

Thanks to the vision of its founder, René Monnier, since 1978 Carte Noire has stood out for its refined blends and for being the first player in the French market to offer 100% Arabica products, as well as the No. 1 brand in France's coffee market by penetration, reputation and image.



Kicking Horse Coffee



Part of the Group since 2017, this brand was founded in 1996 in the Canadian Rocky Mountains, where founders Elana Rosenfeld and Leo Johnson dreamed of creating an innovative coffee roasting company with an artisanal approach, experimenting with the art of roasting and blending coffee grown according to strictly natural methods.

Over time, the brand has specialised in the marketing of 100% organic and fair-trade certified coffee, becoming the leading player in this segment of the North American market.



SALES CHANNELS

Lavazza Group's wide range of products, dedicated to both At Home and Away From Home consumption, is distributed across all sales channels: Retail, E-commerce, Food Service, Retailing, Office Coffee Service (OCS) and Vending. This presence makes available to all consumers and customers the most suitable solutions on every occasion, in every moment of the day.

Retail



Within the At Home consumption channel, the Group has a very strong position in a number of key markets such as Italy, France, Denmark, the Baltics and Canada.

The range, differentiated by country, includes whole-bean and ground coffee products — for espresso, moka coffee pot and filter systems — pods, instant coffee, ready-to-drink beverages and capsules for the world's most common home systems. In addition to a broad presence in mass retail and specialist stores, the Group also markets its At Home products through its subsidiary **Nims S.p.A.**, which joined the Group in 2017 and offers its customers direct door-to-door sale of coffee products and prompt, timely warranty and support service, thanks to a network of personal coffee shoppers who create a direct relationship of trust with their customers.

E-Commerce



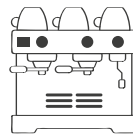
In recent years, e-commerce has become increasingly important across all the Group's channels.

The Company found itself prepared to respond to consumers' new online purchasing habits, accelerated by the Covid-19 pandemic, thanks to the significant investments made over the

years in digital platforms and to the focus on improving e-commerce service in both proprietary and third-party channels. The Group's strategy involves offering a comprehensive service: a different way to approach customers and meet their needs, while also exploring new business models.

The acquisition, in 2023, of the phygital platform in the world of coffee **MaxiCoffee** — a French Group which targets both private customers and commercial businesses through its e-commerce platform, a network of 60 sales points throughout France, its Concept Stores and several *Écoles du Café* (certified training schools) — confirmed the consolidation in the e-commerce channel.

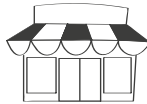
Food Service



Among the channels reserved to the Away From Home consumption, Lavazza caters to professionals in the sector by offering dedicated products and tailor-made solutions for every service mode and all types of coffee preparation. Quality in every cup is ensured making available a selection of professional machines and specific service materials, in addition to all communication materials that allow to leverage all aspects of the coffee ritual.

Lavazza Training Center provides day-to-day support to clients in their activities through training programmes focusing on theory and operational consulting, directly on-site, provided by a team of specialists who operate according to the international standards of excellence set by the Specialty Coffee Association. In addition to coffee, the range is rounded out by complementary products such as hot chocolate, ginseng and barley beverages, tea, infusions and granitas.

Retailing

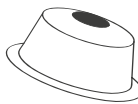


With regard to the Away From Home consumption, through its two **Milan and London flagship stores**, Lavazza brand also offers an immersive, comprehensive coffee experience, where the product is enhanced in all its forms, from the most traditional, such as espresso, to the most surprising Coffee Design preparations, while also building a direct relationship with the end-consumer. Moreover, the Group has set up with **Yum China Holdings Inc.** — the largest restaurant company in China in terms of total sales — a joint venture to explore and develop the concept of the Italian coffee shop in China, opening **122** points of sale in 2023. The joint venture aims to open Lavazza coffee shops in China, as well as to distribute and market the brand's retail products, thus becoming the Group's exclusive distributor in mainland China.

Office Coffee Service (OCS) and Vending

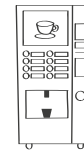
As per ensuring that consumers can enjoy an excellent cup of coffee anywhere, the Group has developed a specific range of products for various consumption occasions.

OFFICE COFFEE SERVICE (OCS)



It is the channel devoted to the Away From Home consumption, specifically for workplaces, to which the Group pays very special attention and care and that includes a wide range of coffee capsules and other beverages, as well as a range of designer manual coffee machines suitable for any environment, in addition to supply and support service. Cutting-edge systems such as **Lavazza Firma, Lavazza Professional Flavia and Lavazza Expert** are dedicated to this channel.

VENDING



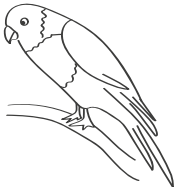
It is the channel devoted to the Away From Home consumption through vending machines located in public spaces, such as airports, stations, Universities and hospitals, where the Group offers a range of products and services under the **Lavazza BLUE** brand and, for Lavazza Professional, under the **Klix** brand, which has become a sustainability benchmark thanks to its Eco Cups, i.e., fully recyclable and compostable paper cups.



LAUNCH OF “OASI ¡Tierra!”
FOR THE COFFEE BREAK

2023 saw the launch of Oasi ¡Tierra!, an innovative project to transform the way the coffee break moment is experienced in places for study or work, by improving and enhancing it with sustainability-related values. In fact, the space has a contemporary design and plastic-free materials that turn these areas into real green islands with a tropical atmosphere, equipped with air purifiers, aroma diffusers and rich in plants and living greenery. In these spaces, it is possible to enjoy the BLUE ¡Tierra! For Planet Espresso Bilanciato compostable capsules³.

The **Oasi ¡Tierra!** project integrates the **Piacere Lavazza App** with **AWorld** feature: this makes it possible to calculate one’s own environmental footprint and also undertake a path of education and awareness regarding the adoption of responsible behaviour. In addition, upon opening each of these coffee break areas, Lavazza commits to planting over 1,000 trees together with the **Tree-Nation** Platform in support of reforestation projects in Mozambique, Thailand, Bolivia and Colombia.



*More than a
thousand trees
planted per break
area installed*



3) Compostable capsules certified EN 13432:2000 for industrial composting by TÜV Austria.

ATTENTION
TO QUALITY

The **Quality and Food Safety Policy** represents the attention that Lavazza Group has to its consumers, which enhances the customer experience, tailoring quality criteria not only according to product characteristics but also through customer perception.

Right from the choice of the coffee origins, the Group defines its own standards relating to specific quality characteristics identified by Lavazza experts to guarantee a uniform quality of the coffee purchased and provide its consumers with the same taste as always: the so-called “**in-cup profile**”. These standards embrace the international classifications of the respective countries of origin, but also add more restrictive and specific characteristics related to coffee quality, bean size and sensory profile. Over time, Lavazza standards have been revised and extended for those countries where small quantities of coffee are bought. Lavazza purchases its coffee thanks to collaboration between coffee buyers, coffee tasters and exporters, which are required to provide the commodity according to the above-mentioned standards to ensure that the “in-cup profile” is kept constant over time.

The quality standards defined by the Group include compliance with a series of requirements monitored by the **Coffee Buying Department**, the function dedicated to purchasing raw coffee (also called “green coffee” from the colour of the bean before roasting), as well as to transport management and customs procedures.

















































Once the purchased coffee has entered the destination ports, the container is transferred to customs warehouses 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-producing countries. A specific identification code is given to each lot of coffee to identify its characteristics, such as the embarkation month or the price fixed. This process also guarantees traceability of the coffee back to the region of origin. 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 coffee undergoes once again a series of visual and humidity checks, according to specific reference and control standards, to be then placed in storage silos.

EUROPEAN COFFEE AWARDS 2023:
LAVAZZA BEST COFFEE ROASTER

Lavazza brand was recognised as Best Coffee Roaster – Europe 2023 according to the experts of the prestigious European Coffee Awards, which every year celebrates the best companies in the Ho.Re.Ca. sector. This award recognises Lavazza’s ongoing commitment to pursuing quality and passion for excellence.



Each plant has a small tasting laboratory, where all the finished product lots are tested by personnel with special training to check that the right blend is contained in the pack and has no defects. In order to ensure solid management systems that pay attention to quality, product safety and production processes’ social and environmental impacts, Lavazza Group has obtained the **certifications** applicable to processes and products for its production plants, as summarised in the table below.

									
	Turin (IT)	Gattinara (IT)	1895 (IT)	Pozzilli (IT)	Lavérune (FR)	Basingstoke (UK)		West Chester (USA)	Invermere (CAN)
						Drinks	Machines		
Process certifications									
ISO 9001:2015 ⁴									
HACCP ⁵									
FSSC 22000 ⁶									
Product certifications									
UTZ/Rainforest Alliance ⁷									
Fairtrade ⁸									
Confida ⁹									
Bio-Organic ¹⁰									
National Organic Program (NOP) ¹¹									
Canadian Organic Regime (COR) ¹²									
Certifications of a religious nature									
Kosher									
Halal									

4) Quality Management System.
5) (Ref. CodeXAlimentarius) HACCP System – International Food Standards.
6) Food Safety Management System.
7) Rainforest Alliance is a certification attesting the origin of products deriving from sustainable agriculture that helps farmers and their families to adopt good agricultural practices and run their farms profitably, while respecting people and the planet’s resources.
8) Fairtrade certification ensures growers a stable minimum price (regardless of market variations and in support of sustainable production) and a Fairtrade prize that growers’ cooperatives can allocate to social projects, schools and clinics or improved production.
9) Confida (the Italian Automatic Distribution Association) ensures that companies that own automatic vending machines comply with a series of parameters and meet a high standard of quality in the provision of vending services.
10) Bio-Organic certification guarantees that production processes comply with the specific requirements for the processing of raw ingredients of organic origin. It covers all the levels of the production chain.
11) NOP is the US federal standard for organic products.
12) COR is the Canadian certification of biologic agriculture.

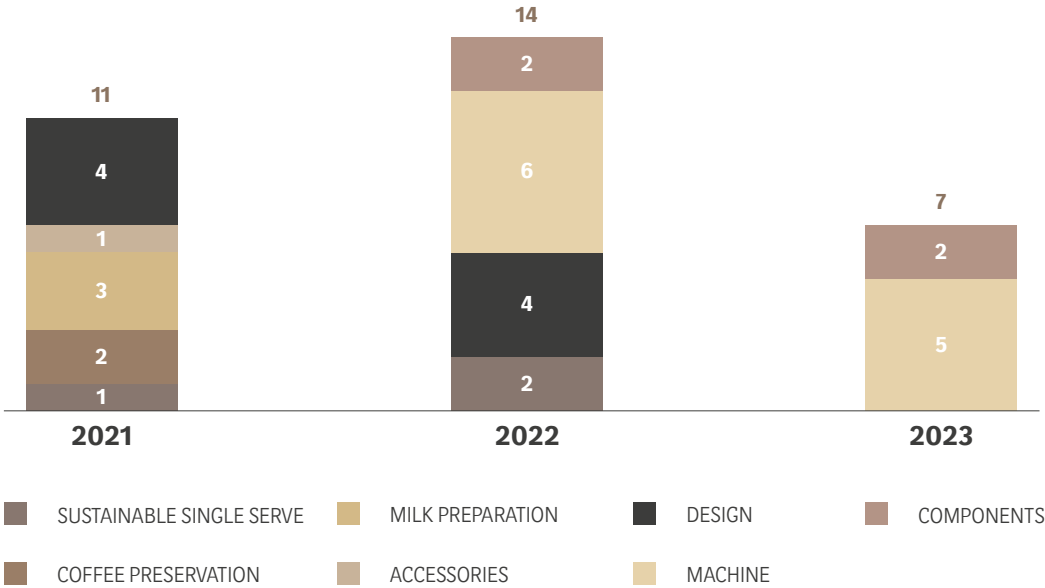
PATENT PORTFOLIO

Lavazza Group’s ability to create value through innovative processes both for stakeholders and for the local areas in which it operates is strengthened by the careful disclosure and protection of the intellectual property generated. The Group’s “patent portfolio” consists of **982** patents protecting intellectual property (742 invention patents, 236 design patents, 4 utility models) granted nationally and internationally, and **260** patents pending (251 Invention Patents, 9 Design Patents), of which **7** new applications were filed in 2023.



982 patents in the Group’s patent portfolio

NEW PATENT APPLICATIONS FILED IN 2021-2023



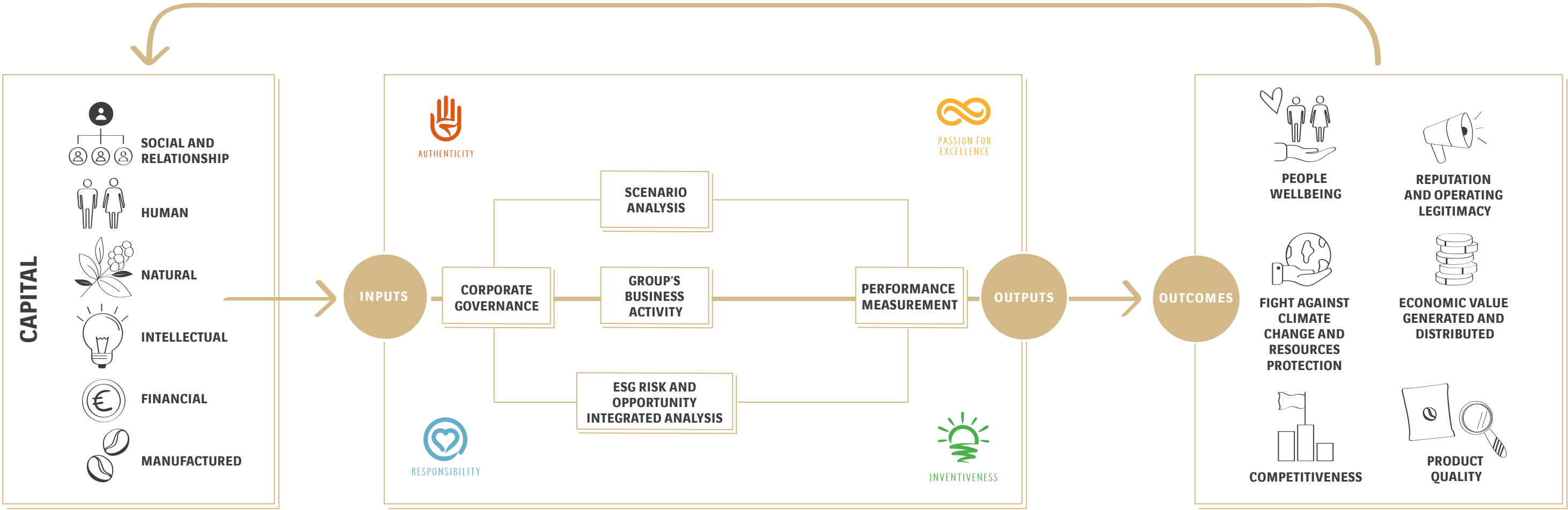
THE BUSINESS MODEL

In the complex world of coffee, Lavazza Group develops its business according to a model that aims to create **shared value** through ethical and responsible practices. In order to best represent how the Group operates and fosters the planning of shared actions for complete, substantial integration of sustainability goals

into the business, a joint round table between Finance and Institutional Relations & Sustainability functions has drafted and developed a specific business model¹³. The model requires that the main resources — the different capitals referred to as “**inputs**” — are used to create shared value throughout the chain to pursue the Group’s targets and contribute to its sustainable development. A solid and transparent governance, in which sustainability is integrated into business deci-

sions, enables the use of capital inputs considering a thorough, up-to-date scenario analysis of the coffee industry and the sustainability macro-trends, in line with the Group’s strategy. The risk analysis, integrated with ESG (Environmental, Social, Governance) factors, allows to prevent and mitigate the main threats while protecting the Group’s business activities. Through cyclical monitoring of financial and non-financial performance, the Company creates short- and medium-term **outputs** that

generate an ensuing long-term **outcome**. Outputs and outcomes are monitored through dedicated action plans and specific indicators managed by the various company departments. The compass that guides the entire process is represented by the Group’s values and purpose, from which stems an approach common to all brands, creating a culture based on responsible innovation, passion, integrity and competence.



13) Lavazza Group's business model is constructed on the basis of the International <IR> Framework, published by the International Integrated Reporting Council (IIRC), to show the system for organising inputs with company activities, outputs and outcomes, with the goal of creating value in the short, medium and long term.

	<div>SOCIAL AND RELATIONSHIP CAPITAL</div> <div></div>	<div>HUMAN CAPITAL</div> <div></div>	<div>NATURAL CAPITAL</div> <div></div>	<div>INTELLECTUAL CAPITAL</div> <div></div>	<div>FINANCIAL CAPITAL</div> <div></div>	<div>MANUFACTURED CAPITAL</div> <div></div>
INPUTS	<p>An extensive presence on working tables and in key coffee associations, including: the International Coffee Organization (ICO), World Coffee Research (WCR) and the European Coffee Federation (ECF). Active participation in pre-competitive networks and international research enriches the corporate vision, contributing to identifying transversal solutions to common coffee industry problems and promptly seizing emerging opportunities. A strong attention to the local communities in which the Group operates, where it collaborates with a dense network of NGOs, civil society associations and public entities to meet the needs of these communities.</p>	<p>The Group community is made of direct employees and independent contractors, who together contribute to the Group's success. The combination of the various types of knowledge and competencies offered by employees with a constant investment in their wellbeing and training generates added value for business activity. The company values are the compass that guides its strategic decisions and people management.</p>	<p>Green coffee is the main natural resource necessary to operate and is highly sensitive to the climate change impact. The variety of the countries of origins helps the Group protect biodiversity and preserve the ecosystems of coffee-producing countries. In addition, the use of renewable energy sources is currently essential to develop a production process that is increasingly sustainable over the long term, as is the constant search for circular solutions for the packaging of finished products.</p>	<p>The Group's intellectual capital is a unique heritage of expertise relating to the selection, processing and sale of coffee blends. In recent years, it has been enriched by the filing of numerous patents, also intended to improve the efficiency and sustainability of coffee machines. The existence of a set of company policies, supported by IT systems and consolidated practices, processes and internal procedures, enables constantly efficient management of business activities.</p>	<p>The Group is characterised by a solid financial structure and a thorough net financial position management based on liquidity and credit lines that enable the continuity of its business and activities. Through the use of its own funds and the reinvestment of profits, financing from major financial institutions (e.g., sustainability-linked loans) and a medium/long-term debt exposure, the Group also optimises its financial profile through the mitigation of interest rate, exchange rate and commodity risks by means of derivative financial instruments with exclusive hedging purposes.</p>	<p>The Group has 8 plants in 5 countries, where specific roasting and packaging machinery is used to keep the production process constant and efficient. In addition to these are the Turin Headquarters and the Innovation Center, devoted to R&D investments and to training coffee professionals. Furthermore, thanks to its extensive distribution network, made up of warehouses and storage centres, the Group distributes its products in over 140 countries, in many of which it operates through direct commercial subsidiaries.</p>
OUTPUTS	<p>Building solid, lasting relationships, while maintaining operating legitimacy. Dialogue with institutions, thus giving the sector a common voice. Increasing control of the supply chain and of its impacts. Planning of sustainable development projects, which reach an ever-larger number of beneficiaries.</p>	<p>A constant focus on people wellbeing is directly proportional to improving company performance. The commitment to ensuring an inclusive, healthy working environment for the people, the development of professional growth paths and the integration of ethics into performance measurement processes foster retention and talent attraction.</p>	<p>Thanks to a careful selection of origins and blends, the Group is able to offer a high-quality finished product with specific sensory properties. The threat posed by climate change to coffee drives business decisions that integrate respect for the environment and natural resources. The implementation of strategies that call for emission reduction, and an increasingly efficient use of materials and resources translate into strategic market decisions such as the marketing of products with specific sustainability characteristics like La Reserva de Tierra range and compostable capsules.</p>	<p>The policies, internal procedures and IT systems implemented support and ensure over time compliance with the highest standards of management system certification, with the ensuing increasing efficiency of company processes and a drive towards constant innovation.</p>	<p>The Group has completed several acquisitions and continues to invest, creating added value. It has formulated a strategic plan that calls for investments consolidating this process, increasing resilience and profitability and strengthening the Company's positioning with a view to sustainable development. The internationalisation drive towards new markets is an investment that translates into successful joint ventures and acquisitions.</p>	<p>The Group ensures the high quality of its finished product by complying with strict standards regarding coffee processing procedures, innovation and constant maintenance of production machinery. A further drive towards the use of assets compatible with the energy transition that meet the strictest regulatory requirements and the highest certification standards is in line with the company sustainable development plans.</p>
OUTCOMES	<p>A constant presence on the main international working tables in the coffee sector ensures monitoring of any regulatory changes. The sustainable development projects promoted by the Group through Lavazza Foundation invest in capacity building for the local communities where the Group operates and its suppliers are located, strengthening entrepreneurship among small coffee growers and the role of women throughout its supply chain.</p>	<p>The indirect value generated by the Group in the countries where it operates through its commercial and production sites, combined with a constant focus on the quality of the jobs offered, the safety of its employees, their training and broad wellbeing contribute to the sustainable economic development of the Countries in which the Group operates.</p>	<p>Agroforestry projects or projects aimed at increasing the efficiency of agricultural production and reforestation, financed by the Group and Lavazza Foundation, have positive impacts on the quality of life of coffee growers, while also representing effective climate change mitigation initiatives.</p>	<p>The processes of ongoing innovation, supported by the expertise gained over more than a century of activity, ensure the creation and preservation of value over time and the competitiveness of the Group.</p>	<p>The Group produces and distributes wealth for its stakeholders, contributing to the growth of the local communities in which it operates. The commitment to sustainable economic development ensures greater autonomy, as well as the ability to generate long-lasting income and jobs without compromising the Company's future.</p>	<p>Highly efficient business activities and compliance with the strictest quality standards ensure productivity, technological progress and innovation.</p>

1.2 GOVERNANCE



Business model supported by strong family governance

Lavazza Group recognises the utmost importance of a solid Corporate Governance system to reach its strategic goals and create sustainable value: its business model is thus ensured by a robust family-based, responsible growth-oriented governance, which aims to generate value in the short and long term.

The Group's companies in Italy and abroad are controlled, directly or indirectly, by the parent company, Luigi Lavazza S.p.A., which, despite having no obligation to do so, has decided to base its model of administration and control on the Italian Stock Exchange Code of Corporate Governance applied to listed companies, while complying with some requirements viewed as a priority.

Shareholders have chosen for the Parent Company a traditional corporate governance model, featuring a governing body, the **Board of Directors (BoD)**, and a control body, the **Board of Statutory Auditors**. The Board of Directors is vested with full powers for management and strategic guidance to ensure that the Company and Lavazza Group – of which the company is part – are managed properly and efficiently, including the approval of Consolidated Financial Statements.

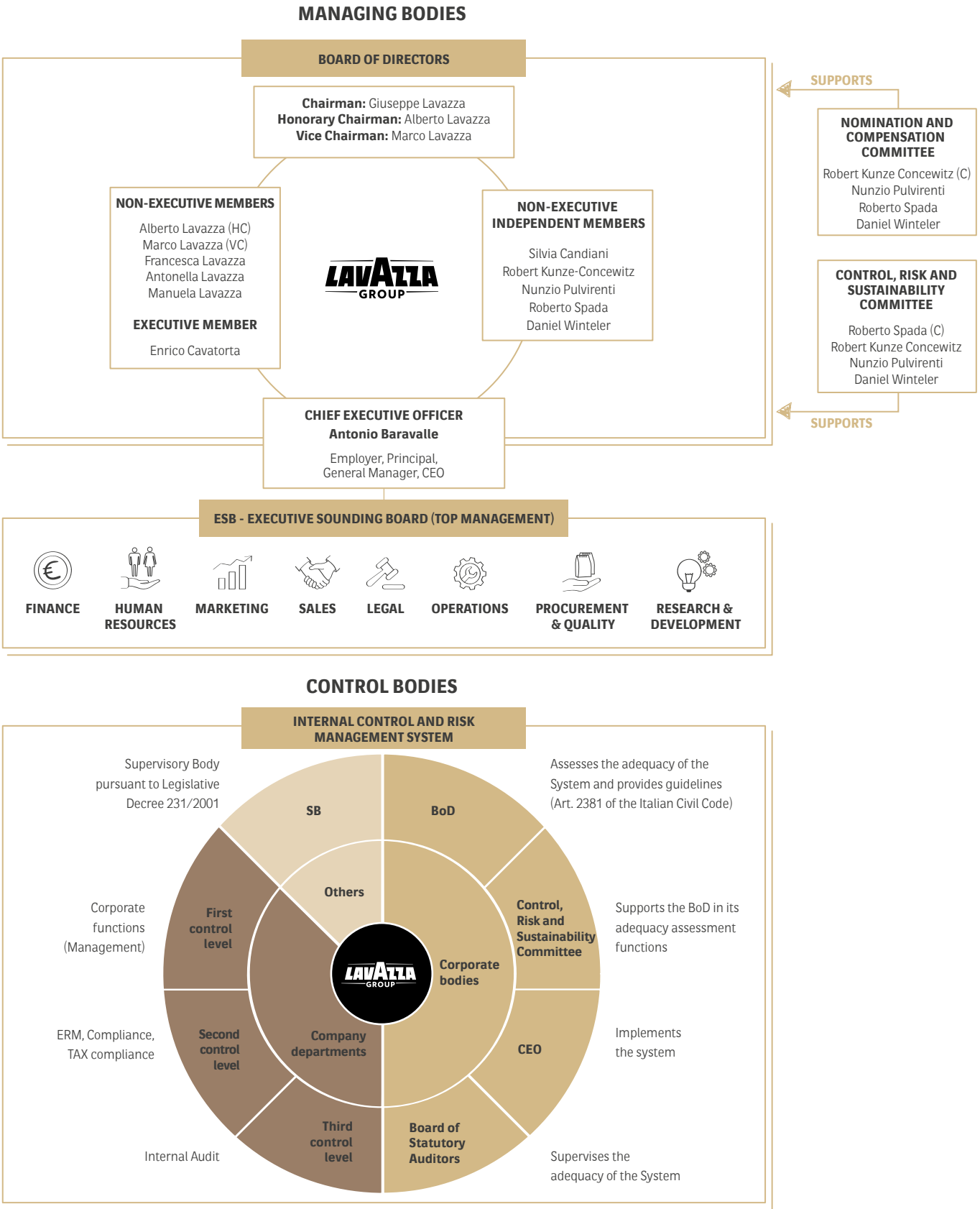
The current Board of Directors – appointed in April 2023 – is made up of 13 members, **30%** of whom are women. The Board of Directors consists of the Chief Executive Officer, an Executive member, six Non-Executive members belonging to the Lavazza family (including Chairman Giuseppe Lavazza, Vice Chairman Marco

Lavazza) and five Independent Non-Executive members. It will remain in office for three years, until the General Shareholders' Meeting approves the Financial Statements for the year ending 31st December 2025.

The Board of Directors tasked the **Chief Executive Officer (CEO)** and his management team with implementing the strategic guidelines and the necessary actions to enable the Group's ongoing growth, as a leading global player in the industry. Moreover, in accordance with the Articles of Association, the Board of Directors set up two committees, currently made up exclusively by Independent Directors:

- the **Nomination and Compensation Committee**¹⁴, with reporting, advisory, propositional and preliminary functions, supports the Board of Directors in its decisions with respect to the selection of the professional skills deemed appropriate within the Board and the Directors' and Managers' remuneration;
- the **Control, Risk and Sustainability Committee**, with reporting, advisory, propositional and preliminary functions, supports the Board of Directors in its assessments and decisions relating to the adequacy of the internal control system, the main company risks (including sustainability-related risks) and the process for approving the financial statements.

14) The Committee formulates non-binding proposals for the Board of Directors concerning the professional competencies whose presence within the Board of Directors is deemed appropriate, the remuneration of the Chairman, the Vice Chairman, the Chief Executive Officer and the Executive Directors, the General Manager and Managers with strategic responsibilities, and the determination of the criteria for the fixed and variable remuneration of the Group's top managers, including the related performance targets linked to the variable component of such remuneration. It also monitors the course and application over time of the decisions taken by the Board of Directors. In particular, it checks that performance targets linked to the incentive plans approved are actually achieved and monitors their performance over time, in addition to examining any incentive plans for the Company's employees and the HR strategic development policies. In addition, it formulates non-binding opinions and other assessments of certain specific aspects relating to remuneration that the Board of Directors has asked to be reviewed by the Committee.



The overall annual remuneration of Directors, including those holding special offices, is set by the Shareholders' Meeting upon their appointment and is updated annually. The Board of Directors is instead responsible for allocating said remuneration among its individual members, having heard the opinion of the Board of Statutory Auditors. The **Board of Statutory Auditors** monitors compliance with the law and the Articles of Association, compliance with the principles of proper administration and, to the extent of its remit, the adequacy of the internal control system and of the organisational, administrative and accounting structure, as well as its actual functioning. The members of the Board of Statutory Auditors currently in office were appointed by the General Shareholders' Meeting of 28 April 2022 and will remain in office for the 2022-2024 three-year period.

The corporate governance model adopted by the Group is also aimed at ensuring the existence and adequacy of the **Internal Control and Risk Management System** over time. This system consists of the set of policies, guidelines, procedures, functions, operating processes and information flows aimed at guaranteeing that the main company risks to which the Group is exposed (including operating, strategic, economic and financial risks) are adequately identified, assessed, measured, managed and monitored. The main bodies and functions involved in the system are:

- the **Supervisory Board**, vested with autonomous powers of initiative and control, tasked with overseeing the implementation of and compliance with Lavazza's Organisation, Management and Control Model as per the Legislative Decree No. 231/2001 (hereinafter also "Model 231"), as well as keeping it up to date;
- the **Internal Audit Function** (third-control level), which reports directly to the Chairman of the Board of Directors and is tasked with an

assurance function with regard to the efficacy of the Internal Control and Risk Management System, including through first- and second-level control monitoring activity;

- the **Risk Management function** (second-control level), set up within the Finance Department. It is responsible for managing and assessing the risks associated with company activities that could impact on business, in order to ensure that the organisation is capable of minimising losses and maximising opportunities;
- the **Compliance Function** (second-control level), set up within the Legal and Corporate Affairs Department, ensures the existence of a control system capable of identifying, assessing, measuring, managing and monitoring legal non-compliance risk, by preparing, managing and monitoring a coordinated, consistent system of control measures and checks and an adequate flow of information to and from the main bodies and functions involved in the system;
- the **operational functions** (first-control level), consisting of the set of control activities that the individual functions perform on the processes within their purview in order to ensure the proper performance of business operations.

THE SUSTAINABILITY GOVERNANCE

The Group's sustainability governance is overseen by the Board of Directors of the parent company Luigi Lavazza S.p.A. which defines the Group's sustainable development strategies, policies and objectives. As of July 2023, the Board avails itself of the **Control, Risk and Sustainability Committee**. The Committee is made up of four Independent members¹⁵ and meets on a quarterly basis and whenever it deems it appropriate.

To the Committee reports the **Chief Institu-**

tional Relations & Sustainability Officer, who, together with the **Institutional Relations & Sustainability (IR&S) Department**, is delegated for managing, planning and programming sustainability initiatives, as well as promoting the integration of ESG principles in strategies and processes among the various Group functions. Sustainability reporting is coordinated by IR&S Department and entails the involvement of the entire organisational structure of the Group's subsidiaries. The Head of the function is appointed as Chief Institutional Relations & Sustainability Officer and regularly reports to the Control, Risk and Sustainability Committee and the Executive Sounding Board (ESB) managerial committee, whose members include the Chief Executive Officer and his first line. At the meetings, these bodies also present, discuss and approve the organisation's impacts on an annual basis.

The IR&S Department reports to Lavazza Group's Chief Financial and Corporate Officer and is organised in two areas: the Sustainability Department, including the Project Management, Supply Chain, Environment and Community Care areas, and the Institutional Relations Department, tasked with managing the institutional relationships at national and international level, representing the Group within the different trade associations. Moreover, with a view to international coordination, the **Institutional Relations & Sustainability Global Network** was set up in 2019: a working group composed of the HQ IR&S Department and the subsidiaries' local market representatives who act as focal points for sustainability matters. Thanks to this structure, the Company is forging ahead with its process for disseminating a global culture of sustainability and for integrating its approaches at the Group's global level.

BUSINESS ETHICS AND COMPLIANCE

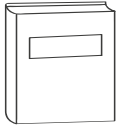
The Compliance Function promotes the spread of a culture of legality and proper conduct as factors essential to the proper functioning of the Group

and respect for the principles of business ethics, including **anti-corruption**. 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 a series of documents to better define the principles adopted in the fight against bribery and corruption and to clearly outline its ethical conduct expectations. These documents include: the **Employee Code of Conduct**; the **Group Code of Ethics**, reviewed in 2022 and supported by an Ethics Committee with advisory functions tasked with monitoring the compliance of the Code with ethical and behavioural standards; the **Supplier Code of Conduct**; and the **Anticorruption Policy**, which lays down specific rules of behaviour, along with responsibilities and obligations for employees, contractors and the third parties with which Lavazza Group has regular business dealings, in order to ensure compliance with anti-corruption laws. The Group has also adopted a **Crisis Policy** (Policy for Reporting and Management of Crisis Situations) to manage crisis situations that require a prompt, effective and appropriate response, and that could compromise — or, in some cases, significantly jeopardise — the business continuity, company assets or reputation of Lavazza and/or of its brands and products, as well as the relationship of trust between consumers and its brands.

In Italy, the parent company Luigi Lavazza S.p.A. has long adopted, on a voluntary basis, an **Organisation, Management and Control Model as per the Italian Legislative Decree No. 231/2001** defining principles and rules of conduct. Training sessions are annually organised and promoted by the Headquarters, also for the benefits of employees and collaborators of different Italian subsidiaries.

In order to protect the principles expressed in the Code of Ethics, Lavazza Group supports and encourages anyone — whether inside or external to the Company — who wishes to report violations of the 231 Organisation, Management and Control Model (where applicable), the Code of Ethics



Rejecting and combating all forms of corruption



Further details on the Group governance are available in the dedicated section of the website

¹⁵) As per its Regulation, the Control, Risk and Sustainability Committee must be made of a minimum of three and a maximum of five non-executive members, and the majority of whom must be independent.. They remain in office until the end of their term as Directors. The current Control, Risk and Sustainability Committee will remain in office for the 2023-2025 three-year period. With regard to the remuneration of the Committee's members, the Board of Directors may resolve to set an annual remuneration and/or an attendance token.



Whistleblowing system

and the Group's policies and procedures in general. For this purpose, the Group makes available various channels that can be used to submit reports, including in anonymous form, of unlawful conduct or irregularities. In addition to ordinary post, e-mail and the dedicated telephone line, a **whistleblowing system** has been implemented on a digital platform, as illustrated in detail in the **Whistleblowing Policy**. During the phase of preliminary assessment of reports, Lavazza relies on an independent, autonomous external firm with specific expertise in managing reports and the related inquiries and that is capable of offering adequate guarantees of the confidentiality and protection of data. The Compliance function manages the relevant reports and carries out a further procedural check in consultation, where necessary, with the Ethics Committee and the competent corporate functions. If the report relates to issues covered by Legislative Decree 231/2001, the Supervisory Board of the company involved is informed.

Through all channels available, a total of **7** reports was received in 2023, of which 6 closed by 31st December 2023. Depending on the specific case at hand, reports were archived, duly informing the whistleblower, when immediate corrective action could be taken or when reports were found to be out of scope as a result of the inquiries conducted. Four reports related to Luigi Lavazza S.p.A. and three to foreign subsidiaries. The reports received in 2023 were broken down as follows: 6 Ordinary (category relating to compliance with ethics, policies and internal procedures and respect at workplace) and 1 Whistleblowing (relating to matters governed by Legislative Decree No. 24/2023). In 2023, there were no significant instances of non-compliance with laws and regulations.



Data Protection Officer (DPO)

Antitrust Compliance Officer (ACO)

DATA PROTECTION MANAGEMENT

The Group's Privacy Function performs a key role in safeguarding and protecting the privacy of internal data and the data of third parties, while

also ensuring compliance with Regulation (EU) No. 2016/679 (General Data Protection Regulation – GDPR).

In line with the GDPR, the Group has appointed a **Group Data Protection Officer (DPO)**, who is responsible for assessing the compliance of business processes with the GDPR, for defining guidelines on data protection obligations and for acting as a point of contact between data subjects and the relevant supervisory authority. In his or her oversight activity, the Group's DPO relies on local DPOs and/or personnel from various company functions, responsible for supervising the processes that involve the processing of personal data. Data protection training activities continued in 2023, involving online courses and short, ad-hoc videos provided to the entire company population.

ANTITRUST MANAGEMENT

In recent years, the Company has developed a **Group Antitrust Compliance Programme** as part of a broader integrated compliance project, which 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.

In this regard, the Group appointed on a voluntary basis an autonomous and independent **Antitrust Compliance Officer (ACO)**, who is responsible for the definition and implementation of the Antitrust Compliance Programme, the regulatory monitoring activities, the related training, the definition of the management processes suitable to reduce the risk, and the provision of support to the business functions.

The ACO is the point of reference for the regulatory compliance of initiatives or business activities and for the reporting of conduct deemed contrary to the antitrust manual.

In 2023, training on antitrust issues continued both face-to-face and through e-learning, and was completed at all subsidiaries in Europe, the United States, Canada and Australia. Further training sessions were organised to raised awareness of the potential antitrust risk within the most exposed functions.

In 2023, **47.2%** of Group's employees, for a total of **1,950** participants, was provided training focused on anti-corruption, within a broader, long-term training path on topics relating to Data Protection, the Model 231/2001, Antitrust, Whistleblowing and the Code of Ethics.

RISK MANAGEMENT

Lavazza Group integrates the analysis of risks and the related opportunities into its business model so as to be able to expand the prospects of its business and assess its choices in pursuit of a sustainable, resilient development process, while also identifying and managing the related mitigating actions. Accordingly, the Group manages its risks through the adoption of the **Enterprise Risk Management (ERM)** framework, which since 2022 has also included ESG risks¹⁶.

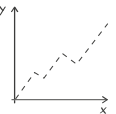
The ESG risks analysis allows to study and classify risks within five macro-areas, each of which involves specific risks:

- **Sustainable supply chain:** throughout the supply chain, risks have different impacts and are linked to numerous vulnerabilities that are typical of coffee-producing communities. Among these, the increase in the average age of coffee growers and the lack of training on good agricultural practices pose a risk both to the Group and to the producing communities in terms, for example, of continuity of supplies or increased environmental impact of coffee production. In addition, there are non-compliance risks associated

NUMBER AND PERCENTAGE OF PEOPLE WHO RECEIVED TRAINING ON ANTI-CORRUPTION LEGISLATION AND PROCEDURES

	2023	
	No.	%
Anti-corruption	1,950	47.2%
Of which Whistleblowing	1,820	44.0%
Code of Ethics	2,005	48.5%
Antitrust	532	12.9%

- with emerging Directives and Regulations issued by the European Union, such as the Corporate Sustainability Due Diligence Directive (CSDDD), which will further promote the development by companies of increasingly stringent control mechanisms on the supply chain in the human rights domain;
- **People development, wellbeing and retention:** this risk involves two interconnected dimensions. The first pertains to the ability to attract new candidates and to employees' turnover, especially among the younger generations and key staff, whose work-life balance requirements are increasingly demanding. The second concerns the reputational risk associated with a still limited number of women in managerial positions, which could give the perception of a company not sufficiently open to diversity and inclusion. The latter risk contributes to increasing the probability of occurrence of the former: a less inclusive working environment hinders people retention;
 - **Health and safety:** this area covers the risks with the greatest potential impact on the Group from an operational, economic and reputational standpoint. These risks originate from issues related to a healthy workplace and to the health and safety of employees, such as the occurrence of high-consequence incidents;



ESG risk analysis

16) ESG risk mapping was performed in accordance with the guidelines of the World Business Council for Sustainable Development (WBCSD) and the Committee of Sponsoring Organizations (CoSO) framework, and in the footsteps of the international provision, adopted in accordance with the industry and business model of reference.

- **Climate change:** climate change is a source of risk related to various types of impact, both generated by the Group on the environment and suffered by the Group; examples of this risk include extreme climatic events that cause acute physical damage (e.g., hurricanes and frosts) and chronic physical damage (e.g., rising temperatures and their effects on the decrease in available arable land) also along the supply chain, and difficulties in finding certain raw materials for packaging. In this case, as well, the demand for concrete action by companies is reflected in the increased number of regulations on emission reporting and reduction;
- **Land use, deforestation and biodiversity:** deforestation includes both regulatory and physical-chronic risks. The former refers to the European Deforestation-free Products Regulation (EUDR), which bans the entry into the European market of specific commodities contributing to deforestation. The latter depends on overexploitation of soil and poor training of suppliers upstream the supply chain, leading to a risk of deforestation and threat to biodiversity – phenomena that are closely related to groundwater pollution and soil depletion.

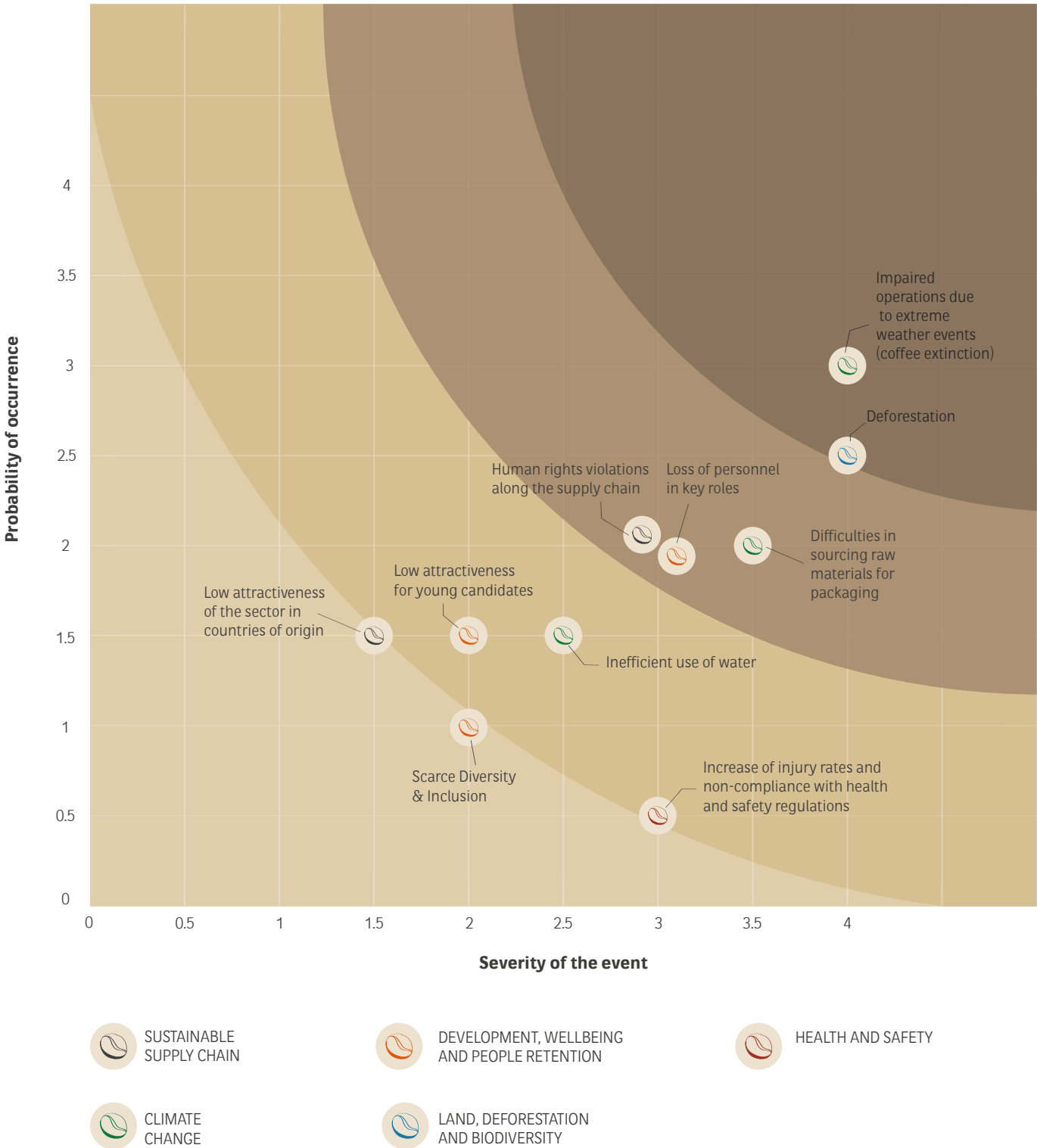


Risks' details have been assessed through dedicated interviews with the relevant functions. For each specific risk, the probability and severity of each event is assessed based on the intensity and extent of their impact on the environment, people, local communities, human rights and the Group itself, as well as by taking into account the mitigating actions in place. The results of the analyses are illustrated through the following **heatmap**, which associates the probability of occurrence of the event with its severity.

In 2023, in pursuit of continuous improvement, the working table between the Risk Management Function and the IR&S Function resulted in the **economic quantification** of the impacts on the business deriving from the Group's main risks tied to its long-term climate strategy. Based on the outcome, the Group began to update and redefine its climate strategies.

In addition, the complexity of the sector's value chain led the IR&S Function to continue a specific ESG risk analysis focusing on the **green coffee supply chain and its players**, which present many threats, but also opportunities relating to sustainability topics. This initiative is designed to support the procurement decisions of the Coffee Buying Department through an assessment of risks at the level of each country of origin, route and trader, to increasingly improve the compliance with legislative and market drivers, which require greater effort in relation to traceability, due diligence and impact analysis along the Group's entire value chain, as well as greater integration of the Group's ERM. This initiative is part of a broader path towards responsible procurement, which integrates the Group's values and respect for its priority SDGs.

MACRO ESG HEATMAP



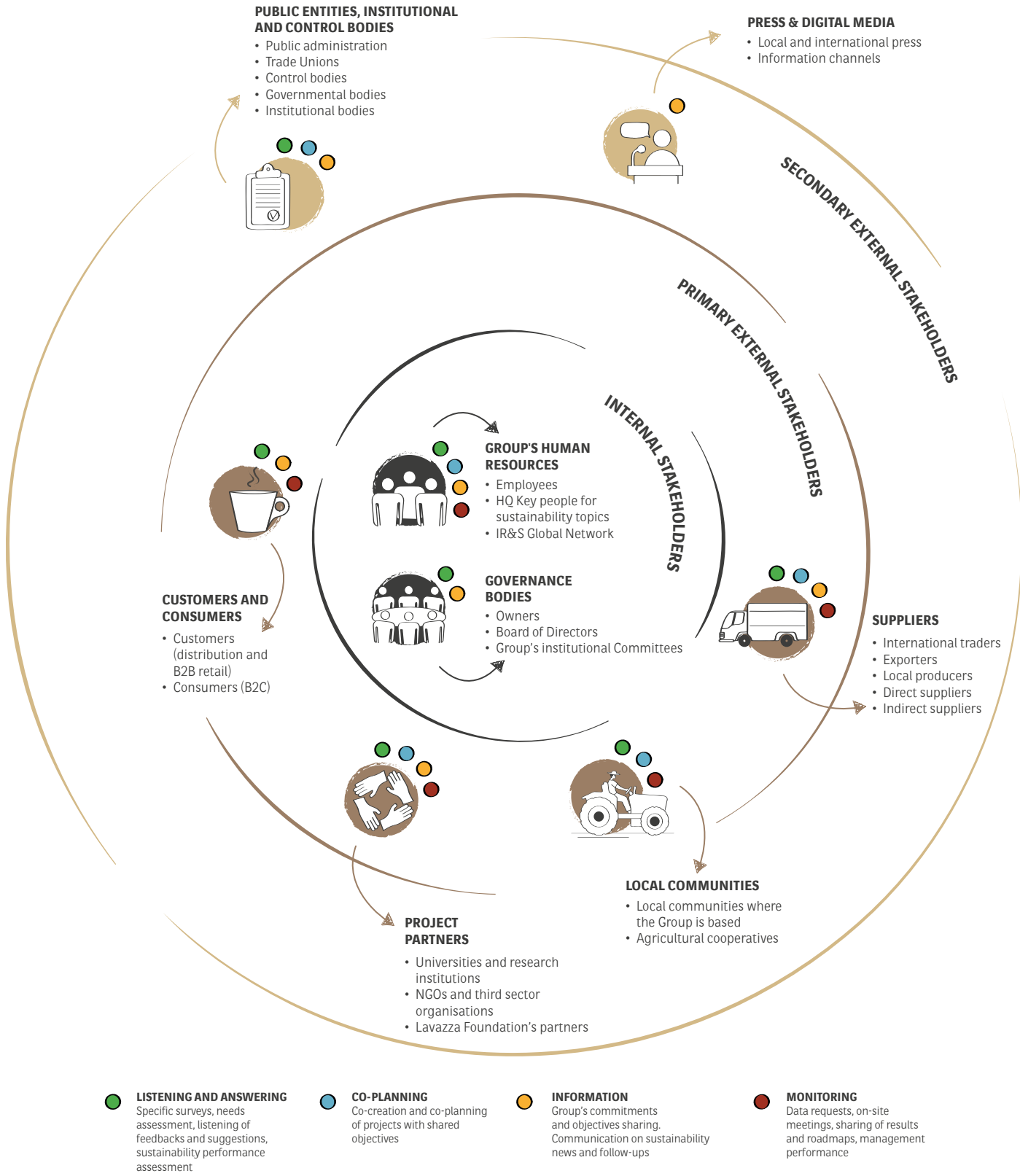
STAKEHOLDER ENGAGEMENT

For Lavazza Group, stakeholder engagement is an essential process for business strategic planning and development, as well as for sustainability activities and programmes. This process makes it possible to assess stakeholders' perception of the Company's impacts on the environment, people and local communities; it also allows for the identification of any requests and needs in order to plan, implement and improve the approach adopted and the products offered, including through the launch of cooperation activities with the main stakeholders. Lavazza Group's relevant stakeholders, i.e., those who influence or are influenced by the Company's activities, have been classified into **eight clusters** identified as internal or external according to their relationship with the Group. Over the years, Lavazza has built communication channels and engagement methods dedicated to each of them.

For the 2023 engagement process, dedicated **questionnaires were prepared for seven stakeholder categories**, selected based on thematic relevance, representativeness, the extent of the impact on the Group and the ability to influence, and be influenced by, the Group's actions. According to the questionnaires, anonymous and in 3 languages, the engagement level proved significant, laying the basis for an in-depth analysis of the corporate value chain and supplementing the risk and impact analysis. The results and development opportunities were shared with the functions of reference of each specific stakeholder category, so that the feedback received can be recorded and integrated into their assessments and decision-making processes.



STAKEHOLDER ENGAGEMENT: 2023 STAKEHOLDERS MAPPING












IMPACT ANALYSIS

In 2023 as well, the Group continued to perform its impact analysis in line with the GRI Standards published in 2021, which provide for the definition of the material topics for the organisation starting from the identification and assessment of the actual and potential, positive and negative impacts generated by the organisation and its business relations on the economy, environment and people, including the impacts on human rights.

The process started with an analysis of the context, both internal and external, carried out through the study of authoritative sources. With specific reference to the external context, doc-

uments related to global trends, sector studies and research issued by recognised institutional bodies were analysed and benchmark analysis of competitors and comparable companies was carried out. With regards to the internal context, the Group documentation was analysed, including the set of company procedures, the analyses carried out by the Group and its growth and development strategies. The results of the context analyses allowed to identify the impacts relevant to the Group. They were then assessed by the different stakeholders, both using the questionnaire provided and through interviews with the Group Executive Sounding Board's members, which prioritised and approved them based on their extent. The process of analysis ended with the approval of the list of impacts by the Control, Risk and Sustainability Committee.

SDG	MATERIAL TOPIC	NEGATIVE IMPACTS	SIGNIFICANCE OF THE IMPACT
	Environmental sustainability and fight against climate change	<div>Actual</div> Greenhouse gas emissions and resource consumption	<div><div></div><div></div><div></div></div>
	Innovation and circular economy	<div>Actual</div> Launch of products with non-recyclable materials	<div><div></div><div></div><div></div></div>
	Environmental sustainability and fight against climate change	<div>Potential</div> Biodiversity reduction	<div><div></div><div></div><div></div></div>
	Supply chain	<div>Potential</div> Human rights violation	<div><div></div><div></div><div></div></div>

SDG	MATERIAL TOPIC	POSITIVE IMPACTS	SIGNIFICANCE OF THE IMPACT
 	Group's People Health and safety	<div>Actual</div> Increased wellbeing and quality of employees' work	<div><div></div><div></div><div></div></div>
	Supply chain Relationship with local communities	<div>Actual</div> Sustainable development of coffee-producing communities	<div><div></div><div></div><div></div></div>
 	Relationship with local communities Economic growth	<div>Actual</div> Creation of shared value among stakeholders	<div><div></div><div></div><div></div></div>

The impacts represented provide an objective overview of the Group, considering its business model and the context in which it operates. Each negative impact corresponds to various mitigating actions, policies, procedures and medium-to-long-term roadmaps. At the same time, to each positive impact corresponds a series of activities undertaken by the Group to develop this impact and ensure that it can be further extended to more beneficiaries.

In accordance with the version of the GRI Standard updated as of 2021, impacts have been grouped into **6 sustainability-related material topics** relevant to the Group:

- Environmental sustainability and fight against climate change:** since it performs a manufacturing activity, the Group contributes to greenhouse gas emissions, waste generation and resource consumption. Therefore, efficient management of natural capital, an adequate measurement strategy and the reduction and offsetting of greenhouse gas emissions can contribute to the fight against climate change. In addition, preserving biodiversity through innovative investments in R&D programmes can also contribute to protecting the natural resources that the Group needs in order to operate;
- Group's People:** the growing attention to the professional development of employees and an inclusive working environment increase the prospects of steady work, promote attraction and retention of talent and the recruitment of qualified employees. Proper management of, and attention to, worker health and safety can yield greater efficiency and ensure operational continuity. The result is greater overall employee satisfaction;
- Innovation and circular economy:** the implementation of a circular approach to product design, including the analysis of the life cycle, leads to a higher product competitiveness and reduced environmental impact. Conversely, the inability to increase the efficiency of processes may lead to an ineffi-

cient use of resources and, in turn, to higher operating costs;

- Relations with local communities:** investments, business choices and development of activities in local communities make it possible to build sound relations with local institutions and third sector organisations, leading to local development and social legitimacy to operate. Insufficient attention to local communities would reduce Lavazza's integration into the context in which it operates, resulting in dissatisfaction;
- Economic growth:** in the long term, failure to include ESG criteria in company decisions can have a negative impact on both the Group's reputation and the economic context in which it operates. Choices, investments, acquisitions and financing that foster the growth of the business from a long-term perspective make it possible to generate and share wealth among the various stakeholders, thereby contributing to the country's development;
- Supply chain:** working on monitoring the supply chain and choosing to purchase from suppliers who meet high sustainability standards entail a reduced environmental and social impact on the business. Supply of products and services not consistent with the principles of sustainable development may result in environmental and social damages, as well as in an adverse impact on the Group's reputation.

As 2022, in 2023 as well, topics relating to "Anti-corruption, stable and transparent governance" and "Attention to the customer and the consumer" were considered intrinsic to the Group's *modus operandi*, and thus essential to its business activities. These areas were found to be already widely monitored by the Group and its regulatory compliance strategy.

1.3 SUSTAINABILITY STRATEGY: “A GOAL IN EVERY CUP”

THE 2030 AGENDA INTEGRATION

A focus on its people, the places and communities where it operates and the minimization of the environmental impact of its activities have always been the pillars of Lavazza Group’s approach in doing business. This approach has allowed the Group to organise a structured and concrete programme of coordinated initiatives in Italy and in the countries in which it is present in order to promote the integration of sustainability into all its business areas. In **2015**, the Group published its **first Sustainability Report** and subsequently subscribed to the United Nations **2030 Agenda**, with its 17 Sustainable Development Goals (SDGs). In 2017, it also joined the **Global Compact**, teaming up with other companies to achieve the related goals. The path undertaken led to a gradual integration of sustainability into all business areas and to the identification, in **2020**, of the **four priority goals** underlying the Group Sustainability Manifesto.

The four SDGs to which Lavazza Group may commit at a strategic level were selected to promote a balance between social (8 and 5) and environmental (12 and 13) goals, choosing those that could be integrated with the business and applied to all stages of the value chain.

The Group also identified one SDG seen as a fundamental means of achieving all the other goals, namely **Goal 17** – Partnerships for the Goals. Participation in multi-stakeholder organisations focused on sustainability, such as World Coffee Research or International Coffee Partners, the launch of projects as part of public-private partnerships and the cooperation

with other players, including from a pre-competitive standpoint, are seen as an effective way of achieving the 2030 Agenda.

THE SUSTAINABILITY MANIFESTO

In **2020**, the Group formally established its commitment to the priorities set by the 2030 Agenda by publishing its **Sustainability Manifesto “A Goal in Every Cup”** – a programmatic statement of its sustainability strategy. The Manifesto describes Lavazza’s sustainability journey up to 2020 and lays down the Company’s commitment to the Global Goals and the priority targets that will steer its future sustainability initiatives.



Visit the Group website to discover our sustainability approach



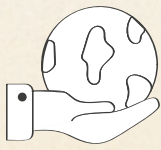
SUSTAINABILITY REPORT: A GOAL IN EVERY CUP



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.

And We care about the future of our planet and society. That’s why we are committed to the **U.N. SUSTAINABLE DEVELOPMENT GOALS** they are a global business imperative and guide our work.



An the **GLOBAL GOALS** align with a Lavazza Group core value: **RESPONSIBILITY.**

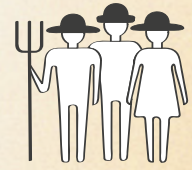


At Lavazza, we commit to operating **RESPONSIBLY** in all aspects of our business.

We are staying true to our **VALUES** and **FAMILY ROOTS.**



WE ARE STAYING TRUE...



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 economic security is our responsibility.



to the **CUSTOMERS** who share our concerns and commitment to creating a more fair and sustainable future.

The **AUTHENTICITY** of our mission in demonstrate 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.



WE ARE COMMITTED TO ADVANCE THE GLOBAL GOALS



GOAL ZERO

In order to be able to make progress on the journey towards the Global Goals and on the integration of sustainability into the Group's activities, it is essential that everyone understands their value, why they are important and how to contribute to achieving them. This is why in **2017** Lavazza developed **Goal Zero** to **spread awareness and engage** reference stakeholders regarding the Global Goals and the sustainability aspects that they promote. Goal Zero calls for the adoption of a different communication 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. In 2023, the Group continued to implement activities that set Goal Zero as an objective, focusing on the search for an ever-greater active stakeholder engagement.

which it collaborates to support the growth of coffee-producing communities from an economic, social and environmental point of view. The Calendar project's guiding messages also resonate through the involvement of three ambassadors, three personalities who are committed to and active in social projects, and who are staunch believers in the idea of collaboration expressed in More than Us: Somali model, author and actress Waris Dirie, a longstanding advocate against female genital mutilation for years; Nobel Prize winner Denis Mukwege, world-renowned gynaecologist surgeon and founder of the Panzi Hospital in Bakavu, Democratic Republic of Congo, with which Lavazza Foundation collaborates; South African activist Zulaikha Patel, who has focused media attention on the problem of racism in post-apartheid South Africa.



THE 2024 LAVAZZA CALENDAR

More Than Us is the name of the 2024 Lavazza Calendar, presented in October 2023, which, in celebration of **the 20th anniversary of Lavazza Foundation**, describes and promotes the concept of partnership in all its forms. The physical and imaginary space in which the artistic project is developed in Africa, the land of origin of coffee and the location of some of the sustainable development projects of the Foundation, established in 2004 and now present with 30 projects in 17 countries around the world.

It is a choral project by African photographers Thandiwe Muriu (Kenya), Daniel Obasi (Nigeria) and Aart Verrips (South Africa). Each artist produced four photographs inspired by the Foundation's sustainable development projects and the **Responsibility, Sustainability, Innovation** and **Inspiration** values shared by Lavazza Group, its brands and the associations with



“

Over the years, we have learnt to work together and share objectives, efforts and achievements. Aware that alone we go fast, but together we go further. Through the energy of Africa, the cradle of coffee, we want to reaffirm Lavazza Foundation's true values and celebrate this intertwining of hands, talents, stories and experiences. Multiple voices singing in unison. Because in the family, as well as in the company, we know that everyone counts, but more importantly, we have learnt to always count on one another.

Francesca Lavazza
Lavazza Group Board Member



“L’ITALIA CHE VORREI”, FOR A FAIR, JUST AND FREE ITALY

“L’Italia che vorrei” initiative developed in 2023 gives voice to the new generations through three artists who speak to the hearts of boys and girls, sharing the dream of a future that revolves around three values, those of a constantly evolving Italy: **fairness, justice** and **freedom**. It is a structured project that celebrates the country in which the Group was created through the iconic Lavazza **Qualità Rossa** blend, for the occasion in a limited edition signed by the three Italian singers — greatly loved especially by young people — who took central stage in the initiative: Elodie, Levante and Marracash are called upon to imagine Italy as they wish to have in a video manifesto in which they express their vision, starting from daily small gestures. The project includes the collaboration with **Save the Children**, partner of

the Group for over twenty years, for the support of CivicoZero, a day care centre for the protection and inclusion of minors and young unaccompanied migrants, particularly at the Turin and Rome facilities: in line with the Qualità Rossa values, a “Basement Room” dedicated to the production of podcasts has been created at the Rome facility. This is a place where foreign teenagers attending the day centre can express themselves, gain self-confidence, and have at their disposal the tools to find their place in a fair, just and free Italy. The project is inspired by the “Basement Café by Lavazza” digital format, which over the years has established itself as a place for today’s generations to discuss cultural and social issues. At the same time, Lavazza has supported the creation of a “Basement Room” in the Turin day centre dedicated to music, as a universal language able to foster communication and sharing between different cultures. The “L’Italia che vorrei” TV campaign alone was seen by 11 million people¹⁷, confirming the appreciation for value-based topics addressed in an innovative way.



17) The campaign generated 11 million net contacts.

BASEMENT CAFÉ BY LAVAZZA

In 2023, the 5th edition of Basement Café went live: it is an online programme created by Lavazza in 2019, aimed at virtuously investigating the lived experience of younger generations, and more. This format, on air on YouTube and Spotify, features debates on the trending topics of the moment, from gender to sexual identity, generational conflict and differing visions of the future.

This latest edition had as its key theme the **celebration of the Universal Declaration of Human Rights**, which in 2023 celebrated its 75th anniversary. Topics related to social justice and dignity for young people were thus addressed, but also to those related to some of the fundamental and founding rights of society, in order to remember, reaffirm and apply them. This year also saw the debates being addressed by some of the most influential personalities in the Italian music, TV and cinema landscape, garnering a significant response: over the course of its five editions, Basement Café collected about **180 million** views among the various digital channels, establishing itself as a point of reference for girls, boys and young adults looking for discussion and new ideas.



¡MARTE! FOR ANOTHER PLANET

¡Marte! For Another Planet is a communication campaign launched by the Lavazza brand on the occasion of **2023 World Earth Day** to raise awareness about the importance of respecting our planet: it is a video available on the brand’s digital and social platforms that takes users to Mars, showing red beans that seem to be grown in a Martian environment.

The campaign aims to reaffirm support for coffee farmers through the promotion of good agricultural practices to fight the consequences of global warming and follows Lavazza’s vision of promoting the economic, human, environmental and cultural heritage of the countries with which it operates. It jokingly recalls the *¡Tierra!* product range and emphasizes sustainable agricultural practices and the preservation of the only planet on which the coffee plant grows: Earth.



2. OUR COMMITMENT TO PEOPLE



2.1 People first P 56

2.2 Our path towards diversity and inclusion P 61

2.3 Professional development and people's wellbeing P 67



OVERVIEW

OUR COMMITMENT TO PEOPLE



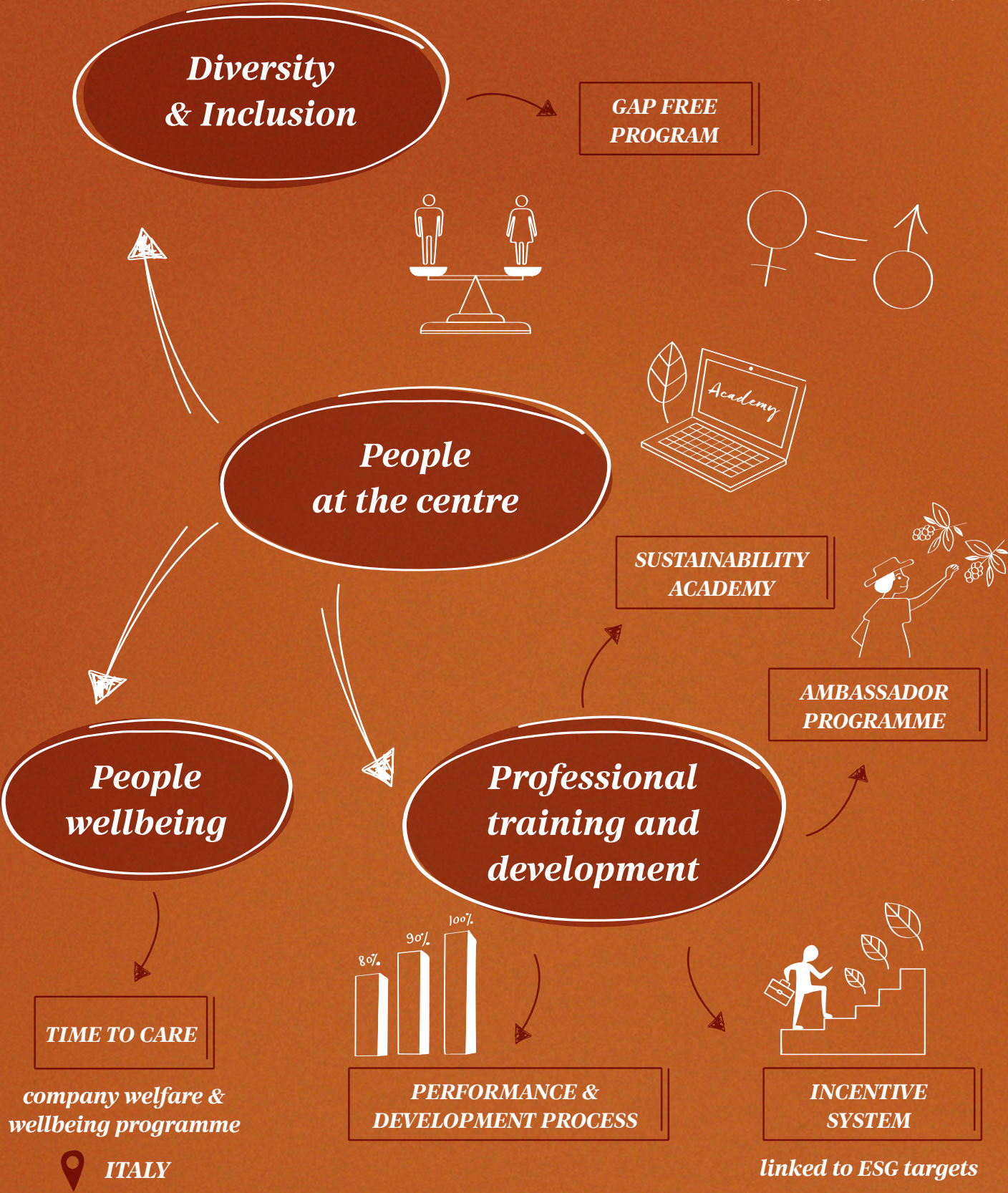
GLOBAL CONTEXT

The coffee industry is made up of women and men who contribute to its prosperity on a daily basis. Nonetheless, there are still considerable **inequalities to be bridged**: 70% of coffee grown in the world is harvested by women, but less than 30% of coffee-producing land is owned by womenⁱ. This gap is also reflected throughout the coffee value chain with regard to management roles.

Diversity and inclusion may be a catalyst for business growth and success: **more diverse managerial teams** report 19% higher innovation revenueⁱⁱ; and decisions made and executed by diverse teams delivered 60% better results on averageⁱⁱⁱ.

An increase in **employee wellbeing** yields a 10% rise in productivity on average^{iv}, an aspect that plays a crucial role in new generations' choice of organisation, along with **professional development programmes**^v. In addition, a company's sustainability approach may positively impact its attractiveness and the loyalty of potential and existing employees^{vi}.

Source (i), (ii), (iii), (iv), (v), (vi) in Annex.



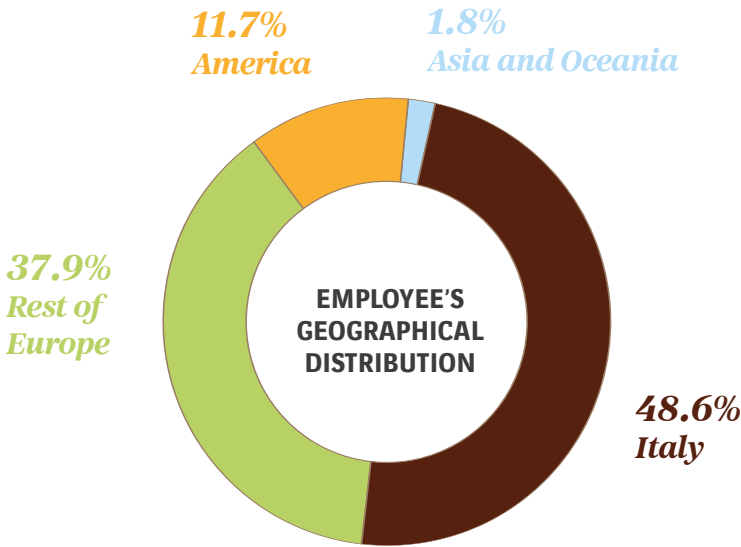
2.1 PEOPLE FIRST

The Group recognises the key role played by its people in contributing to the Company’s long-term success. Similarly, the Group considers the inclusiveness of its work environment as an essential element for the wellbeing of its employees and is committed to ensuring that each person is offered equal opportunities for professional development and growth. In addition, **Goal 5** of the 2030 Agenda – “Achieve gender equality and empower all women and girls” – is one of the four priority SDGs of the Company’s sustainability strategy.

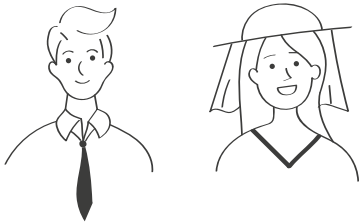
To this end, through dedicated initiatives, practices and policies, Lavazza Group is committed to ensuring a **healthy, safe and inclusive work environment**, where the **uniqueness** of each person is enhanced and **diversity** is seen as a valuable resource for both personal and professional growth. The Group’s four corporate values ensure the soundness of this ap-

proach, its Code of Ethics, updated in 2022, and the set of company procedures dedicated to HR management.

At 31st December 2023, the Group’s workforce totalled **4,133**, down by 1.3% compared to 2022¹. The company population with permanent contracts accounts for **97.6%**, while people working on a part-time basis for 3.4%, three-fourths of whom are women. Most of the employees are based in Italy, where the Group Headquarters, the Innovation Center and half of the eight production plants are located, representing 48.6% of the entire Group. Italy was followed by the rest of Europe with 37.9%, America with 11.7% and Asia and Oceania regions with 1.8%. In managing its activities, the Group also availed itself of 476 workers who are not employees, such as casual employees, employees with zero-hour contracts, on-call employees, interns and temporary workers.



97.6% employees with permanent contracts



EMPLOYEES BY CONTRACT TYPE AND GENDER AT 31ST DECEMBER IN THE THREE-YEAR PERIOD

	UoM	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	No.	2,409	1,454	3,863	2,539	1,518	4,057	2,441	1,592	4,033
Temporary	No.	66	67	133	70	59	129	34	66	100
Total	No.	2,475	1,521	3,996	2,609	1,577	4,186	2,475	1,658	4,133

Women account for **40.1%** of the company population, with a 28% presence in Senior Manager roles. Most of the company population is aged between **30 and 50 years** (59.9%), followed by employees over 50 (27.9%) and under 30 (12.2%).

Women account for:



40.1% of total employees

28.0% of senior managers

EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE AT 31ST DECEMBER 2023

2023	UoM	Men				Women				TOTAL
		<30	30-50	>50	Total	<30	30-50	>50	Total	
Senior Managers	No.	2	85	62	149	-	35	23	58	207
Middle Managers	No.	13	331	131	475	19	272	62	353	828
Specialised Workers	No.	151	666	367	1,184	198	528	193	919	2,103
Other Workers	No.	61	408	198	667	60	150	118	328	995
Total	No.	227	1,490	758	2,475	277	985	396	1,658	4,133

In accordance with the Code of Ethics, the freedom of association of individual workers is ensured throughout the Group. Over 60% of employees was covered by national collective labour contracts. This figure is closely linked to the labour law in force in the country in which each Group subsidiaries operates.


The hiring rate was 9.1% for men and 7.8% for women, while 557 people left the Group in the

year (308 men and 249 women), with a turnover rate equal to 7.5% for men and 6% for women.

The most significant turnover², in terms of both hires and terminations, was in the 30-50 age bracket, followed by the under 30, and over 50 age brackets.

1) Fresh & Honest (exiting the Group in January 2023 after the sale of the majority stake) and the newly acquired MaxiCoffee and Stirlingshire Vending are excluded from the reporting scope.

2) The employees of the Indian company Fresh & Honest, excluded from the 2023 reporting scope following disposal of the shareholding, were not included.



704 new hires

In 2023, the Group continued to invest in young people with an international perspective: recruitment activities continued leading to a total of **704** new hires in several countries, including **39.3%** people under 30. The incoming turnover rate stands at 17.0% against an outgoing turnover of 13.5%, which saw a 16% decrease compared to the previous year's turnover. In addition, in 2023, the Group's recruiter guidelines were supplemented with elements that meet Diversity & Inclusion criteria in order to obtain increasingly objective assessments of competencies while enhancing diversity.

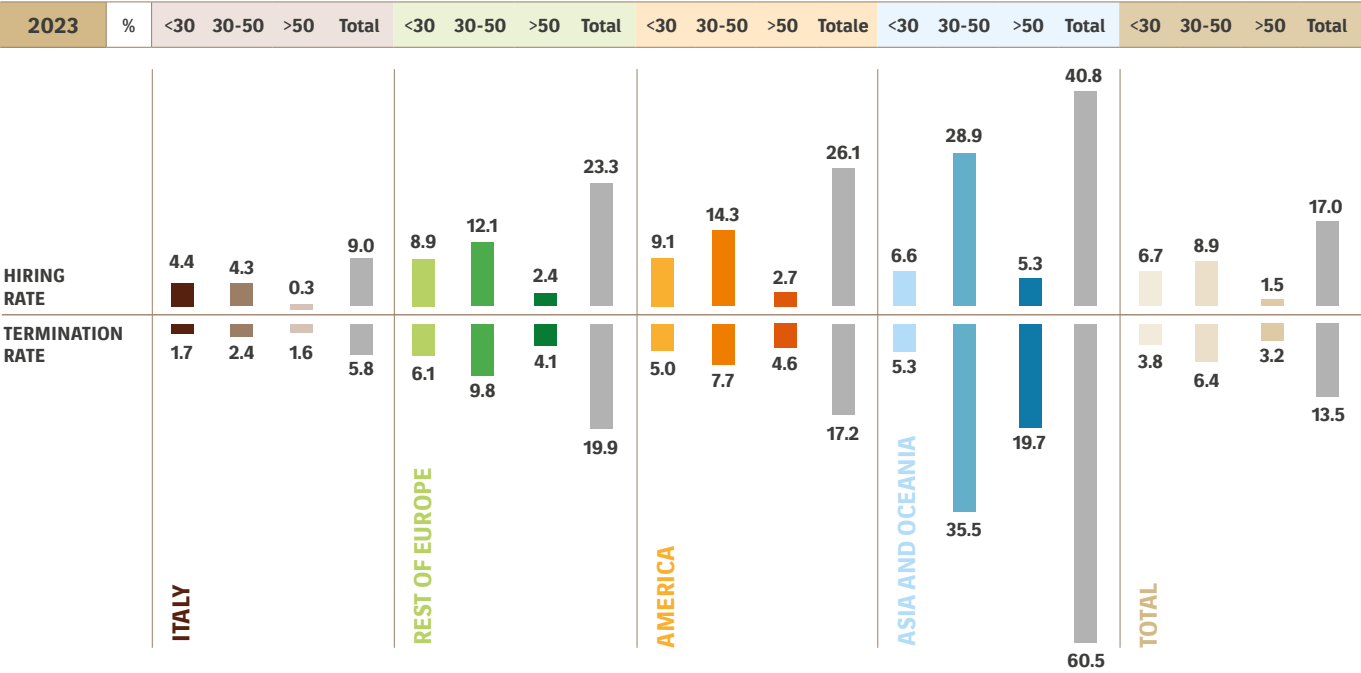
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY GENDER

	UoM	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
New hires	No.	277	211	488	424	284	708	375	329	704
Terminations	No.	296	185	481	398	276	674	308	249	557

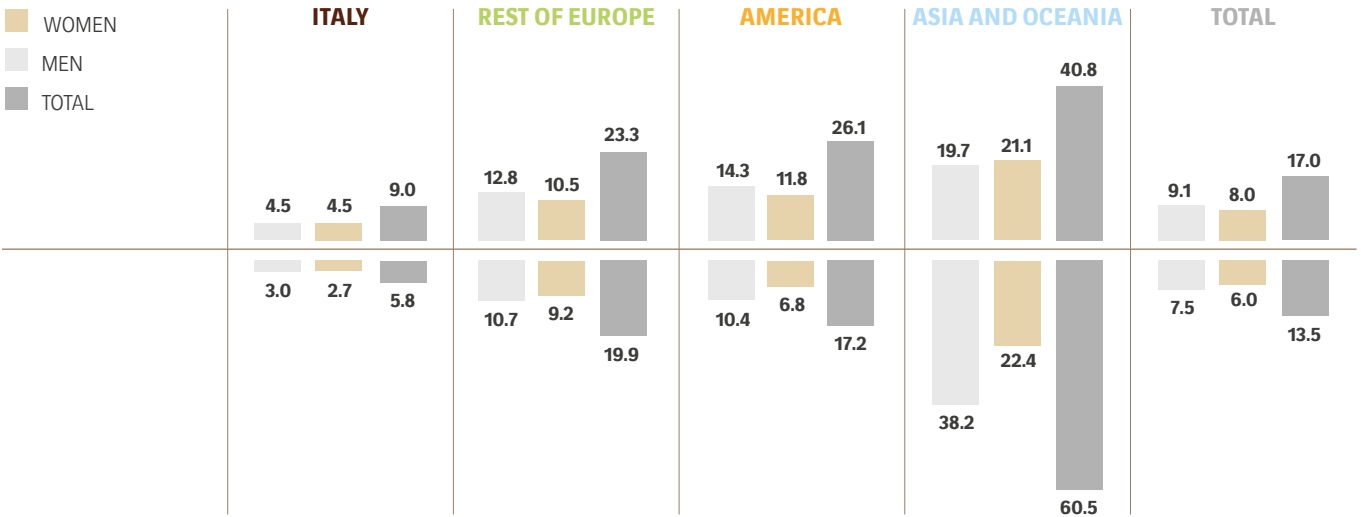
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE

	UoM	2021				2022				2023			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
New hires	No.	194	236	58	488	252	387	69	708	277	366	61	704
Terminations	No.	103	245	133	481	157	362	155	674	158	265	134	557

2023 HIRING AND TERMINATION RATE BY GENDER AND GEOGRAPHICAL AREA



2023 HIRING AND TERMINATION RATE BY GENDER AND GEOGRAPHICAL AREA



In 2023, at the Italian bargaining level, the benefits gained through the new 2023-2025 company supplementary contract were maintained. These included short working Fridays for the summer period, confirmation of remote working and a focus on caregiving and parental leave. In 2023, retirement of eligible personnel was facilitated through a dedicated support process, also designed to foster rejuvenation of the Group's workforce.



TOP EMPLOYER CERTIFICATION

In 2023, the Group received the Top Employer certification in **Italy**, for the fifth consecutive year, and in the **United Kingdom**, in view of a working environment that protects people and their quality of life through constant search for excellence in HR procedures. This recognition testifies to the commitment to employee wellbeing and rewards all Lavazza people who work every day for an increasingly inclusive Group.



KICKING HORSE COFFEE
GREAT PLACE TO WORK IN CANADA

Once again in 2023, Kicking Horse Coffee was named one of Canada's best workplaces according to Great Place to Work, a company specializing in business climate analysis, improvement, and employer branding. A milestone the company achieved for the eighth consecutive year.

GREAT PLACE
TO WORK 2023



2.2 OUR PATH TOWARDS
DIVERSITY AND INCLUSION

By the term "inclusion", Lavazza means the ability to make each person feel not only welcomed, but also respected and given the opportunity to participate fully in the life of the Company, by contributing to the best of their ability and unique skills to the success of the Group. With this in mind, through the **Diversity & Inclusion Manifesto** published in October 2022, the Group has stated its commitment towards its people to become a company free of inequalities, barriers, or gaps to be bridged.

In further renewing this commitment, 2023 saw the completion of works on the first **Lavazza Group D&I Policy**, co-developed by the Group's different HR Departments worldwide: it is a formal commitment to adopting practices and strategies that promote and enhance diversity and inclusion not only among employees, but also among customers, suppliers, partners and communities of reference.



One of the first goals of the Diversity & Inclusion Manifesto was achieved in 2022 by reaching the first level of certification of **EDGE – Economic Dividends for Gender Equality (Level I ASSESS)** for Gender Equality in Italy. This assessment process is targeted to companies that have demonstrated a serious and verifiable commitment towards zero-gender gap in the workplace. In 2023, a path was launched to extend this certification to the other countries in which the Group operates and Italy obtained **UNI/PdR 125:2022** certification for **gender equality**. The Group continued to forge ahead with its process of building a rewarding, inclusive and agile work environment by developing a global Diversity & Inclusion plan revolving around the **GAP FREE** project.

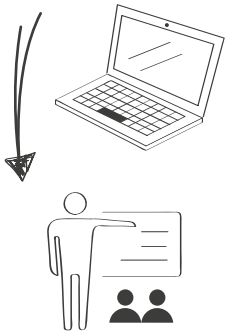
GAP FREE 2023:
THE CHANGE
IS SPREADING

Launched in 2020, GAP FREE is a medium- to long-term cultural transformation program that aims to promote equity and the enhancement of diversity, starting with gender. The ultimate goal is to promote responsible growth able to generate positive impact on the society through the creation and dissemination of an **increasingly inclusive culture** within the Group, capable to promote innovation and competitiveness, and through the implementation of **gender equality programmes** extended to the whole Company.

GAP FREE was created thanks to the collaboration of the Human Resources and Institutional Relations & Sustainability Departments, applying a specific methodology³, structured into three phases:

- 1. Listening and research:** identification in 2020 of the main gaps to be filled in the company culture;
- 2. Engagement & Co-design:** launch in 2021 of an active engagement path using both a top-down approach, starting with the top management, and a bottom-up approach, with working teams of volunteer employees who proposed some of the initiatives to be implemented in the subsequent stages;
- 3. Engagement & Commitment:** increasingly widespread and global development in 2023 of the cultural transformation commitment plan launched in 2022. The third phase focuses on the Governance, Inclusive Leadership and Gap Free Culture work areas.

+200 online
and face-to-face
D&I training
hours



276 customised
D&I training
hours for internal
facilitators



3) The U-theory213, created by Professor Otto Scharmer of the Boston-based MIT and used effectively for over twenty years.

OUR DIVERSITY & INCLUSION

MANIFESTO

WE BLEND FOR BETTER

We are a community of single origins united into a perfect blend.
That's what we are: humans enriching one another by our mutual diversities.

INCLUSION NOT ACCEPTANCE

Everyone should feel unique and part of the amazing blend we form together.

FREE AND SAFE

We want to build a place where each one of us is safe and free to express thoughts and feelings. We treasure uniqueness; openness is our endeavour.

EQUITY IS MORE THAN EQUALITY

Each person should have the resources and opportunities they need to fulfil their purpose.

SKILLS ARE VALUES

Everybody should be granted access to opportunities to grow, based exclusively on skills and capabilities.

ALLIANCE

We believe that allyship is the way to fight underrepresentation and underprivilege. We will support our colleagues, allowing them to shine through respect, care, and heed.

GAP FREE

We are committed to shaping and nurturing a gap free organisation that aims to end any form of discrimination based on stereotypes and unconscious bias.
Our coffee is the driver that helps **awaken a better world every morning**.
We root our conduct in Authenticity, Passion for Excellence, Inventiveness, and Responsibility in order to have a positive impact on a thriving society.

WE ARE OPEN, AND YOU ARE WELCOME!



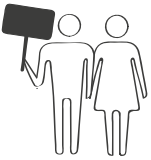
Governance

The activities begun in the first three years of GAP FREE continued and were consolidated, with many of them extended from Italy to the Group's subsidiaries, according to the goal of **international development of the GAP FREE culture** that the project aims to spread. The definition of the **Group's D&I Policy** in 2023 and the setting up of its **D&I Council**, which has met twice since it was founded and is composed of the Chief Executive Officer with his first lines, the D&I Team and representatives of the ERGs (Employee Resource Groups), enabled systematic monitoring of the Group's progress towards D&I objectives and identification of tangible tools and actions to facilitate their achievement.

Inclusive Leadership

With regard to the Inclusive Leadership area, following the first all-Italian edition, in 2023 the Ashland Institute's **CIYO (Come Into Your Own)** programme for the promotion of female leadership was extended to 7 countries, with the involvement of 25 female managers in top management positions from different countries, during working days dedicated to establishing alliances, professional networking and full recognition of their role model within the organisation. The programme will be further extended in 2024 with two additional editions. In addition, a **Sponsorship Programme for Gender Balance** has been launched to give visibility to some selected employees, further highlighting female leadership and challenging all related biases.

3 ERG
(Employee Resource Group)



7 GAP FREE Day

Gap Free Culture

As per creating a GAP FREE culture, the **D&I Training – Foundation Module** was released to all Group employees. This online training course, available in four languages, describes the D&I path, the commitments undertaken and the steps that each person can take to contribute to the change.

In addition, the first **GAP FREE Day** was held in **seven** countries: a working day dedicated to the culture of diversity that aimed to engage the company population and raise its awareness

through initiatives, workshops, games and cognitive tests. Starting from Italy, the GAP FREE Days were held in Australia, the United Kingdom, the United States, Denmark, Germany, and France. In each country, a common D&I cultural framework was enriched by specific elements that took account of the various cultural aspects present at the local level.

Within this context, **People Manager Workshops**, moderated by **internal facilitators**, were also organised to engage People Managers in the GAP FREE programme.

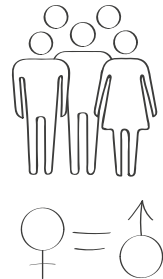
Women’s base salary was substantially in line with men’s base salary, with a total ratio of 96% in 2023. Year-on-year deviations reflected the normal seniority and turnover changes.

As of 2023, total remuneration was also analysed, which includes both fixed and variable components. In this case, the ratio of women’s to men’s total remuneration was 93%.

29 Lavazza Group D&I facilitators

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN⁴

	UoM	2022 BASE SALARY RATIO ⁵	2023 BASE SALARY RATIO	2023 TOTAL REMUNERATION RATIO
Senior Managers	%	93.6%	95.2%	91.8%
Middle Managers	%	98.3%	93.7%	89.8%
Specialised Workers	%	100.7%	97.2%	95.9%
Other Workers	%	118.2%	103.4%	104.7%



2023 GAP FREE CULTURE INITIATIVES IN ITALY

- launch of **ERGs (Employee Resource Groups)**, voluntary working groups to which **199** employees applied being proactive and directly promoting cultural change, organised into three groups focusing on an equal number of topics: “Gender Blender” on gender-related topics, “GenerAction” dedicated to new generations, and “Parent-hood Caregiving” for caregivers and parents;
- launch of the **GAP FREE training** at the two **Italian plants** in Turin and Gattinara, involving **27** first-line people in a two-day event at each plant;
- a series of **webinars** open to all to discuss biases and stereotypes in the workplace regarding topics identified as priorities and proposed on themed holidays such as Mother’s Day, Father’s Day, Day for the Elimination of Gender Violence, Pride, etc.: parenthood, young generations, gender, LGBT+ and gender violence
- the **Over the Rainbow event**, a meeting with Italian activist and lawyer **Cathy La Torre** at the Turin Headquarters, with the participation of 222 employees, on the subject of increasingly inclusive day-to-day behaviour in pursuit of alliances and respect in the workplace;
- a **GAP FREE Christmas**, an initiative involving the personnel of **Italian plants** that began with engagement on the D&I Manifesto, to then continue with various initiatives, such as an invitation to decorate a coffee cup with an answer to the question, “What does a ‘GAP FREE Christmas’ mean to you?” The decorated cups were used to compose a single Christmas tree that was displayed in the plants and Headquarters.



4) The calculation used for the ratio of women’s base salary to men’s base salary only includes subsidiaries having at least both genders in each professional category. It should be noted that the GRI approach was used to report the base salary and total remuneration ratios.

5) In 2023, the calculation methodology for GRI Indicator 405-2 Ratio of basic salary and remuneration of women to men was revised and also applied to the year 2022 for methodological consistency. It should be noted that the value of the 2022 base salary gender ratio contains within it the salaries of employees of the Indian company Fresh & Honest, whose salaries and purchasing power are difficult to compare with those of other nations, as is especially evident for the Other Worker category.

Disability Management

Within the Group there is the **Disability Management Team**, which is responsible for structuring job placement paths for people with disabilities and promoting job inclusion by creating culture on the subject. To date, **four job placement projects** are active in Lavazza Italy, matching benefits for both people and the Group, creating stories of inclusion and success.

In these programs, Lavazza is always supported by local organizations and associations that, through close collaboration with the figure of company tutors and the Disability Team, accompany people during the process of integration in the company, providing support both in the initial adaptation to the work context and

in the progressive development of autonomy in their tasks. Two examples of this process are the **WIDE project**, active in the Turin Production Plant since 2023 in collaboration with the Time2 Foundation, and the **Job Stations project**, active in the Management Center since 2022 in collaboration with Fondazione Itaca and Fondazione Accenture.

The projects have had a positive impact both on people's private lives, contributing to the development of greater economic and relational independence, and on the company, creating a strong synergy with their colleagues and added value for the activities carried out.

ACCESSIBILITY AS A SHARING PRINCIPLE

Increased digital and physical accessibility of its products is part of a path of improvement and increasing openness to diversity. With this in mind, in 2023, all major brand and Lavazza Group websites integrated **AccessWidget**, a tool that improves accessibility for visually impaired users through a dedicated interface that allows users to adjust the way web content is displayed so that it is as readable as possible, makes the site usable by screen-readers and allows full keyboard navigation.

The path taken is broader in that it is aimed at increasing the accessibility of all of Lavazza's digital and physical touch points such as apps, coffee machines and the products themselves. In 2023, a phase of analysis and research of the gaps to be filled in improvement perspective, through the involvement of industry experts and associations. In addition, a workshop was organized together with a technology partner and people involved in the Research & Development, Digital Marketing and Portfolio, dedicated to understanding how to make both physical and digital products and services inclusive and accessible from all perspectives, laying the foundation for an improvement plan for designing solutions that include diversity.



Accessibility of Lavazza Group website

2.3 PROFESSIONAL DEVELOPMENT AND PEOPLE'S WELLBEING

The Group is committed to protecting the rights of its employees and providing them with the necessary tools for personal and professional development, through the implementation of training, performance evaluation programs and talent review processes. In addition, the Group considers mental and physical wellbeing to be fundamental to the achievement of the company's success: with this in mind, Lavazza Group provides its employees with a comprehensive welfare system.

ised individual or group paths, often structures based on the specific context and its evolution. The Company also offers ongoing training on corporate citizenship topics at group level (ethics and compliance, values, behaviour, policies, processes and procedures).

In 2023, the number of training hours provided at group level exceeded **68,000**, equal to **16.6** training hours per employee, in line with the previous year. During the year, training resources were consolidated and created in the corporate area, accessible in the main languages spoken within the Group and adapted according to where they were provided (offices or plants). In line with this approach, works focused on sharing internal know-how on transversal core topics (Sustainability Academy, D&I Pills, PDP Learning Environment) and on more technical competencies (Shopper Marketing, Digital Marketing Academy, etc.). To ensure that new skills are gained, external providers were involved and partnerships expanded with universities and Business Schools, leveraging collaboration with outstanding local partners.

TRAINING

The centrality of individuals and an increasingly global context are the key drivers that steered the definition of the Group's training catalogue in 2023. People find responses to their individual development needs in a series of freely accessible resources, from catalogues of in-classroom training activities to online content libraries. Needs for upskilling or reskilling, or for support for working teams undergoing periods of transformation, are met through personal-

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY PROFESSIONAL CATEGORY AND GENDER

	UoM	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	h/No.	16.9	21.8	18.4	24.7	28.2	25.7	17.0	28.1	20.1
Middle Managers	h/No.	11.7	15.6	13.2	16.5	21.1	18.4	20.1	21.2	20.6
Specialised Workers	h/No.	6.6	8.9	7.6	12.9	16.5	14.4	14.4	15.6	14.9
Other Workers	h/No.	5.5	6.0	7.2	16.7	19.9	17.6	17.1	13.6	15.9
Total	h/No.	7.6	10.2	9.1	15.3	18.5	16.5	16.4	16.8	16.6



More than 68,000 hours of training provided

The development of an internal training culture is confirmed by increasingly active individual engagement in professional and personal development initiatives, such as the use of the LinkedIn Learning platform (an average of approximately 40,000 videos viewed each year) and constant participation in classroom courses. In addition, in 2023 approximately 390 people were involved in **team building** activities and **workshops** for over 4,500 training hours provided. The corporate training catalogue on issues relating to ethics, policy and procedures helped further improve the structure of individual **induction** processes at the local and global level to ensure that new recruits enjoy an increasingly inclusive wel-

come, and that fundamental information is provided to ensure that they are immediately effective within the organisation.

In 2023, works began to develop an internal global centre of excellence designed to create specific competencies regarding **digitalisation** topics, in keeping with the digital transformation process initiated by the Group. For this purpose, certification and training processes were promoted on process development and automation and on experimentation with artificial intelligence. In addition, a network of 150 employees was created with the role of digital transition agents, tasked with bringing innovation to their countries.

TRAINING CAMPAIGN ON THE CODE OF ETHICS

The entire campaign on the Group's **renewed Code of Ethics** has been developed since the beginning of 2023, with launches of various online training modules in four languages. In addition to shedding light on the key principles of the new Code, these modules deal with the contents of various documents and internal procedures, such as the Whistleblowing Policy, the Tax Control Framework, the Anticorruption Policy, the Crisis Management Policy and the Social Media Policy. To date, over **2,000** people have already enrolled in the programme. The campaign stemmed from collaboration between the HR, Compliance and Communication functions, with the goal of promoting a culture of transparency and trust among the Group's people and their stakeholders.



SUSTAINABILITY ACADEMY:
CONSOLIDATING THE SUSTAINABILITY CULTURE

At the end of 2023, the Group's training programme was enriched with the new **Sustainability Academy**, an environment entirely dedicated to sustainability. Created in collaboration between the Human Resources and Institutional Relations & Sustainability Departments and available in four languages, it aims to inform all employees, clearly and rapidly, of the main sustainability matters associated with the coffee sector, exploring how the Group acts to improve its impacts on the economy, environment and people, thus generating shared value over time.



A digital platform entirely dedicated to sustainability

Through courses, follow-ups and brief training videos, the platform stands out for how it adapts content to help people apply the sustainability concepts to their daily work, contributing to consolidating a culture of sustainability within the Company. It is divided into various interactive sections accessible via the MyLearning training portal that guide users in discovering the sustainability process pursued by Lavazza Group. In addition, it also offers internal engagement and coordination tools, so as to facilitate dialogue among people from various departments on topics of common interest and foster the creation of new ideas and opportunities.



AMBASSADOR PROGRAMME: DISCOVERING THE ORIGINS OF COFFEE



In 2023, the Lavazza Group Ambassador Programme was launched, offering **18** employees from all around the world the chance to visit coffee and tea-producing communities, to deepen their understanding of production processes and see first-hand the sustainability challenges faced by the supply chain. In the selection process, the over **180** candidates were evaluated through interviews based on various criteria, including their most recent volunteering experience, an aptitude for interacting with different cultures and the extent to which the programme could influence their professional and personal development. The Ambassadors visited producing communities and took actively part in plantation work to understand their challenges, appreciate the importance of the sustainability programmes launched by the Group and get to know the history of those communities. It was an opportunity to

delve into local culture and connect with worlds that are only apparently remote, forging connections and gaining transversal knowledge and awareness. This programme also made it possible for colleagues from various countries to get to know each other and share a unique human experience.

The first three trips were held in 2023: one to Rwanda, where some of the world's finest tea is grown, one to the Medellin coffee-producing region in Colombia, and one to the volcanic Antigua region of Guatemala, where the most prized coffee blends originate.



Rwanda

“What touched me the most was hearing people say that their lives have improved thanks to the training programmes organised by our local partners.”

Patty Hu
Business Analysis Manager
at Lavazza, Australia



Colombia



“It is difficult to fully understand the value of coffee without visiting a plantation and witnessing all the work that lies behind each cup.”

Daniele Padovano
Senior Product Manager at Lavazza,
Italy



Guatemala



“I will never forget the approving smiles of the farmers and the respect they showed seeing us picking cherries to share their daily experience.”

Melanie Mousseux
Junior Category Manager at Carte Noire,
France



THE NEW GROUP'S PERFORMANCE MANAGEMENT SYSTEM

The professional development of the Group's people is managed through the **People Development Process (PDP)**, which had been revised and applied uniformly throughout the Company in 2022 to integrate the four company values, so as to ensure all people development in line with them. The resulting evaluation process was based **60%** on performance objectives and **40%** on compliance of behaviour within the company values.

Following the PDP revision, constantly increased attention was devoted to the managerial culture, spreading awareness of the Group's four values, stimulating a culture of feedback and promoting personal self-development.

The PDP encourages managers to engage in constant exchanges with members of their

teams to support them in achieving goals, while also identifying the actions best suited to their professional growth path. All this was in addition to promoting an environment that fosters individual wellbeing, motivation and growth. A **PDP learning environment** is also available allowing employees to access content that can be useful in managing the process as effectively as possible.

The ongoing improvement of the Group's performance is ensured by the corporate mechanism (MBO)⁶. For a Group focused on efficiency and constant growth, the incentive structure must be based on the achievement of the Group's strategic objectives. For this reason, 91.8% of managers is subject to the MBO.

At the same time, the Group integrated an **ESG parameter** into its **Long-Term Incentive (LTI)** system. Each incentive cycle calls for a three-year payout and as of 2023, in addition to EBITDA and free cash flow, the achievement of a sustainability target has been included as multiplier for the first environmental cycle.

PERCENTAGE OF EMPLOYEES INVOLVED IN THE CORPORATE MBO PROGRAMME BY PROFESSIONAL CATEGORY AND GENDER

	UoM	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	%	84.6%	70.7%	80.4%	90.8%	79.3%	87.4%	92.6%	89.7%	91.8%
Middle Managers	%	40.0%	46.9%	42.7%	34.1%	35.4%	34.6%	39.4%	42.2%	40.6%

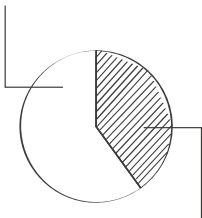
TALENT REVIEW

In 2023, steps were taken to introduce a formal talent review process with uniform, transparent criteria common to the entire Group. Involving 78% of the population assessed in the PDP, this process provided a snapshot of people with potential at the level of functions and professional families, thus allowing to define specific professional and career development paths.

The Talent Review is also functional in organisational terms to define solid succession plans consistent with D&I objectives. The development plans identified will be constantly updated with new training initiatives, including through collaboration with leading international Business Schools. In addition, coaching programmes were enriched through an approach based on each person's needs.



60%
performance
objectives
evaluation



40%
adherence to
corporate values
evaluation



PDP
Learning
Program

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS⁷

	UoM	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Managers	%	90.4%	81.0%	87.6%	91.5%	79.3%	87.9%	89.3%	89.7%	89.4%
Middle Managers	%	85.1%	85.0%	85.0%	84.7%	84.5%	84.6%	93.9%	93.2%	93.6%
Specialised Workers	%	69.3%	70.2%	69.7%	74.6%	72.1%	73.6%	83.0%	75.1%	79.6%
Other Workers	%	15.9%	39.6%	23.1%	19.6%	35.9%	24.4%	20.4%	32.9%	24.5%

6) Management By Objectives.

7) Data relating to 2021 refers to the following companies: Luigi Lavazza S.p.A., Carte Noire S.a.s., Carte Noire Operations S.a.s., Lavazza Coffee (UK) Ltd, Luigi Lavazza Deutschland G.m.b.H., Lavazza France S.a.s., Lavazza Kaffee G.m.b.H., Lavazza Premium Coffees Corp., Lavazza Australia Pty Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Professional North America LLC, Lavazza Professional (UK) Ltd, Lavazza Professional Germany G.m.b.H., Lavazza Professional France S.a.s.

PEOPLE'S WELFARE AND WELLBEING

The Group's commitment to offering a secure, healthy workplace is also put into practice by providing a company plan designed to meet employees' needs and ensure that they experience a sound work-life balance and personal respect. The year 2023 saw the full implementation of **Time To Care**, the **Welfare & Wellbeing plan** presented in 2022 and inspired by "responsibility", one of the Company's four values, construed as "attention towards people and their wellbeing". Time To Care was developed by listening first to employees' needs, starting from Italian employees, and conceived as a constantly evolving plan of action diversified by topic and geographical area, which will continue to be developed over time through further feedback. The plan offers tools for improving physical and mental health, for better managing social relations and for meeting economic commitments as it embraces the **four wellbeing pillars: physical, emotional, social and financial**.

“

Diversity and Inclusion must be placed at the heart of contemporary business development: they are ethical imperatives, but also fundamental elements for growth and competitiveness, to be pursued through the valorisation of every person in the Group.

Antonio Baravalle
Lavazza Group CEO



Physical wellbeing: helping people find and maintain the ability to act energetically and make the best decisions for their lives, careers and health, now and in the future.



Emotional wellbeing: supporting people with tools that promote flexibility, awareness and management of emotions, to face each day's challenges optimally.



Social wellbeing: contributing to creating a sense of belonging and recognising oneself as an active part of a social network.



Financial wellbeing: improving and increasing the purchasing power for people and their families.



3. RESPONSIBLE GROWTH



3.1 Value creation	P 80
3.2 Employees' Health and Safety	P 85
3.3 The Group Supply Chain	P 88



OVERVIEW
RESPONSIBLE GROWTH



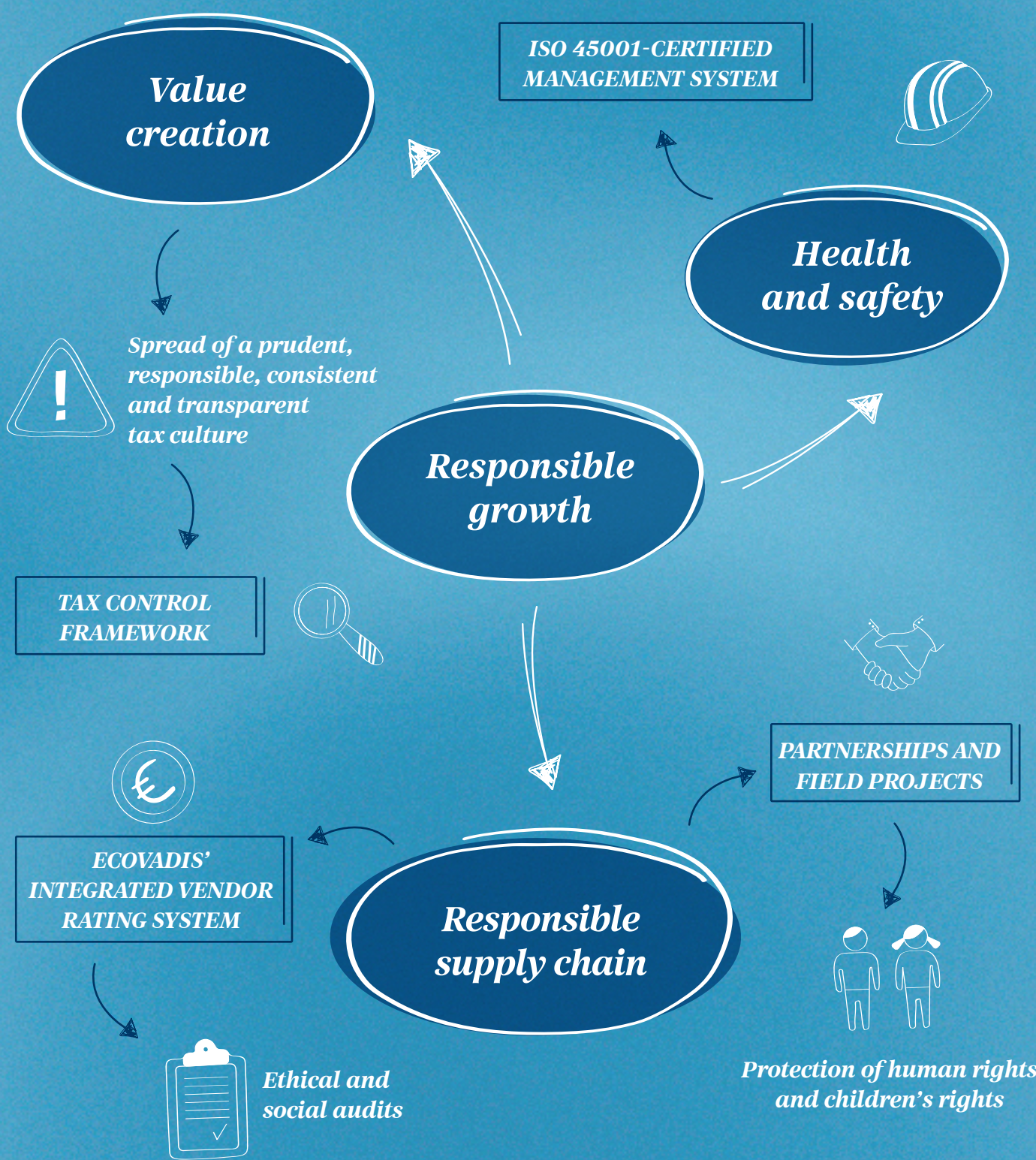
GLOBAL CONTEXT

Over **80%** of the volume of international trade in goods is carried by sea, and **20%** of global container trade passes through the Suez Canal. In 2023, the geopolitical challenges concerning this route forced most global container shipping companies to reroute vessels from Suez to the much longer route around Africa. This caused a very strong impact on global supply chains, both in terms of delays and higher costs. In addition, the coffee sector was affected by a very complex macroeconomic scenario in 2023, due to a sharp rise in raw material costs, as green coffee prices hit record highs.

According to the **International Labour Organization's** estimates, every 15 seconds there is a work-related fatality and 153 workers have a work-related injuryⁱ: workers' health and safety are therefore a priority that businesses must address with adequate and continuously improving systems.

The number of working children in the world is alarming, with around **70%** of child labour occurring within the agricultural supply chainⁱⁱ. In some regions of coffee-producing countries, the risk of child labour and human rights abuses is high. These situations require constant efforts by all players in the supply chain to ensure decent working conditions and respect for the fundamental rights of all.

Source (i), (ii) in Annex.



3.1 VALUE CREATION

For Lavazza Group, doing business responsibly is an essential prerequisite: protecting and enhancing people and local communities makes it possible to generate **shared value** for all its stakeholders, thus contributing to economic and social development.

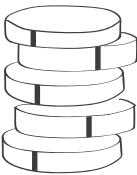
The Group's interest in people extends not only to its employees, their wellbeing and their occupational health and safety, but also to respect for the human rights and sustainable development of workers throughout the supply chain. In the supply-chain countries from where the Company procures green coffee through coffee traders, the Group implements **strategic projects and partnerships** with civil society organisations operating in the field, to contribute to those regions' fair development. The tools adopted to safeguard the rights of farming communities and protect the rights of children and female entrepreneurs, as well as the systems for monitoring the sustainability performances of its suppliers, ensure that the Group's economic growth also has a positive impact on the quality of living of coffee-producing communities.

In 2023, within a macroeconomic and geopolitical scenario marked by some elements of complexity and tension, characterised by a risk of recession, persistent inflation and rising coffee prices (in 2023, the trend in green coffee prices saw Robusta to relentlessly grow to an all-

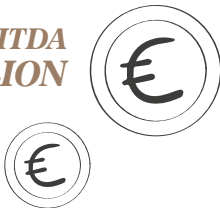
time high), Lavazza Group achieved a positive operating performance, with **turnover further increasing by 13% to €3,069 million** compared to the previous year, thus exceeding €3 billion and hitting a new record. This result was achieved also thanks to the acquisition of MaxiCoffee Group, which strengthened Lavazza Group's international footprint, and by enhancing the policy aimed at protecting both consumers and volumes, **continuing to adopt a strategy of affordable prices** to ensure constant market penetration and to protect its client base. All operating levers relating to working capital and the statement of profit or loss were optimised, leading to an **EBITDA** positive at €263 million (-15% compared to 2022) and a slightly negative cash flows generated from operating activities (-€17 million), though improving compared to initial estimates. **Net financial position** was negative at €292 million as a result of M&As, in particular the acquisition of MaxiCoffee completed at the end of March 2023. The main future goal will be to free up cash resources and guarantee greater liquidity to support the growth and investment initiatives. The Group thus confirmed it has the values, resources and people needed to manage complexity and continue to take a long-term approach to investments¹.

€3,069 MILLION
revenues in 2023

+13% growth



EBITDA
€263 MILLION



OPERATING RESULTS FOR THE THREE-YEAR PERIOD (€/000)

	2021	2022	2023 ²
Net revenues	2,308.4	2,715.5	3,068.9
EBIT	163.6	159.6	96.8
EBITDA	312.1	309.1	263.0
Profit	105.5	94.6	67.9
CAPEX	135.0	123.7	134.9
Net financial position	(283.1)	(135.7)	291.8
Equity	2,530.4	2,579.0	2,587.5



E-commerce
+ 28%



Beans
+9.1%



Single serve
+15.3%

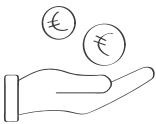
In particular, the Beans segment continued to grow, with Lavazza Group's market share up by +0.2 points thanks to a 9.1% increase by value compared to 2022. In the Single Serve market (capsules), the Group expanded its market share by +0.4 points thanks to the completion of the launch of the renewed NCC aluminium capsule range, with a growth by value of +15.3% compared to 2022. At geographical level, the Group reported significant growth rates in both consolidated markets, such as France and Italy, and in markets it has most recently penetrated, such as the United States.

In the three-year period 2021-2023, Lavazza Group was able to generate value thanks to a business model and a strategy oriented towards growth, innovation and sustainability. This commitment is confirmed by the constant growth of the economic value generated and the economic value distributed. In particular, the economic value generated grew mainly as a result of the turnover, while the economic value distributed, corresponding to **98.7%**, rose due to a general increase in operating costs and interest expense, as well as to payments to providers of capital. The economic value retained was positive, albeit

BLEND FOR FINANCE



In 2023, Lavazza Group launched a **new financial service** offered to all companies within its value chain through its financial company Cofincaf S.p.A.. The **ESG financing** facility provides for an interest rate discount upon achievement of two sustainability targets, ranging from energy efficiency and emission reduction to the implementation of projects against food waste, social inclusion projects, and projects targeting young people looking for a job.



ESG-linked Loan

1) For further details, reference should be made to Lavazza Group's 2023 Director's Single Report on Operations.

2) The reporting scope includes the newly acquired MaxiCoffee and Stirilnghire Vending.

declining compared to the two previous years. It represents the difference between the economic value generated and the economic value distributed, adjusted by the typically non-monetary items of amortisation, depreciation and write-downs, as well as provisions. In the three-

year period, the Group made donations totaling, respectively, €10 million in 2021, €5 million in 2022 and €1.9 million in 2023, classified under recurring donations to associations and recognised bodies in support of social, health and cultural projects.

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED FOR THE THREE-YEAR PERIOD (€/000)

	2021	2022	2023
A - Economic value generated (a+b)	2,313,309	2,725,375	3,089,106
a) Net revenues	2,308,393	2,715,466	3,068,901
b) Interest and dividends collected	4,916	9,909	20,205
B - Economic value distributed (c+d+e)	2,239,111	2,656,673	3,050,168
c) Operating costs	2,139,120	2,542,550	2,958,937
c1) Cost of sales	1,385,765	1,794,767	2,163,576
c2) Promotional and advertising costs	229,992	212,071	177,257
c3) Selling costs	183,253	203,242	263,137
c4) Other structure costs	340,110	332,470	354,967
General and administrative expenses	292,587	287,855	325,662
Research and development costs	15,787	16,559	15,327
Other operating expense and income	31,736	28,056	13,978
d) Payments to providers of capital	45,841	53,937	72,675
d1) Dividends paid	33,376	43,138	39,269
d2) Interest expense paid	12,465	10,799	33,406
e) Income taxes paid	54,150	60,186	18,556
Economic value retained (A-B+g+h)	276,284	237,504	175,454
g) Amortisation, depreciation and write-downs	151,019	152,235	166,314
h) Provisions and use of funds	51,067	16,567	-29,798

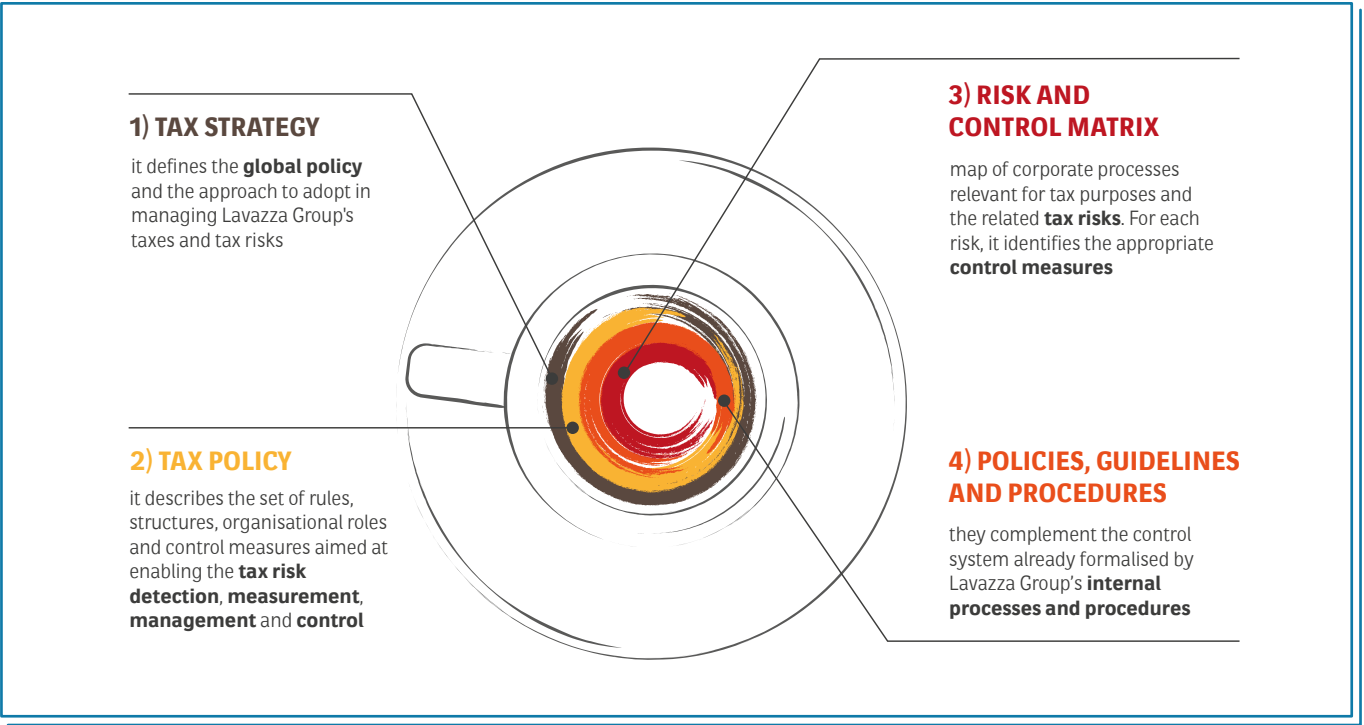
Included in operating costs	2021	2022	2023
Staff salaries and benefits	352,881	356,636	414,322
of which: in the costs of sales	55,608	66,154	69,894
of which: in selling costs	126,514	133,046	169,250
of which: in other structure costs	170,759	157,436	175,178
Donations and gifts	10,196	4,855	1,877
Indirect taxes paid to the Public Administration	7,427	6,222	8,368

APPROACH TO TAXATION

Lavazza Group’s approach to taxation stems from a system of values shared by the entire Company that is based on the principles of **prudence, responsibility, consistency and transparency**, aimed at fostering a climate of trust towards all stakeholders, including in the fiscal area. Accordingly, the Group has defined its **Tax Strategy**, approved by the Board of Di-

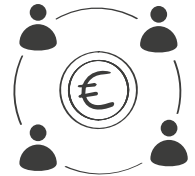
rectors, that is inspired by the above-mentioned principles and integrates the control measures provided for in the Organisation, Management and Control Model adopted pursuant to the Italian Legislative Decree No. 231/2001, where applicable. This strategy is based on the **Tax Control Framework**, namely the Tax Risk Detection, Measurement and Management System managed by the **Group Tax Department**, integrated into the corporate governance and internal control structure, with the aim of monitoring the Group’s tax risks.

Tax Control Framework



The Group promotes the spread of the **tax culture** and considers of primary importance to comply with all the laws and regulations of a tax nature applicable in the various jurisdictions in which it operates. For this purpose, it adopts a governance system aimed at containing the tax

risk, in which all the corporate stakeholders involved in ordinary or extraordinary strategic or management decisions have the responsibility of involving in advance the **Group Tax Department**, competent in tax matters, for a prior assessment of the tax implications.



98.7%
of the value
generated is
distributed to
stakeholders

The business culture **principles** underlying Lavazza Group's tax approach refer to:

- 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 the tax 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 (tax governance) in accordance with the goals defined;
- constant, fruitful and collaborative dialogue with the Tax Authorities managed in a professional, transparent and timely manner.

Lavazza Group states that it does not carry out transactions with the sole or main purpose of reducing the tax burden and does not invest in countries that adopt a privileged tax regime, if not directly functional to the business purposes of the Group. In this regard, the Group is constantly committed to training the whole corporate population on tax matters, as part of its compliance training activities. The parent company Luigi Lavazza S.p.A. continues to participate in the **Cooperative Compliance** regime established by Italian Legislative Decree No. 128/2015: a fundamental tool to interface and collaborate with the Italian Revenue Agency to prevent and fix tax disputes. This represents a milestone in a broader path aimed at adopting systems of international cooperation with Tax Authorities in all the countries around the world where Lavazza Group's subsidiaries operate.



3.2 EMPLOYEES' HEALTH AND SAFETY

Supported by the shared values that set it apart, Lavazza Group is committed to constantly improving its health and safety performance to ensure a safe working environment.

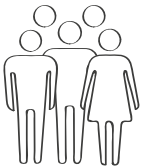
The updated version of the **Corporate Policy for Occupational Health, Safety, Energy and Environment** was published in 2023, increasingly integrating the values of the new Code of Ethics and the main impacts generated by the organisation. The Policy promotes the values of health and safety and the adoption of virtuous behaviour and active engagement of personnel through an approach based on assessing risks associated with workplaces to eliminate or minimise them, complying with applicable laws and regulations in force in all the countries in which it operates, as well as with the Health, Safety, Energy and Environment Guidelines set by the parent company. All individual plant policies make up a programmatic statement of commitment that draws attention to the criteria fundamental to developing the responsible business model adopted by the Group, such as environmental protection, conscious use of natural and energy resources, and attention to the health and safety of all personnel.

At a Group level³ since 2022, the **Occupational Health and Safety Management System**, which involves all employees and external workers operating in workplaces controlled by the Group, has been **certified ISO 45001** voluntarily. The adoption of this standard allows to harmonise the management of the issue for all Lavazza Group companies for which risk is material, in that it establishes a framework for improving safety, reducing risks in the working environment, and protecting the health of

workers, given the requirements of local legislation. In addition, the cross-functional team of internal auditors⁴ was expanded to strengthen the control system overseeing the HSE management system.

With specific reference to the Group's Italian companies, all the requirements of Italian Legislative Decree No. 81/2008 are strictly complied with. Using the Group's Integrated Management System for Health, Safety, Energy and the Environment, the central **HSE** (Health, Safety & Environment) function can monitor progress and performance according to a clearly defined set of roles and responsibilities, as well as on the basis of planned periodic internal audits to test the adequacy and functioning of the Management System and to reinforce its coverage of the hot-spots identified in the risk analysis, which is kept constantly up to date. Based on the risk assessment, protective measures are identified, including the Personal Protective Equipment required to safeguard worker safety, in addition to health monitoring and first aid services, while ensuring the confidentiality of information in line with the law and the Group's privacy policies.

With regard to production units, the main work-related hazards are those associated with manufacturing, such as physical, biological and chemical risks, whereas in offices they relate to video terminal use. When a work-related injury occurs, in accordance with company protocols the information is sent to the competent authorities within the legal timescales and a report is drafted with a description of the circumstances, the causes of the event and the corrective measures to be taken.



Group Health and Safety Management System certified ISO 45001

3) Luigi Lavazza S.p.A. (Lavazza Nuvola HQ, Cofincaf S.p.A., Innovation Center, Milan Flagship Store, and the Turin, 1895, Gattinara and Pozzilli plants), Lavazza Professional North America LLC, Lavazza Professional (UK) Ltd and Carte Noire Operations S.a.s..

4) Qualified for ISO 19011, SO 14001 and ISO 45001.

The entire company population receives information, adequate training (both mandatory and voluntary) and, where necessary, training on occupational health and safety issues, with the updates required by local legislation and adapted to each employee's duties.

The company population is involved in the Management System through exchanges with the

Workers' Safety Representatives both at the Italian level and with dedicated personnel at the international level. It also has the possibility to report opportunities for improvement or near-misses⁵ through the internal communication process and the application of the appropriate operational and management processes for the role in question.

SAFETY DAY
IN LAVÉRUNE

Among the initiatives promoted in 2023 to raise workers' awareness on the issue of occupational safety, mention should be made of the second Safety Day held at the **Carte Noire Operations** facility in Lavérune, France. In addition to involving all of the facility's workers and some of the Group's representatives, the initiative was also extended to local authorities and nearby businesses. The whole day was devoted to opportunities for reflection, workshops and direct experiences relating to workers' health and safety matters, including fire safety procedures, first aid, manual handling good practices also in an office work setting, and the risks and control measures of new individual electrical vehicles.



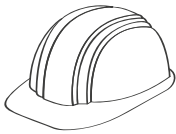
5) A near miss is an event caused by unplanned and unexpected circumstances that did not lead to an incident with adverse consequences.

The work-related injuries that occurred in 2023 were generally attributable to causes of a behavioural nature resulting from tripping and falling, lifting or improper handling of materials.

At a global level, in **2023**, the rate of recordable work-related injuries **declined by 9.3%** to **2.05** compared to 2022. In particular, Italian plants did not report any injuries occurred in workplaces controlled by the Group in 2023.

Concerning the Group's **external workers** who operate in workplaces controlled by Lavazza, two injuries attributable to causes of

a behavioural nature were recorded, bringing the rate of recordable work-related injuries regarding external workers⁶ to **0.93**.



2.05 rate of recordable work-related injuries (-9.3% vs 2022)



ZERO injuries in Italy

WORK-RELATED INJURIES IN THE THREE-YEAR PERIOD

	2021	2022 ⁷	2023
Number of recordable work-related injuries	18	16	15 ⁸
Number of high-consequence work-related injuries ⁹	0	0	0
Number of fatalities as a result of work-related injury	0	0	0
Hours worked	6,831,902	7,069,979	7,316,349
Rate of recordable work-related injuries ¹⁰	2.63	2.26	2.05
Rate of high-consequence work-related injuries ¹¹	0	0	0
Rate of fatalities as a result of work-related injury ¹²	0	0	0

6) Rate of recordable work-related injuries regarding external workers= No. of recordable work-related injuries regarding external workers / No. of hours worked by external workers * 200,000. Temporary workers and interns are excluded from calculation.

7) 2022 data has been reviewed considering an injury confirmed after the 2022 Sustainability Report has been published.

8) Work-related injuries occurred to Lavazza's employees excluding 6 commuting injuries where transport was not managed by the organisation. Data relating to the three-year period includes the work-related injuries that entailed the loss of at least one workday (excluding the day of the event), including any high-consequence work-related injuries and fatalities. In 2023, in addition to the 15 injuries entailing the loss of more than one day, another event that was reported to OSHA occurred (Occupational Safety and Health Administration, US federal agency in charge of ensuring safe and healthful working conditions to American workers); this was not included in this item as it entailed less than one day away from work.

9) Injuries that resulted in absence from work for a period longer than 6 months.

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

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

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

3.3 THE GROUP SUPPLY CHAIN

The coffee supply chain is one of the most complex and fragmented of the agricultural sector: the **production process** begins with growing plants on plantations, which are managed by producers of various sizes, from the smallest (managing around one hectare of crops) to larger and more organised. Smaller farmers are often grouped in cooperatives or associations and work with local intermediaries, which for some countries not only handle the logistics chain, made complex by insufficient infrastructure, but also finance the production and/or even purchase the raw material.

The agricultural phase begins with the sowing of coffee seeds, which germinate in a few months following careful irrigation, regular alternation of sun and shade, and constant protection against common coffee diseases and pests. After about three years, coffee plants begin to produce their first coffee cherries, which can be harvested by hand (picking), mechanically (stripping) or by using a mixed method.

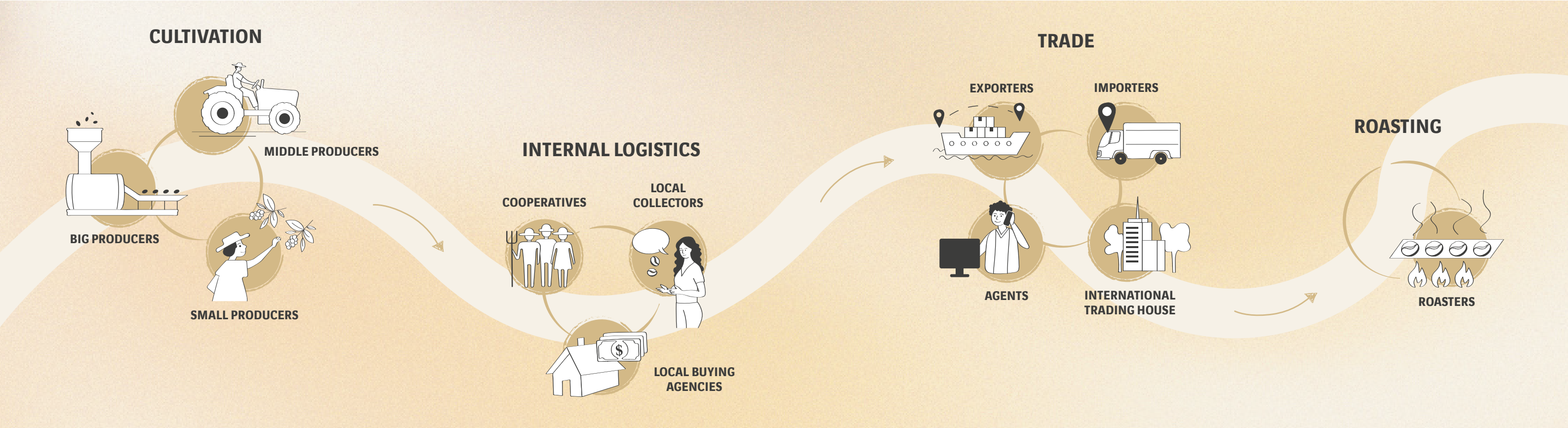
Once harvested, the cherries undergo a process that may take different forms: “natural processing”, when cherries are spread out in

the sun to dry and then pulped; “washed processing”, when cherries are pulped by stripping off some of the mucilage, left to ferment in water and then dried in the sun. A third process, called “honey processing”, involves partial mechanical removal of the pulp, leaving the mucilage intact until complete sun-drying. This process allows the beans to absorb the natural sugars from the pulp. Drying the beans is a critical step that influences the flavour and final quality of the product.

After processing, the beans are sorted and graded according to size, colour and quality, and the coffee is then taken to local collection centres from where it is shipped to the port of departure.

Most of the **25 million** farmers are small- and medium-size agricultural entrepreneurs with limited hectares of land, mostly located in remote and hard-to-reach areas, given

the peculiarity of the ecosystem in which the *coffea* (coffee plant) grows. Accordingly, from the field to the port of origin, logistics involves the participation of a series of players in various forms, such as cooperatives — typical of Central America and Latin America — and local mediators (also known as “bulk traders”), which are fundamental to connect farmers to exporters, where the latter prepare coffee containers at their production facilities along with all the documentation required to ship the coffee beans. Once at the port of entry, the green coffee is brought to the facility of the importer (often the roaster itself), where the coffee is roasted. Roasters use various methods of procuring green coffee depending on their business size. The largest among them, including Lavazza Group, buy directly from international trading houses, which often have facilities in the main countries of origin, where green coffee



fee blends are prepared according to the quality standards required. Other smaller roasters use importers in the destination country that handle all phases of customs clearance on the roaster's behalf. In some cases, when the local exporter is unfamiliar with the structure and peculiarities of roasters in an importing country, it relies on agents who are charged with promoting the exporter's coffee.

In this complex scenario, Lavazza Group is committed to spread throughout its supply chain the fundamental principles of promotion and protection of human rights and safeguarding of the environment and business ethics that have always guided the Company's procurement policy. The goal of promoting a **sustainable supply chain** is pursued through a strategy based on ongoing risk monitoring and on active supplier engagement with regard to social and environmental sustainability, as well as on an international and local multi-stakeholder collaboration model.

COMMITMENT TO PROTECTING HUMAN RIGHTS



To read the Statements and Codes, visit the Compliance section of the Group's website

For Lavazza Group, respect for human rights, and in particular the protection of children's rights, is an essential principle, which cannot be compromised and must be safeguarded with the greatest commitment and the best forces in the field.

Considering that in some areas in which coffee farmers operate there is a high risk of violation of human rights, the Company adopts a zero-tolerance policy towards all forms of threat to such rights throughout the supply chain, and in par-

ticular in relation to the wellbeing of children. The Group promotes and supports the **International Labour Organization (ILO)**¹³ with regards to the fundamental principles and rights at work and, as part of its sustainability strategy, it has adopted the **United Nations Guiding Principles on Business and Human Rights**.

Moreover, since 2016 all green coffee suppliers have been asked to recognise and confirm that no coffee comes either from plantations on the **"Transparency List on Contemporary Slavery in Brazil"** published by Danwatch¹⁴ or from plantations or suppliers that might not comply with laws and regulations. In 2017, the Company integrated into its activities the **Children's Rights and Business Principles (CRBP)**, the guidelines drawn up by Save the Children, the Global Compact and UNICEF to support companies in the protection and promotion of children's rights in running their business.

Over time, based on the foregoing, the Group's corpus of procedures has been strengthened: from the **Code of Ethics** to the **Supplier Code of Conduct**¹⁵, for which the updating process began in 2023, to the documents **Our Commitment to Human Rights** and **Our Commitment to Children's Rights**¹⁶. This commitment is shared by all the Group companies and made available internally and publicly on the corporate website.

Lavazza Group recognises the importance of monitoring risks related to its supplier base. Accordingly, accreditation of new suppliers requires first of all acceptance of the Code of Ethics and Code of Conduct, as well as the suppliers' provision of numerous details, including related to sustainability topics, as described below.

SUPPLIER ESG ASSESSMENT

Increasingly central, and gradually extended to the Group's subsidiaries, is the creation of a **supplier rating** system that also considers suppliers' sustainability, through the adoption of **EcoVadis**, an external platform integrated into the procurement system, that makes possible to monitor suppliers' sustainability performance, manage supply chain risks and propose improvement plans to suppliers.

Through ad-hoc questionnaires, suppliers are assigned an overall score on the areas examined: Environment, Labor & Human rights, Ethics and Sustainable procurement. In addition, a higher score is awarded to coffee suppliers with which international cooperation and sustainable development projects are in progress, as a company or through Lavazza Foundation.

In **2023**, the system was extended to Luigi Lavazza Deutschland GmbH and Lavazza Professional UK Ltd, and specific training courses on

sustainability matters dedicated to the Purchasing Department's personnel continued. In addition, over **97%** of suppliers involved in the green coffee supply chain took part in the EcoVadis assessment.

Moreover, in 2023, the assessment process was strengthened by introducing second-party, on-site **audits**, targeting suppliers identified as high risk; the pilot project for this activity had already been launched in 2019, but had to be suspended due to the Covid-19 pandemic. Following the on-site audits conducted according to socio-ethical criteria based on specific checklists, improvement plans were proposed and suppliers responded by proposing the related corrective actions.



In 2023, more than 97% of suppliers in the raw coffee supply chain took part in the EcoVadis assessment

ECOVADIS

For the fifth consecutive year, Lavazza Group obtained the Ecovadis Medal, one of the most recognised awards in the international sustainability rating.

This year, the Group received its second Ecovadis Gold Medal, ranking it in the top 5 percent of companies evaluated by **EcoVadis'** team of international experts. The score was increased by 4 points from the previous year to **74/100**, equivalent to an "Advanced" rating level, which places the company in the top 2% of the industry. Of the pillars on which the assessment by EcoVadis experts is based, the sections devoted to Environment and Labor and Human Rights are those that contributed the most to the achievement of this important result.



13) The International Labour Organization is the UN specialised agency devoted to promoting social justice and internationally recognised human and labour rights.
14) Danwatch is a Danish award-winning independent media and research centre specialized in investigative journalism on global issues, such as states' and companies' impacts on human rights and the environment.
15) Signed by the Board of Directors.
16) Signed by the Chief Executive Officer.

2023 SUPPLIER COFFEE LINKS:
REWARDING D&I

In 2023, the fourth edition of the **Supplier Coffee Links Awards** recognising the eight best suppliers in five categories was held at the Group's annual supplier convention. For the first time, the **Diversity & Inclusion category** was added to those already examined — Competitiveness, Quality, Sustainability and Innovation — and involved the suppliers that stood out as active change agents in support of D&I topics. This is a small but concrete initiative that aims at providing further impetus for the Group and its entire supply chain.



*Fourth edition of
the Supplier Coffee
Links Awards*



COOPERATION
PROJECTS IN
THE FIELD

Over the years, the Group has developed a series of **projects** in the field led by a specific unit within the IR&S Department that collaborates with the Coffee Buying Department and the Quality and Procurement Department to promote all social and environmental matters relating to the production chain. The commitment starts with the coffee cultivation phase, engaging all the people and communities that tend to the plants. Thanks to the engagement of the Group's employees, collaborators and suppliers, on-field projects are implemented in **partnership** with:

- the local institutions, for projects in the coffee-producing countries;
- at a pre-competitive level, other roasters and industry companies, also through participation in International Coffee Partners, organisation that brings together players of the coffee world for sustainable development projects;
- international organisations, such as the International Labour Organization;

- Non-Governmental Organisations (NGOs), in particular Save the Children and Oxfam — with which Lavazza has partnered for over 20 and 10 years, respectively — and Rainforest Alliance.

Engaging selected local suppliers is the key to effectively generating direct effects on the supply chain: the Group invites its suppliers to collaborate in the field throughout the project development, coordinated and managed by the NGOs together with the local institutions and partners. These projects may involve both suppliers of coffee machines, such as the project developed with Save the Children in China, concluded in 2020, and coffee farmers, such as in the case of the Vietnam project again with Save the Children, for which the Group has recently renewed its commitment until 2026.

The commitment in Vietnam

Vietnam is the number two country in the world by coffee exports and one of the main countries of origin of the coffee processed by Lavazza Group. This is a country with a high risk of child labour, especially in areas of widespread poverty, where several children drop out of school to support their families.



The Vietnamese Ministry of Labour and Social Affairs found more than 1 million children engaged in child labour across the country, of whom 50% were in the agricultural, forestry, and fishery sectors¹⁷. For these reasons, Lavazza Group has launched two long-term projects.

The Child Rights in the Coffee Sourcing Sector project, launched in 2020 in the Dak Lak region and structured in two three-year phases up to 2026, focuses on safeguarding children's rights, in collaboration with **Save the Children**. The project's goal is to create a replicable model of action to protect children's rights, consolidate it in Vietnam and spread it, thus developing good practices in the Company's main coffee-producing countries. With the support of "THE CENTRE for Child Rights and Business", six coffee-producing communities within the Group's supply chain were involved in the first phase of the project, to then add other communities in the second phase, to reach over 40,000 indirect beneficiaries: there are mainly the Group's first- and second-tier coffee suppliers in Vietnam (traders

and local suppliers) and the local coffee-producing cooperatives, smallholders and their families and children.

The first phase of the project ended in 2023, involving **6,000 direct beneficiaries**, promoting effective and sustainable cooperation with the local government and laying the foundation for developing a favourable and safe environment for children in their communities. An action plan was developed with the participation of Lavazza and its suppliers, raising awareness of children's rights and of the prevention of child labour. In addition, through various analysis and engagement activities, the **Child Rights Guidelines** were prepared and presented to **39** local and international coffee companies within Lavazza Group's supply chain.

The second phase of the project was launched in 2023 with the following objectives:

- Create greater awareness and capacity to exercise the rights of children and girls involving the youngest (7-15 years old), the young (15-20 years old), health professionals and stakeholders;
- improving children's access to education and childcare;
- increasing young people's knowledge of workers' rights and safety at work;
- integrating children's rights and gender equality criteria into the businesses' activities.

In Vietnam, the Group is currently supporting a **second project**: launched in 2020, the four-year project has directly engaged a major supplier and is financed by the **Dutch Ministry of Foreign Affairs** through the Fund Against Child Labour (FBK) managed by the Netherlands Enterprise Agency (RVO) in Vietnam. The implementing NGO is **Rainforest Alliance**, with which the Group has had commercial relations for many years.

In collaboration with the government and local authorities, the project aims to increase farmers' income 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 improve the living conditions of the **1,500** farmers involved, the **50%** of whom should obtain Rainforest Alliance certification by the end of the project in 2024 thanks to a training programme aimed at improving their agricultural practices and entrepreneurial skills, with a particular focus on young people in the most remote areas, who will be given better access to vocational training and guidance. In addition, awareness-raising sessions on the fight against child labour are organised involving not only the boys and girls, but also farmers' associations, local authorities and business partners.

civil society stakeholders in this project to facilitate knowledge sharing, cooperation and collective action to tackle the root causes of child labour. The project aims to promote solutions to scale up due diligence and responsible sourcing throughout the coffee supply chain, to strengthen social dialogue with small producers' organisations and to foster synergies between private sector initiatives and those of governments, and country-level institutions and actors.

CHILD LABOUR PLATFORM MEMBERSHIP

In 2023, Lavazza Group became a member of the **Child Labour Platform (CLP) of the International Labour Organization (ILO)**, a platform that brings together institutions, government organisations and companies to combat child labour in supply chains. Lavazza actively supports its initiatives, including the new **"Ending Child Labour in Supply Chains"** project, led by the ILO and financed by the EU, that will address the root causes of child labour in coffee supply chains, mainly focusing on three countries: **Honduras, Uganda and Vietnam**.

Through the Child Labour Platform and with the support of the Alliance 8.7 on Supply Chains¹⁸, the ILO is bringing together a coalition of governments, workers, employers, companies and



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In our Group, we believe that working together with others is essential to do business responsibly: the actions of single entities are not enough to make a significant impact on today's increasingly complex challenges, from climate change to the fight against inequalities

Mario Cerutti
Lavazza Group Chief Institutional Relations
& Sustainability Chief Officer

17) Rainforest Alliance - Project Profile: Tackling Child Labor in Coffee Supply Chains in Vietnam.

18) Alliance 8.7 is a global partnership taking immediate and effective measures to eradicate forced labour, modern slavery, human trafficking and child labour, in accordance with Target 8.7 of SDG 8 – Decent Work and Economic Growth.

THE #COFFEEPEOPLE CAMPAIGN

Lavazza Group has joined the #CoffeePeople communication campaign, run by the **International Labour Organization’s Vision Zero Fund** platform, to raise awareness and share information and best practices on occupational safety and health in the coffee supply chain. The employees of the Group participated in large numbers via their LinkedIn profiles, submitting a picture of themselves and a message of support and sharing for all workers in the coffee supply chain, from beans to cups.



MEMORANDUM OF UNDERSTANDING WITH EL SALVADOR

In April 2023, Lavazza Group strengthened its relations with **El Salvador** by signing a Memorandum of Understanding with the country’s government aimed at reinforcing the ties between the Group and the Central American country, by recognising several common sustainability objectives for the coffee industry.

The Memorandum of understanding and cooperation envisages the establishment of new collaborative relations that will contribute to meeting the strategic challenges of the sector through a constant exchange of information, ideas and initiatives to support producers in their coffee-producing activities, to promote the quality of Salvadoran coffee in Italy and to work on the correct adoption of international regulations governing the green coffee market, particularly those relating to the protection of forests.



4. PROTECTION OF THE ENVIRONMENT AND NATURAL RESOURCES



4.1 The path towards environmental sustainability

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4.2 The environmental impact management

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4.3 Fighting deforestation and protecting biodiversity

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OVERVIEW

PROTECTION OF THE ENVIRONMENT AND NATURAL RESOURCES

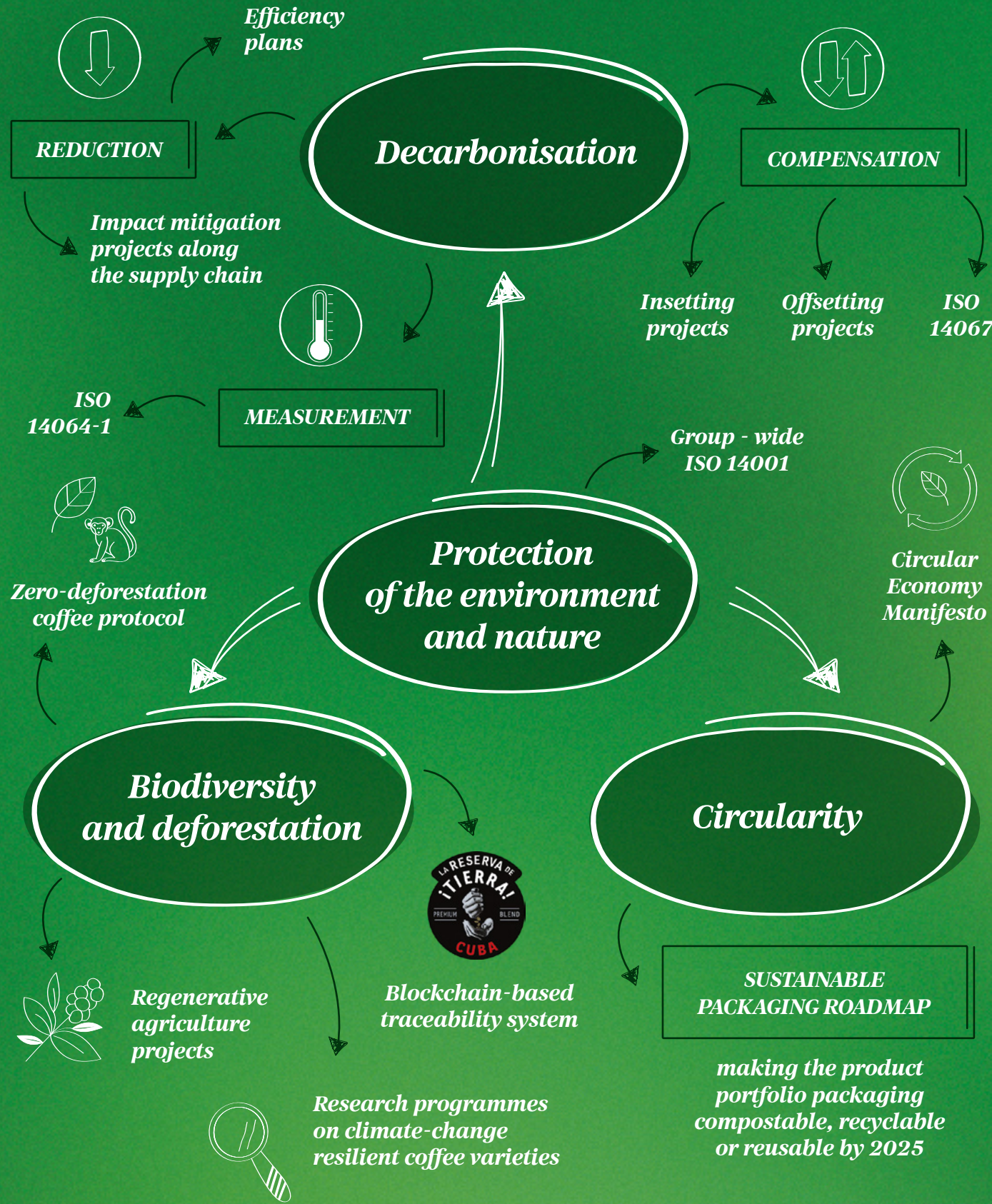


GLOBAL CONTEXT

Coffee is cultivated by around **12.5 million** farms in more than **50** producing countries, distributed within the equatorial belt between the Tropic of Cancer and the Tropic of Capricorn; the so-called coffee belt. Climatic conditions reducing coffee yield have become more frequent over the past forty years, and rising temperatures threaten its production globally. The coffee sector is in this context of fragile agricultural supply chains and, according to the Intergovernmental Panel on Climate Change (IPCC), by 2050 **climate change** will reduce the average world yield and land suitable for coffee and increase the spread of pests and diseases.

Coffee producing communities are the basis of the entire sector but, at the same time, they are the first ones threatened by the consequences of climate change, soil erosion and **deforestation**, and have little capacity to adapt to extreme weather events. Around 10 million hectares of forests are lost each year due to conversion to agricultural land. The loss of green areas amplifies the climate crisis and has a negative impact on the planet's **biodiversity**, as around 80% of terrestrial animal and plant species live in forests¹.

Source (i) in Annex.



4.1 THE PATH TOWARDS ENVIRONMENTAL SUSTAINABILITY



From bean to cup strategy

Coffee is a product of the earth and is therefore impacted by climate and environmental aspects, to which Lavazza Group has expressed care, sensitivity and a tangible **commitment** since its foundation. Since then, this commitment has never ceased to influence the Group's industrial, commercial and product-related decisions. Over time, Lavazza has defined a Group **strategy** in which environmental sustainability drives process and product innovation: on one hand, it has decided to focus its attention on two of the 17 Sustainable Development Goals, namely, **Goal 12** Responsible Consumption and Production, and **Goal 13** Climate Action; on the other hand, by adopting a structured methodological approach, the Group has outlined an environmental sustainability strategy **from bean to cup**, taking into account the impacts along the product's entire life cycle.

As a manufacturing company, the Group is committed in reducing and mitigating the impacts generated by the release into the atmosphere of greenhouse gases, deriving from the combustion for coffee production and roasting, and from the consumption of resources, such as energy, water and raw materials, for the production process. In this area, the Group continues to implement a process of gradual impact mitigation: the **Roadmap to Zero**. Launched in 2020 and continuously updated, it defines the Group's commitment by prioritising the progressive reduction of emissions and the subsequent compensation of residual non-reducible emissions, aiming for continuous improvement and the constant engagement of key stakeholders. In addition, the Group is committed to integrating circularity criteria through a sustainable-by-design approach, thanks to its **Sustainable Packaging**

Roadmap, also launched in 2020, which aims to make the packaging of the product portfolio compostable, recyclable or reusable by 2025.

At the same time, Lavazza Group recognises the importance of biodiversity in the countries of origin as a fundamental element for the prosperity of the ecosystem in which coffee grows. For this reason, the close collaboration between the Group, Lavazza Foundation, main coffee traders, local farmers and institutions is an essential element for **preserving biodiversity** of the ecosystems of the producing countries and for promoting **actions against deforestation**. Lavazza's **environmental strategy** is applied to the way of working of the whole Group, through an integrated and homogeneous approach at international level, with a view to constant **engagement and collaboration** with all the players in the supply chain, including at pre-competitive level, and is supported by the **Corporate Policy for Occupational Health & Safety, Energy and Environment**, updated in 2023. This Policy values the protection of the environment, energy savings, and workers' health and safety as key elements to pursue business development. The Group's organisational units manage their activities through the implementation of an **Integrated Management System**, which promotes the responsible use of resources in order to achieve sustainable growth that respects the environment and protects people and the rights of future generations. Proper management of environmental aspects is certified by the **ISO 14001** certification at Group level, which guarantees the constant planning, execution, control and implementation of improvement actions, with a well-defined framework of roles and responsibilities.

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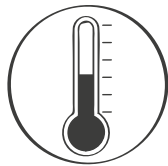
All over the world, we do not just bring our product, but we propose our idea of sustainable development based on respect for the environment, people and the ability to be attentive to the communities around us.

Giuseppe Lavazza
Chairman of Lavazza Group

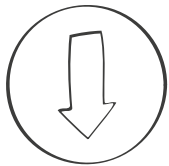
THE THREE-STEP APPROACH

The Group constantly monitors the incoming resources within its production processes, adopting a constant efficiency-building approach; however, operations are constrained by the consumption of raw materials for packaging, energy and water resources, and the generation of waste and production residues. Each of these processes has an environmental impact and is linked to a certain amount of

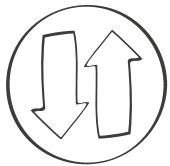
emissions directly or indirectly associated to the Group. In fact, based on the quantification of climate-altering gas emissions, expressed in tCO_{2eq} (tonnes of CO₂ equivalent), a strategy has been defined on which the Roadmap to Zero is based, which focuses on a three-step **scientific approach**: measurement, reduction and compensation of residual non-reducible emissions.



Measurement



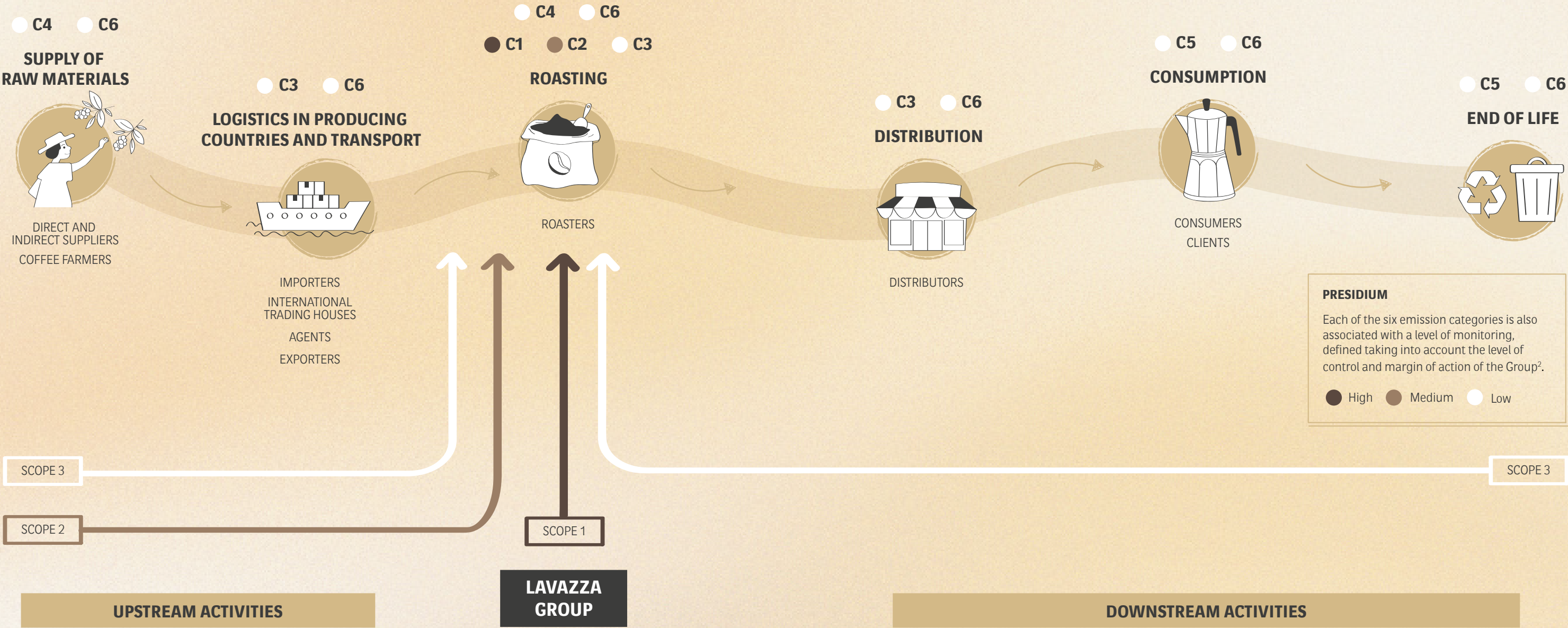
Reduction



Compensation

1) Luigi Lavazza S.p.A. (Headquarters, Cofincaf S.p.A., Innovation Center, Milan Flagship Store, and the Turin, 1895, Gattinara and Pozzilli plants), Lavazza Professional North America LLC, Lavazza Professional (UK) Ltd and Carte Noire Operations S.a.s.

VALUE CHAIN AND ENVIRONMENTAL IMPACTS



² The margin of action represents the possibility of acting in relation to the impacts generated by the Group (e.g., changing supplier, replacing machinery and plants, etc.), while the level of control refers to the actual management of the emission source (direct or indirect).



MEASUREMENT

The impact measurement process is essential to guide the Group’s strategy since it activates the subsequent reduction and compensation steps.

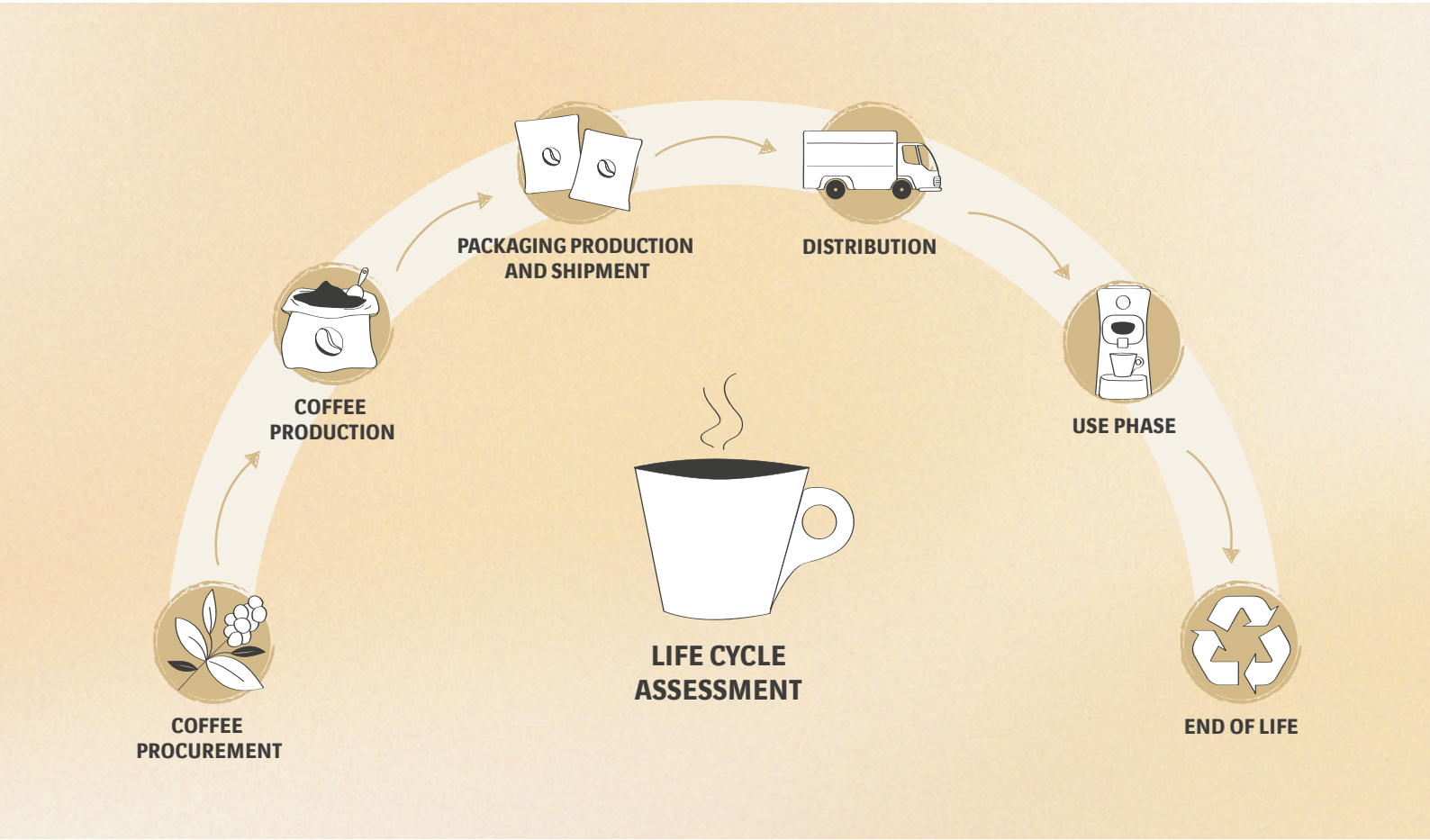
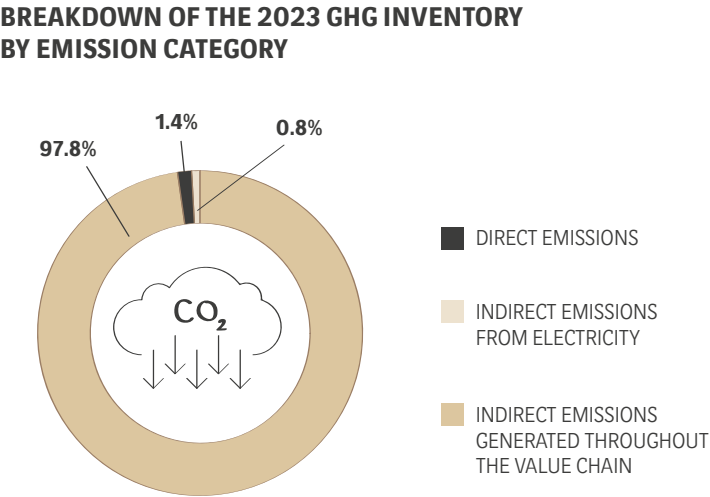
The environmental impacts generated by business activities, such as the use of energy resources (natural gas, electricity, fuels) and the materials produced and introduced in the processing (waste, scrap, water, packaging materials) are measured and monitored. This measurement is reflected in the annual monitoring of the greenhouse gas emission inventory.

As of 2015, the Group has performed **Life Cycle Assessment (LCA)** analyses — a methodology aimed at assessing a product by analysing its environmental impact throughout its life cycle. Using the results obtained from the LCA analyses carried out and the emission inventory throughout its value chain, the Group identifies opportunities for improvement and develops dedicated projects.

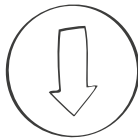
The emission inventory is drawn up according to the **UNI ISO 14064-1** standard and is verified by an accredited third party.

In 2023, the Group generated **2,812,503 tCO_{2eq}** emissions, of which **1.4%** (equal to 40,061 tCO_{2eq}) of **direct emissions (Scope 1)**, **0.8%** (equal to 21,887 tCO_{2eq}) of **indirect emissions from electricity (Scope 2)** and **97.8%** (equal to 2,750,555 tCO_{2eq}) of **indirect emissions (Scope 3)**, increasing by 2.5% compared to 2022.

For further details on the emission categories provided for by the UNI ISO 14064-1 in relation with the GHG Protocol and the detailed amount of emissions by category, please refer to the “Emissions generated by the Lavazza Group in the three-year period” table contained in the Annex.



3) Value calculated according to the market-based approach.



REDUCTION

Based on the results of the measurement and ongoing monitoring of the environmental impact, the Group outlines its reduction strategy along the entire value chain through improvement plans dedicated to green coffee, coffee machines, production, packaging and logistics. This strategy is concentrated where the Group’s business activities directly or indirectly produce the greatest impacts. Examples of this are the **projects to reduce the impacts of green coffee**, carried out in partnership with suppliers, which enable to identify possible actions to directly mitigate impacts in the agricultural phase, or the **projects on energy efficiency and on the use of alternative sources and materials** in the plants, thanks to which the Group has progressively and constantly reduced its direct and indirect emissions from electricity consumption.



97% of coffee produced with renewable electrical energy



4) Also in 2023, the 2020 inventory calculation was expanded to include four additional categories regarding (i) coffee brewing machines; (ii) usage phase for products sold; (iii) raw materials other than coffee, and (iv) commuting. In addition, the conference call category was eliminated. In order to ensure comparability with the 2020 figure, considering the same emission categories and the related reparameterisation of the offset emissions, the index is 8.08.

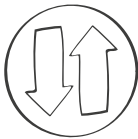
Today, the electricity powering 7 plants out of the total 8 plants — in Italy, France, the United Kingdom and Canada — is obtained from renewable sources, thanks to a plan launched in 2012, which led to produce **97%** of the coffee of the whole Group using **renewable electricity**.

Furthermore, by 2023, the application of circular economy principles made **76% of the packaging** of the product portfolio **recyclable**, with an increase of **10 percentage points** compared to 2022 and reduction of the packaging’s impact. It is interesting to note that the ratio of the total emissions generated (excluding the reduced and compensated ones) to the tonnes of processed coffee⁴ is 9.1 tCO_{2eq}/t, down by **13%** compared to 10.5 tCO_{2eq}/t in 2021, despite the 5% increase in coffee production.

COMPENSATION

As part of the management of environmental impacts not directly generated by its business activities, the Group’s strategy is to **compensate residual and non-reducible emissions through the purchase of carbon credits**. These are green credits, generated by the financing of carbon insetting or offsetting projects (within or outside the Group supply chain) that avoid or absorb CO₂ inside (insetting) or outside (offsetting) the supply chain. Each carbon credit generated proves the actual reduction, or removal, of one tonne of CO_{2eq} emitted into the atmosphere in order to compensate for emissions that cannot be reduced, balancing those generated and their absorption. Among the projects chosen, 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.

The projects financed by Lavazza Group, mainly regarding reforestation, forest conservation and the development of renewable energy, are always certified according to the most authoritative international standards. In 2023, **359,860 tCO_{2eq}** were offset, neutralising **direct and indirect emissions from electricity** (Scope 1 and 2) and achieving carbon neutrality for 6 product families, i.e., almost all the Single Serve products⁵, whose Carbon Footprint is certified annually, starting in 2021, by a third party according to UNI EN ISO 14067.



The reforestation, sustainable agriculture and renewable energy **offsetting** projects in developing countries, based on which the Lavazza Group purchases carbon credits, are certified by internationally recognised standards: Verified Carbon Standard (VCS)⁶, Climate, Community & Biodiversity Standards (CCB)⁷ and Clean Development Mechanism (CDM)⁸.

In 2023, the Lavazza Group began generating and purchasing **Carbon Insetting**⁹ credits for the first time, choosing to apply the Acorn methodology, a programme of the Dutch multinational banking and financial services institution Rabobank and Newtork Solidaridad, within a Lavazza Foundation project in the Meta region of Colombia. Specifically, the **Acorn**¹⁰ programme helps small farmers to implement agroforestry systems capable of capturing enough carbon from the atmosphere, which is sold as a Carbon Removal Unit (CRU). In this way, farmers gain access to a new source of income and, by making farms more resilient to the effects of climate change, reduce the environmental impact within supply chains. In 2023, the Group purchased a total of **957 Carbon Removal Units** from three different areas in Colombia, Nicaragua and Tanzania, an amount that represents an additional step in the company’s virtuous path in reducing its carbon footprint in the agricultural phase.



5) The Group’s single serve capsules are: NCC, A Modo Mio, Blue, Firma, Flavia Freshpack and Soft Pods.
6) The Verified Carbon Standard (VCS) is the most widely used voluntary carbon credit purchase programme in the world: projects developed according to the VCS Programme must follow a rigorous assessment process to achieve certification and must cover a broad range of sectors, from renewable energy to reforestation and many others.
7) The Climate, Community & Biodiversity Standards (CCB) identify projects that simultaneously address climate change, support local communities and smallholders and conserve biodiversity.
8) The Clean Development Mechanism (CDM) allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits. These CER credits can be traded, sold and used by industrialised countries to achieve part of their emission reduction targets under the Kyoto Protocol.
9) Carbon insetting consists of financing a project to reduce carbon emissions within a company’s supply chain or in the local communities where it or its suppliers operate.
10) <https://acorn.rabobank.com/en/>

4.2 THE ENVIRONMENTAL IMPACT MANAGEMENT

THE IMPACT GENERATED BY BUSINESS PROCESSES

Direct emissions (Category 1 – Scope 1) are all emissions that are generated by production processes and business activities under the Group’s direct control. In 2023, these emissions amounted to **40,061 tCO_{2eq}**, decreasing by **6.3%** compared to 2022, thanks to the energy efficiency activities performed during the year.

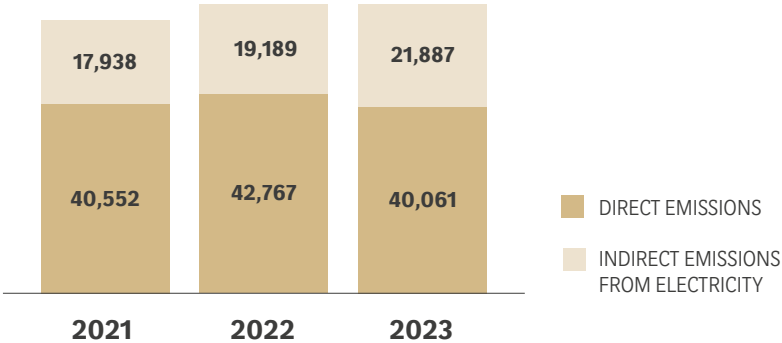
Indirect emissions from electricity (Category 2 – Scope 2) are emissions related to the purchase and self-production of electricity, heat and steam required to power business activities.

Indirect emissions from electricity calculated according to the Market-based approach¹¹

amounted to **21,887 tCO_{2eq}**, up by **14.1%** compared to the previous year, as a result of the energy mix used. The value calculated according to the Location-based approach¹² is equal to **51,114 tCO_{2eq}**; this means that the Group, for the same consumption, would have emitted more than twice as many indirect emissions from electricity if it had not purchased energy with Guarantees of Origin¹³, certifying it was generated from renewable sources. This difference in terms of climate-changing impact is further evidence of the commitment to purchasing energy from certified renewable sources.

Thermal consumption for the roasting process and for heating premises remained almost unchanged thanks to the Turin plant’s connection to the Settimo Torinese biomass district heating network, powered by 100% renewable

DIRECT EMISSIONS AND INDIRECT EMISSIONS FROM ELECTRICITY (MARKET-BASED) IN tCO_{2eq} IN THE THREE-YEAR PERIOD



11) The Market-based approach is a calculation methodology (source: GHG Protocol) that represents the amount of Scope 2 GHG emissions generated by the Group net of the portion covered by Guarantees of Origin, certifying the use of energy from renewable sources, and using a conversion factor that excludes renewables from the national energy mix.
12) The Location-based approach is a methodology (source: GHG Protocol) to quantify Scope 2 GHG emissions which considers an average emission factor based on the national energy mix for each country.
13) Guarantee of Origin, i.e. a certification certifying the renewable origin of the energy used and coming from plants qualified by the Energy Services Manager (GSE in Italy).

sources, from which over 27,000 GJ were withdrawn. This action allowed to achieve an **emission reduction of 1,700 tCO_{2eq}** compared to 2021 consumption (-13%).

As regards company fleet mobility, the progressive conversion of company cars to a hybrid fleet shows an increase in the consumption of petrol and electricity against a reduction in diesel consumption.

The gradual process of **reducing energy consumption** reflects the Group’s long-standing commitment to reducing impacts, including through meticulous and structured efficiency-increasing work. In fact, in 2023 the Group’s **Energy Management Team (EMT)** continued to carry out its action.

Since 2020, the EMT has been implementing an energy efficiency-building strategy, first launched at the Italian and French plants and now implemented in all plants around the world. Over the years, the EMT’s mandate has been extended to also include a thorough analysis of production processes in order to rationalise and optimise energy utilisation. Some of the most significant initiatives concern: recovery of heat generated by the cooling of compressors at the Turin and Gattinara plants converted for civil use; optimisation of engines and boilers; replacement of burners; revamping and efficiency-raising activities regarding compressed air distribution. In 2023, the energy efficiency activities allowed to save 1,412 MWh of electricity and 55,500 m³ of natural gas.

TOTAL ENERGY CONSUMPTION OF THE GROUP OVER THE THREE-YEAR PERIOD

ENERGY CONSUMPTION	UoM	2021	2022	2023
Consumption for production and workplace heating	GJ	524,062.1	563,288.8	525,653.8
Natural gas	GJ	495,498.3	530,019.7	498,142.1
Diesel	GJ	126.0	285.1	57.0
LPG	GJ	28,437.7	32,984.0	27,454.8
Consumption for the corporate vehicle fleet	GJ	71,199.9	120,172.0	99,347.7
Petrol	GJ	71,199.9	18,296.8	34,020.5
Diesel	GJ	-	101,871.7	65,228.3
LPG	GJ	-	0.8	11.0
Electricity for car fleet	GJ	-	2.8	87.9
Electricity consumption	GJ	361,157.1	367,939.9	350,605.1
Self-production and consumption of electricity from renewable sources	GJ	2,260.8	2,225.0	1,996.2
Electricity from renewable sources purchased from the grid	GJ	331,280.5	327,590.3	311,320.1
Electricity from non-renewable sources purchased from the grid	GJ	27,615.9	38,124.5	37,288.8
District heating	GJ	396.4	344.2	27,595.5
Total consumption	GJ	956,815.5	1,051,744.7	1,003,202.2

The Group sources **34.7%** of electricity from the grid, 90% of which is covered by Guarantees of Origin. Moreover, it produces and consumes energy thanks to the **photovoltaic system** installed at the Italian Gattinara plant and the Nuvola Headquarters in Turin, which allows the self-production of approximately **2,000 GJ** of renewable energy per year. Total energy consumption amounted to **1,003,202 GJ** in 2023, decreasing by 4.6% compared to 2022.

Moreover, the emission reduction strategy also involves the **Single Serve portfolio** consisting of the Blue, Firma, Flavia Freshpacks containing coffee (Alterra and Lavazza Brand), aluminium Lavazza A Modo Mio capsules compatible with Nespresso Original machines (NCC)¹⁴ and Soft Pods. These systems, which have been Carbon Neutral since 2021, are involved in annual emission reduction plans that focus on three areas: the optimisation of packaging materials, the impact of green coffee and energy efficiency.

In light of these and other actions, the **energy intensity indices** (on total tonnes of raw materials processes) decreased, with total energy intensity **4.1%** lower than in 2022. This year as well, the Group was committed to increasing processes efficiency against a production increase.

ENERGY INTENSITY (GJ/t)	2021	2022	2023
Total energy intensity	3.81	3.88	3.72
Energy intensity - electricity	1.44	1.36	1.30
Energy intensity - fuels used in the process (excluding the corporate vehicle fleet)	2.09	2.08	1.95

THE IMPACT GENERATED THROUGHOUT THE VALUE CHAIN

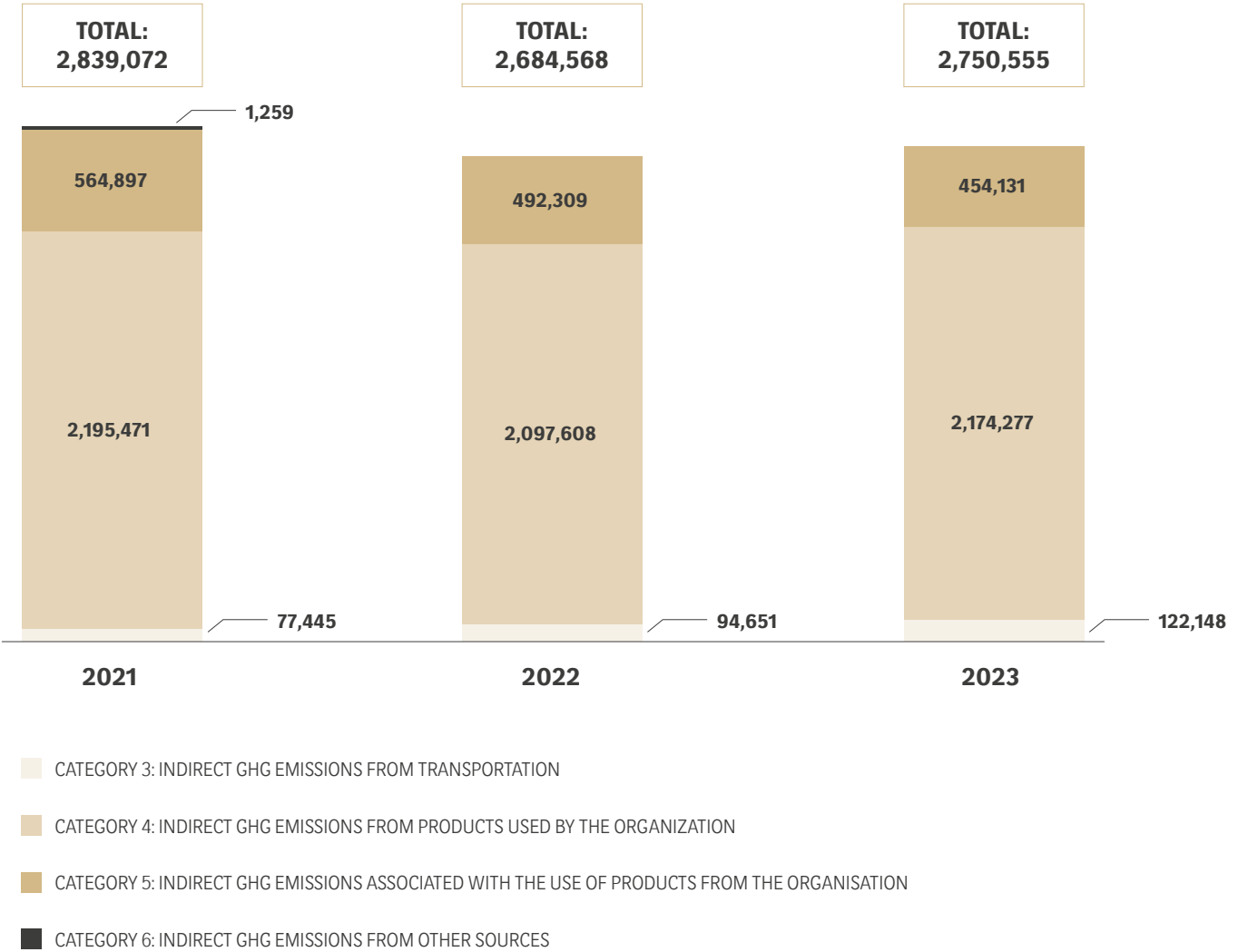
Indirect emissions relating to the value chain are emissions generated indirectly both upstream and downstream the organisation (Categories 3, 4, 5, 6 - Scope 3). In 2023, they covered **97.8%** of the total GHG inventory of **2,750,555 tCO_{2eq}**, and concerned different phases of the supply chain: from the production of green coffee (the most impacting category) to transport, distribution, consumption and disposal. Considering the complexity of the agricultural coffee supply chain and the challenges related to the control that the Group can have over these emission categories, the Group's action is based on an approach of **active and proactive multi-stakeholder collaboration** with the players in the supply chain.

The indirect impact generated by the Group's use of products in the production process is highly significant (Category 4) and is equal to **77.3%**: it firstly derives from green coffee production methods, from food raw materials other than coffee, from the materials used for packaging and for coffee machine production, from water resources and the generation and management of waste generated by business activities. In 2023, the value of indirect emissions from resources used for production stood at **2,174,277 tCO_{2eq}**, an increase of **3.7%** compared to the previous year, mainly due to a refinement of the model underlying the calculation and the natural variation of blends from year to year. Within this category, the green coffee pre-processing phases alone accounted for **71%** of the entire inventory, which is why the Group is engaged in mitigation actions mainly in the agricultural phase.

Emissions generated from the use of products sold by the organisation (Category 5) accounted for **16.2%** of the GHG inventory and mainly depend on the type of preparation used by consumers to brew the coffee sold and the related energy consumption. In 2023, this figure amounted to **454,131 tCO_{2eq}**, decreasing by **7.8%**, mainly due to the update of the data relating to the machines' end-of-life and the packaging sold.

Indirect emissions from transportation (Category 3), which accounted for **4.3%** of total emissions, concern logistics and distribution activities upstream and downstream the supply chain (including inbound and outbound logistics), as well as employees' business trips. In 2023, the emission value stood at **122,148 tCO_{2eq}**, up **29.1%** compared to the previous year, due to the use of primary and non-literature data to calculate inbound logistics (from the port of origin to the port of destination).

TOTAL INDIRECT EMISSIONS GENERATED ALONG THE VALUE CHAIN IN THE THREE-YEAR PERIOD IN tCO_{2eq}



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

PROJECTS FOR MITIGATING THE SUPPLY CHAIN'S IMPACTS

Green coffee working group

The approach to reducing environmental impacts follows a twofold criterion that drives the Group to work, on one hand, on the processes under its direct control and, on the other hand, on the production phases where emissions are most significant. In this regard, the green coffee working group aims to **reduce agricultural phase emissions**, in collaboration with coffee suppliers, institutions and local entities. Created in 2021 from the need to take concrete action on a category of emissions that contributes to more than half of the organisation's carbon footprint, the Group involves the main company departments that work daily on raw materials, such as the Research and Development (R&D) Department and the Coffee Buying Department (CBD) and is led by the Sustainability Department. In 2023, the process of collecting and analysing primary data relating to the main plantations from which Lavazza procures its supplies continued, with the aim of calculating their carbon footprint through Life Cycle Assessment studies. The data collection activity was carried out directly in the field through the direct involvement of 6 of the most strategic and recurring supplier traders for the Group and the indirect involvement of another 5, through pre-competitive projects. The coverage of the origins analysed was very widespread with over **20 collection campaigns** launched for more than 10 origins, with the involvement of over **5,000 farmers**.



20 data collection campaigns
launched for more than 10
origins, involving more than
5,000 farmers

The analysis of this data made it possible to improve the baseline of the environmental impact of coffee, normally calculated through secondary data from scientific litera-

ture that, with the recovery of primary data, proved to be overestimated by about **20%** per kilogram of green coffee blend used. In addition, the results of the analysis work enabled to identify the production processes that originally had the highest emission impact and to launch the first **three projects to mitigate the environmental impacts of coffee** in 2023 in collaboration with 3 large traders, one in China and two in Uganda. These projects have a duration of 3 to 5 years and pursue several objectives, including assessing the effect of regenerative agriculture practices to expand biodiversity and support the resilience of coffee plants to the effects of climate change, and testing innovative solutions for improving soil quality and carbon sequestration through the use of biochar¹⁵.



In these projects, environmental benefits are accompanied by social benefits for communities and coffee farmers, who will be able to enjoy greater plantation productivity, diversification of earnings through integrated agroforestry systems, enhancement of skills regarding innovative practices, which improve the quality of the finished product, and healthier working environments due to limited chemical use.

Multistakeholder partnerships and support to research

The desire to contribute to the process of decarbonising the agricultural phase of the coffee value chain drives the Group to participate in various pre-competitive working groups whose main objective is to standardise the methodology for calculating impacts deriving from coffee. The collaboration enables a deeper understanding of the main environmental impacts originating in the agricultural phase to plot a path towards reducing emissions more effectively.

In 2023, the Group joined a working group led by **Conservation International**, a pre-competitive initiative for biodiversity protection. The project involves the leading global roasters and several important traders to collect environmental data relating to green coffee growing and processing in 5 coffee-producing countries: Brazil, Colombia, Honduras, Mexico and Peru. The final goal aims to define, and then apply, a shared and homogeneous approach for data collection and analysis, as well as to understand and implement agricultural practices in plantations suited to mitigate emissions.

Lavazza Group has been a member of the **European Coffee Federation (ECF)** for some years. This Federation has represented the world of coffee trade and industry in Europe since the 1980s, with 16 national associations and 37 members, representing over 700 businesses, from SMEs to international companies. The Group participates in several pre-competitive working groups, including the

most recent one, set up to develop a common methodology aimed at measuring and sharing the sector's environmental impacts. This work, which involves the main international roasters, is functional to the creation of common rules to ensure analysis replicability, results comparability and hence the reliability of product performance disclosure reported also considering the recent EU Directives, which regulate clear and truthful communications on the product.

In addition, Lavazza Group is a member of the **Institute for Scientific Information on Coffee (ISIC)**, a non-profit organisation that, since the 1990s, has contributed to and consolidated scientific information on coffee production and consumption, in particular on the health and wellbeing of people and the environment. Lavazza is one of the 6 ISIC members which, since 2023, have supported and initiated the expansion of the organisation's scope of study and intervention to include environmental sustainability matters. In particular, a technical panel was set up to study the environmental impact of coffee, develop a solid scientific approach to calculating emissions from the agricultural phase, and implement measures to mitigate this impact, such as the use of agrochemicals, agroforestry practices, regenerative agriculture and the enhancement of biodiversity.



Taking part
in pre-competitive
international
projects

¹⁵) Biochar consists of vegetable charcoal that is obtained by pyrolysis of different types of plant biomass. Stored in the soil, it acts as a sponge allowing water and nutrients to be retained, returning carbon to the soil and allowing significant reductions in nitrous oxide (N₂O) emissions associated agricultural practice.

THE APPROACH TO CIRCULAR ECONOMY

Lavazza Group continues with determination in the application of circularity criteria in its processes and products, starting through analyses, collaborations with third parties and certifications.

In 2023, the R&D function, which oversees the integration of circular economy principles into production processes, validated the **Material Circularity Index** with the support of the certifying body Bureau Veritas: this is an index that measures whether the incoming and outgoing resources used to create a product are optimised according to the principles of circularity throughout the life cycle. In 2023, a circularity assessment was also conducted at corporate level following the new UNI/TS 11820:2022 standard.



The Sustainable Packaging Roadmap

Packaging is essential to maintain the quality, taste and freshness of coffee, as well as to allow its safe storage, transport and use. While guaranteeing compliance with these standards, the principles set out in Lavazza **Group's Circular Economy Manifesto** support the **Sustainable Packaging Roadmap**, a specific and measurable path undertaken in 2020 which contributes to the reduction of the Group's environmental footprint in order to make portfolio packaging recyclable, reusable and compostable by 2025.

In 2023, through its activities, the Roadmap enabled to make **76%** of the entire Group's product portfolio packaging **recyclable**.

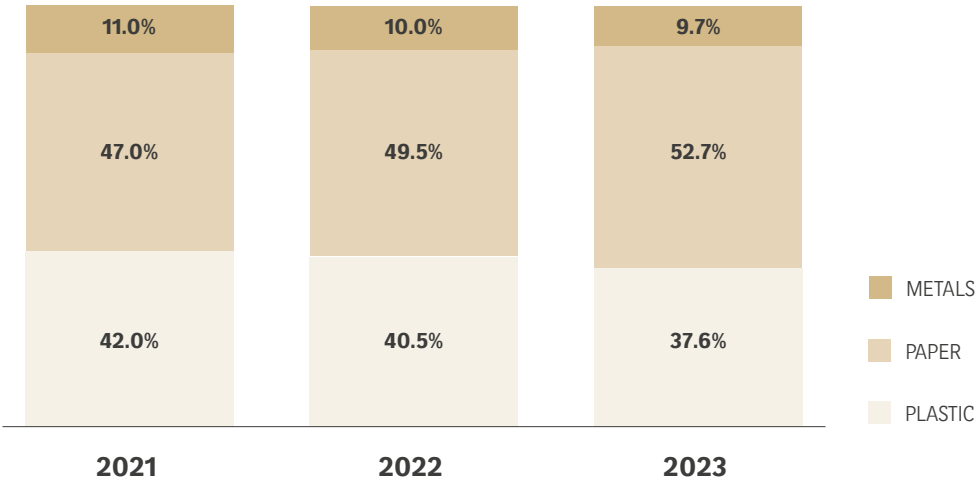
In detail, 77% of the packaging produced at the three main plants (Turin and Gattinara in Italy and Lavérune in France) — where 91% of the total production is concentrated — is recyclable. It was precisely at these plants that an investment of €25 million for upgrading the 23 lines (11 new and 12 converted), dedicated to production with the new recyclable packaging, enabled to achieve the following results in 2023:

- the **industrialisation** process on the main product formats was completed, thanks to which emissions related to the production and preparation of new packaging can be reduced;
- new packaging further reduces the ratio between the weight of the packaging and the product**; examples are the 18% reduction in the weight of the packaging for the 1 kg beans format and the decrease in the weight of the **tin** packaging with a consequent **7%** saving in CO_{2eq} emissions.

Concerning the Sustainable Packaging Roadmap, the Group monitors the total weight of the materials used, in order to identify alignment with the recyclability indicator of the packaging portfolio.

The use of paper has become predominant determining a **reduction** in the use of **plastic by 10.4%** compared to 2021.

MATERIALS USED BY WEIGHT IN THE THREE-YEAR PERIOD



CENTER FOR CIRCULAR ECONOMY IN COFFEE



Supporting and enhancing the circular economy principles, accelerating sustainable transition in the coffee supply chain, and promoting innovation: these are the objectives of the **Center for Circular Economy in Coffee (C4CEC)**, a pre-competitive global platform, created in 2023 based on an initiative of the Lavazza Foundation.

Launched during the World Coffee Conference (WCC 2023) that took place in India, the C4CEC is supported by numerous Italian and international partners: the non-profit Giuseppe and Pericle Lavazza Foundation, Turin Polytechnic, the University of Gastronomic Sciences in Pollenzo, the International Coffee Organization (ICO), the International Trade Centre (ITC) and the UN Industrial Development Organization (UNIDO). The idea is to create and make accessible a **global network of knowledge** and to implement **circular economy pilot projects** in the coffee industry. Therefore, all players operating within the coffee supply chain — from producers and local farmers to roasters, associations, institutions and research centres — can take part in the Centre's activity: a collaborative approach that creates a scientific network of industry experts to draw inspiration from projects shared within the Centre, supporting new initiatives that contribute to accelerating circular economy in the coffee industry and proposing innovative solutions.

Sustainable innovation for coffee machines

The Group's commitment toward a progressive reduction of the environmental impact is also visible in machine design, with an approach that aims to use as few natural resources as possible and market coffee machines featuring high energy efficiency indices. None of the machines of the Group's various product families has an energy class lower than A, with 33% class A+.

The development of **Tiny Eco** continued in 2023. Launched in 2022, Tiny Eco is the first espresso machine for the Lavazza A Modo Mio capsule system made from up to **61%** recycled plastic, provided with **100%** recycled cardboard packaging and low energy consumption (Energy Class A+), enabling emission savings of up to **20%** compared to previous machines. This is a major milestone, since Tiny Eco will replace the machine range of reference in the future.

In addition, the Group is constantly working on the **durability** of coffee machines for domestic

consumption, consequently extending their useful life. To the same purpose, it is continuing the process of global expansion of professional machine repair services for the Food Service channel, namely the Away From Home consumption.

Waste management

The production and treatment of industrial waste deriving from coffee roasting are monitored and managed through the Integrated Management System for Health, Safety, Energy and the Environment, respecting the circular economy principles and working to minimise waste generation. During the production cycle, coffee waste and other types of waste are generated and are subsequently stored in dedicated areas, where they are collected to be reused by third parties. The main waste is mainly made up: of 37.3%, from compostable material generated during production; 28.8% from paper and other packaging material (e.g., wood); 10.3% from plastic.

Compared to 2022, waste generation remained almost unchanged, with a slight **0.4%** decrease. Of the total waste, the Group mainly generates non-hazardous waste, with a minimum amount of **2.5%** of hazardous one.

As part of the Integrated Management System, the quantity of waste generated and the related type of disposal method in constantly monitored. In this regard, a constant improvement of the share diverted from disposal represents an improvement with respect to the goals set within the Group's Environmental Policy.

89.5% of total waste is recovered or recycled, while the remaining 10.5% is directed to disposal, such as energy recovery or the purification of washing water.

98% of the vegetable waste deriving from the coffee processing at the Italian plants, amounting to 3,900 tonnes per year, is transferred to a company that produces organic fertiliser.



98% of vegetable waste turned into fertilizer

BREAKDOWN OF WASTE GENERATED IN THE THREE-YEAR PERIOD

WASTE GENERATED	UoM	2021			2022			2023		
		HAZARDOUS	NON-HAZARDOUS	TOTAL	HAZARDOUS	NON-HAZARDOUS	TOTAL	HAZARDOUS	NON-HAZARDOUS	TOTAL
Plastic	t	-	1,492.1	1,492.1	-	1,325.2	1,325.2	-	1,389.6	1,389.6
Paper and cardboard	t	-	1,141.1	1,141.1	-	1,134.8	1,134.8	-	1,064.9	1,064.9
Metals	t	-	217.9	217.9	-	337.9	337.9	-	270.5	270.5
Compostable materials	t	-	4,816.6	4,816.6	-	5,089.1	5,089.1	-	5,041.6	5,041.6
Packaging materials other than the previous ones (e.g., wood)	t	-	3,066.2	3,066.2	-	2,914.8	2,914.8	-	2,826.0	2,826.0
Waste Electrical and Electronic Equipment (WEEE)	t	150.9	444.9	595.8	175.0	345.1	520.1	133.5	374.3	507.7
Other	t	102.1	1,668.8	1,770.9	231.6	2,026.6	2,258.2	207.1	2,224.8	2,431.8
Total	t	253.0	12,847.4	13,100.4	406.6	13,173.4	13,580.0	340.5	13,191.7	13,532.3

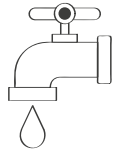
WASTE GENERATED IN THE THREE-YEAR PERIOD BROKEN DOWN BY DISPOSAL METHOD

WASTE DISPOSAL	UoM	2021			2022			2023		
		HAZARDOUS	NON-HAZARDOUS	TOTAL	HAZARDOUS	NON-HAZARDOUS	TOTAL	HAZARDOUS	NON-HAZARDOUS	TOTAL
Prepared for re-use	t	-	144.0	144.0	-	95.6	95.6	-	92.3	92.3
Recycling	t	136.6	4,851.8	4,988.4	147.1	5,779.7	5,926.8	118.4	4,704.7	4,823.1
Other recovery operations	t	28.6	6,593.9	6,622.6	39.9	6,045.0	6,084.9	26.2	7,164.4	7,190.6
Total waste diverted form disposal	t	165.3	11,589.7	11,755.0	186.9	11,920.3	12,107.2	144.6	11,961.5	12,106.1
Incineration with energy recovery	t	1.5	548.8	550.3	1.6	714.8	716.4	0.4	725.4	725.8
Incineration without energy recovery	t	1.7	-	1.7	-	7.8	7.8	-	7.3	7.3
Landfill	t	-	48.6	48.6	0.2	26.6	26.8	-	24.4	24.4
Other disposal operations	t	84.5	660.3	744.7	217.9	503.9	721.8	195.5	473.2	668.7
Total waste directed to disposal	t	87.7	1,257.7	1,345.4	219.6	1,253.1	1,472.8	195.9	1,230.2	1,426.1
Total waste generated	t	253.0	12,847.4	13,100.4	406.6	13,173.4	13,580.0	340.5	13,191.7	13,532.3

Water resources

In the coffee sector, the use of water for processes as roasting and grinding is far lower than in the agricultural phase. The management of direct water consumption, like waste management, is part of the Lavazza Group's Integrated

Management System, both for consumption and for withdrawals and discharges, and is monitored on a monthly basis, identifying opportunities for increasing efficiency and reducing losses. Water withdrawals are related to civil hygienic-sanitary uses and production uses, in particular to the coffee


-26% water withdrawal vs. 2022

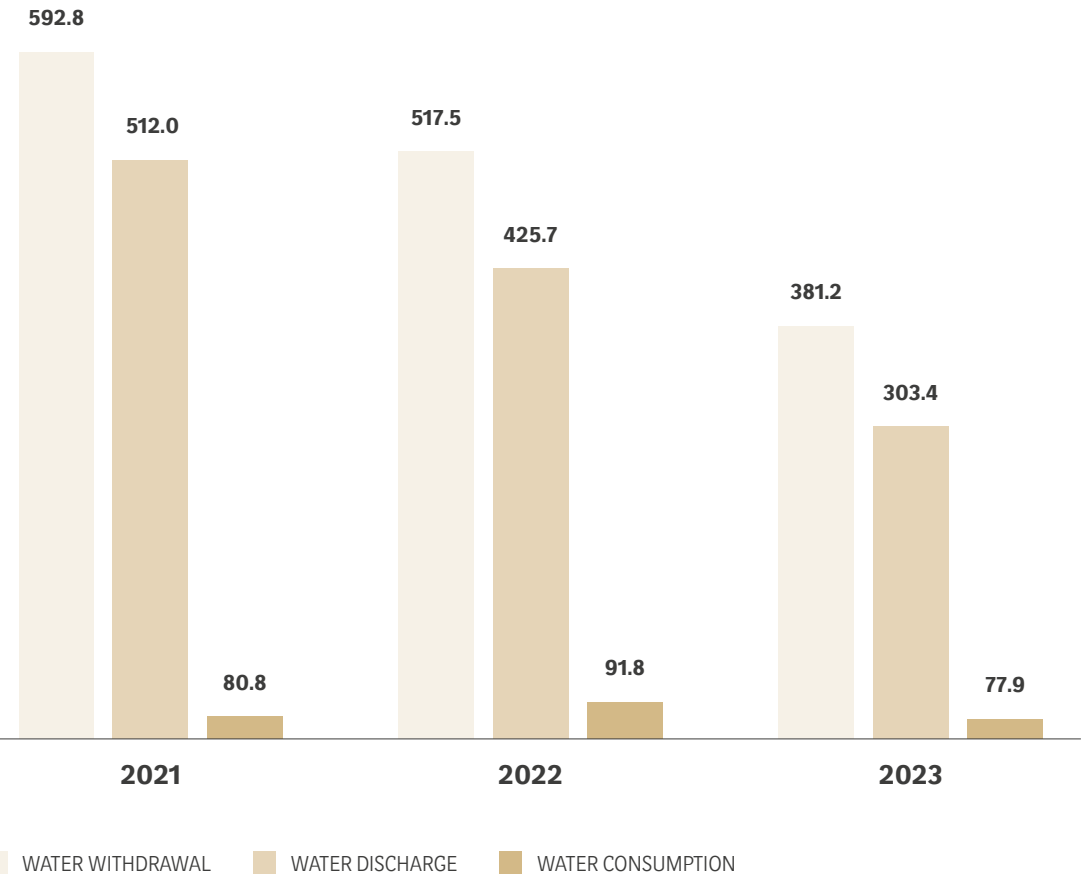
roasting and decaffeination processes, as well as to the cooling of the machinery used for the production of compressed air. After the Pozzilli plant, which uses water as a fundamental component for the decaffeination process, the Turin Nuvola Lavazza Headquarters is the second largest user of the Group's water resources.

In 2023, total water withdrawal fell by more than **26%** thanks to the reduction in the withdrawal from the aqueduct derived from the rainwater storage system for office use, and to the sharp drop in the withdrawal from well wa-

ter, which is used for air conditioning systems, derived from interventions to regulate refrigeration unit delivery and the related operation. It should be noted that the Pozzilli plant (Italy) and the Basingstoke plant (UK) are located in water stress zones.

Overall, water consumption decreased by **15.2%** compared to 2022, thanks to a continuous process of improving the efficiency of resource use, the continuation of the project for rainwater recovery at the Turin Nuvola Headquarters and water recovery at the Gattinara plant, which is conveyed to the cooling towers.

TOTAL WATER WITHDRAWALS, DISCHARGES AND CONSUMPTIONS IN ML



4.3 FIGHTING DEFORESTATION AND PROTECTING BIODIVERSITY

Lavazza Group recognises that the coffee production activity is directly linked to the biodiversity of the ecosystems in the producing countries and is particularly at risk, given coffee's major exposure to the effects of climate change and the extensive marketing of limited varieties. With this in mind, the close collaboration between the Group, Lavazza Foundation, local farmers and the main coffee traders is an essential element for preserving forests and the wide biodiversity of the ecosystems in producing countries.

FIGHT AGAINST DEFORESTATION

The Group, both as a company and together with the Lavazza Foundation, supports and develops reforestation strategies and policies in the coffee-producing areas. The approach is based on **private-public collaborations** and **partnerships with local and international players** to implement programmes for sustainable development and international cooperation within the supply chain.

Moreover, in 2021 the Group joined the **New York Declaration on Forests (NYDF)**, a platform that offers a common, multi-stakeholder framework for forest action, consolidating various initiatives and objectives that drive forest protection, restoration and sustainable land use.

A zero-deforestation coffee in Ecuador

Starting in 2019, the Lavazza Group is participating in the **Deforestation-Free coffee project in Ecuador**, together with the United Nations Development Programme (UNDP), and Ecuador's institutions. Together with Lavazza Foundation, the Group has been involved in this initiative that has led Ecuador to have its first production of high-quality coffee certified as "deforestation-free".

The national institutions, working with UNDP, have created the first **national certification protocol dedicated to the monitoring of forest areas in coffee production**, a protocol that anticipated the relevant requirements adopted by the European Union and is now considered among the best practices globally. To support the project, Lavazza Group and the Lavazza Foundation have provided technical assistance and training to more than 50 coffee farmers involved in the programme in recent years to transfer knowledge on market dynamics, quality standards, and tasting and preparation techniques.

The Group has also purchased the first batches of certified coffee and will continue its collaboration with the country and UNDP in the coming years.

La Reserva de ¡Tierra! Cuba — biodiversity and traceability

2023 saw the international launch of La Reserva de ¡Tierra! Cuba, a product that stems from the Company’s long-standing commitment to environmental and social sustainability, particularly regarding the objectives of safeguarding biodiversity, fighting deforestation and pursuing traceability and transparency.

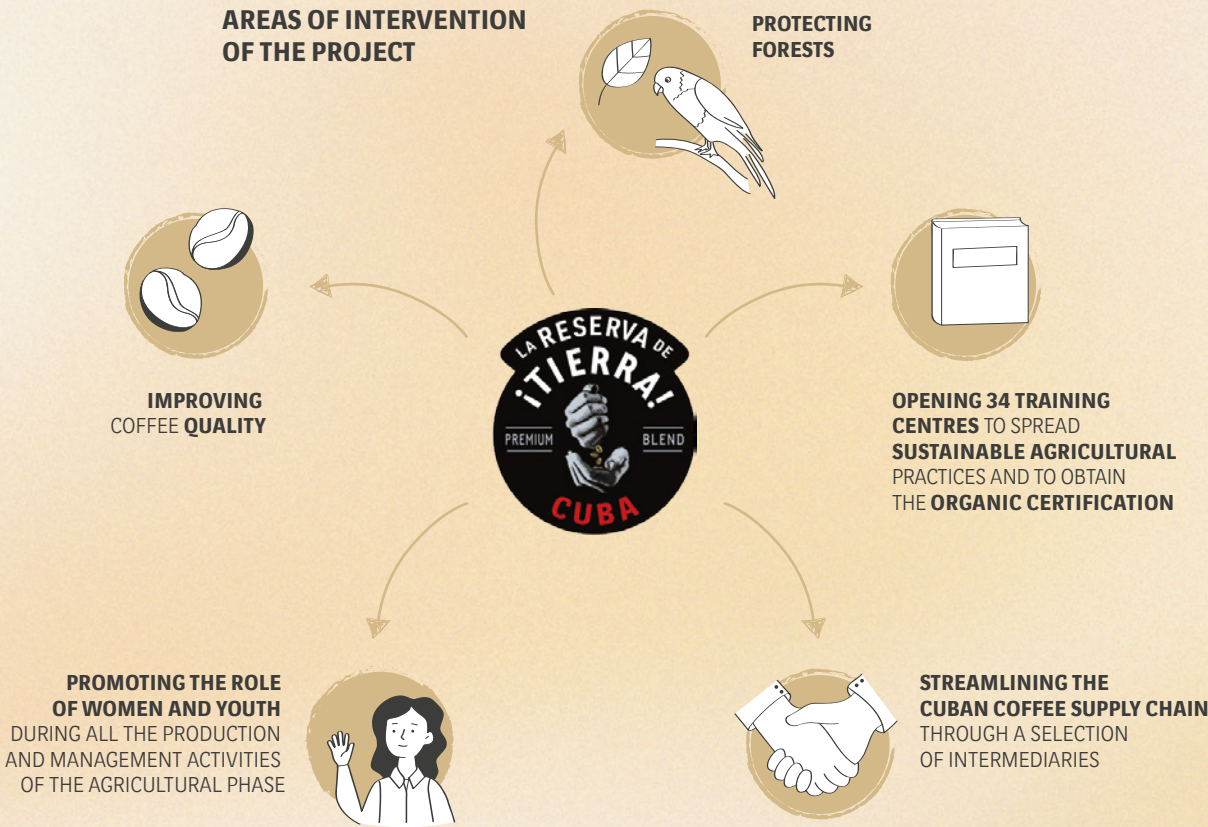
La Reserva de ¡Tierra! Cuba coffee comes from the community forming part of the collaboration project between the Lavazza Foundation, the Cuban Ministry of Agriculture and the AICEC group (Agency for Cultural and Social Interchange with Cuba). It is a product contain-

ing coffee that is fully **traceable through an integrated blockchain system** that provides all the information on the supply chain and product reliably in real-time, from the farmer to the cup. In addition, technologies have also been distributed to help farmers cope with the impact of climate change. One example of this is the sensors to be used in plantations, whose data is monitored to optimise the use of resources, monitor air temperature, rainfall, wind speed and direction, and air and soil humidity. Thanks to this project, which involves 170 farmers in the Santiago de Cuba and Granma areas, efforts are being made to improve the quality of Cuban coffee and to support local communities, helping safeguard biodiversity and protect forests.

A COLLABORATION WITH TREE-NATION

Lavazza Group collaborates with **Tree-nation**, a platform which coordinates reforestation projects worldwide to fight against climate change and support local communities.

In 2023, as part of several Group projects **50,488** trees were planted, for a total of **46.5** hectares of new forest generated.



PROTECTION OF BIODIVERSITY AND REGENERATIVE AGRICULTURE



The Group's Research and Development function, in collaboration with third-party scientific research institutions and coffee suppliers, is working on a project related to coffee biodiversity, aimed at identifying those **varieties resilient to climate change impacts**, such as extreme climate events and diseases. The main criteria for selecting species of these coffee varieties include the use of agroforestry systems: their strong resilience to the impacts of climate change is linked to the economic and food security of farmers in the supply chain.

The studies to protect biodiversity and coffee species resilient to climate change are embodied in the French **Secrets de Nature range by Carte Noire**, with its Congusta Mundo Novo and Catuai Romex products, which contain and

promote the use of coffee varieties that are less used, native and produced in ad-hoc agroforestry systems. (Congusta Mundo Novo, e Catuai Romex foto pack)

In 2023, in addition to the continuation of the multi-year collaboration with World Coffee Research, a partnership was launched with the **Campinas Agronomic Institute**, in **Brazil**, to carry out a socio-economic study on the resilient varieties present in the South American country, the world's largest coffee exporter: through interviews with Brazilian coffee farmers and experts, a consensus definition of "resilient coffee varieties" was established and the main ones mapped.

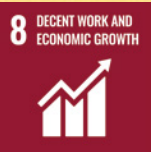
Also in 2023, in collaboration with the French **CIRAD** (French Agricultural Research Centre for International Development) in **Nicaragua**, a study was initiated on several Arabica and Robusta varieties, to identify those that are most productive even when cultivated in the shade and with low use of fertilisers.



5. OUR PLEDGE FOR LOCAL COMMUNITIES



5.1 Lavazza Group for the communities where it operates P 130



5.2 Lavazza Group for the communities in the coffee-producing countries P 140



OVERVIEW

OUR PLEDGE FOR LOCAL COMMUNITIES

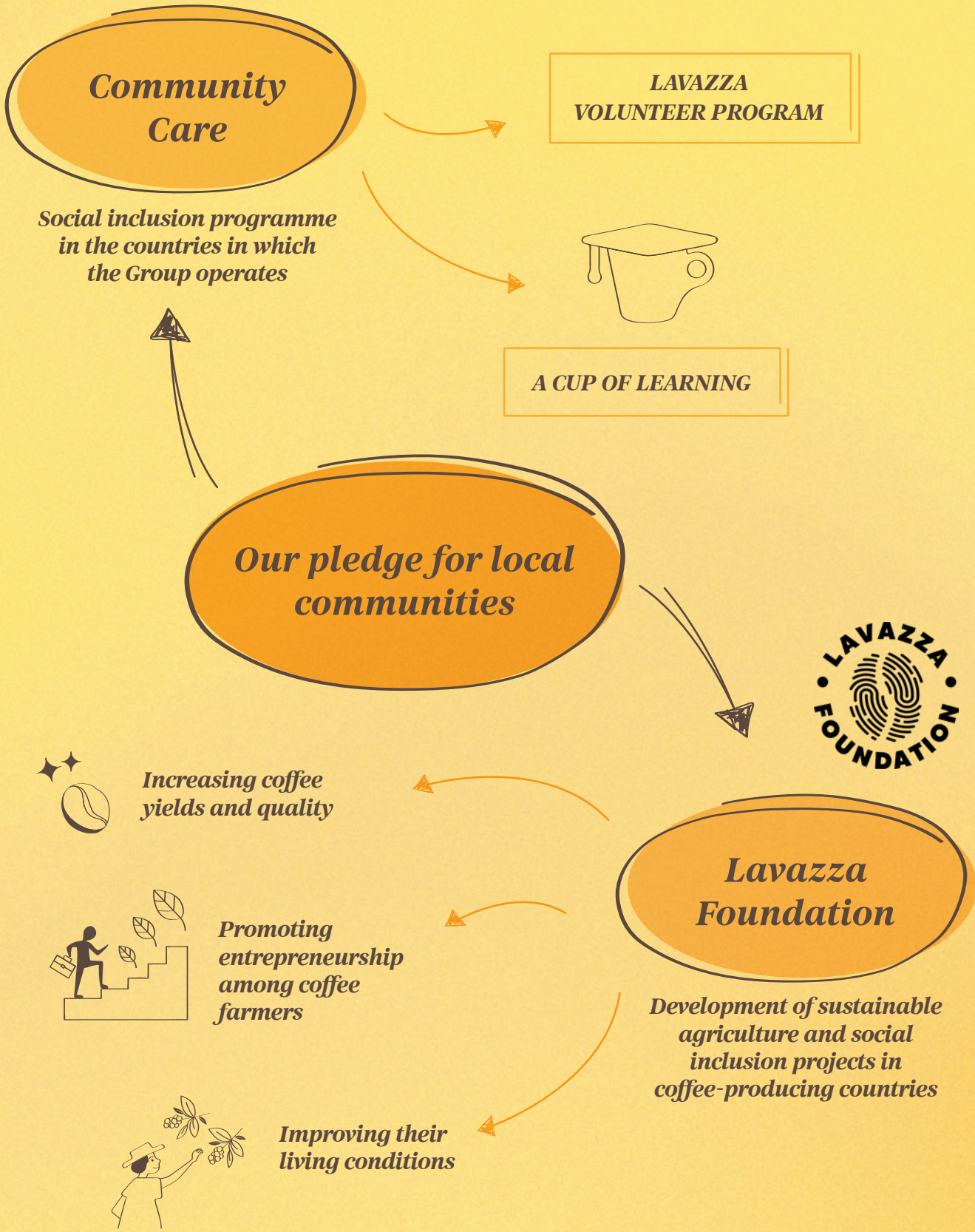


GLOBAL CONTEXT

The entire coffee supply chain — upstream to downstream — involves countries, communities and people operating in different social, economic and environmental contexts. However, the communities directly or indirectly involved in the coffee business frequently experience **inequalities** characterised by common roots, as it happens to women, who often hold a too subordinate role and lack professional development opportunities.

Upstream the supply chain, coffee farmers worldwide face numerous geopolitical, economic and civil society issues that can limit the development and prosperity of local communities. They live in socio-economic conditions that vary following the coffee industry's level of development and profitability in each country. Market access, insufficient or poor-quality yields, poor infrastructure and geopolitical tensions have instead an impact on all people.

Downstream the supply chain, in areas where the main roasters operate, local communities also face economic inequalities and there is a constant risk of social marginalisation for certain fragile segments of the population, such as NEETs and migrants.



5.1 LAVAZZA GROUP FOR THE COMMUNITIES WHERE IT OPERATES

In its approach to business, Lavazza Group has followed its deep sense of responsibility and focused on people since its foundation. As the Group has expanded over time so has the scope of action of its activities in favour of local communities. This attention is reflected in the **Community Care** programme dedicated to the communities in which the Company operates through its subsidiaries and plants, as well as in the projects that the **Fondazione Giuseppe e Pericle Lavazza Onlus**¹ has been developing in the coffee-producing communities since 2004.

In the first area, the core objective is to ensure that business growth creates shared value and synergies with local communities. The support for an equal and fair growth is based on a structured process that intends to develop an effective response by first listening to the needs of local communities. This support translates into medium/long-term projects in collaboration with local entities and associations.

In coffee-producing areas, the Foundation's projects aim to assist small farmers and foster the autonomy of local communities by sharing good agricultural practices that enhance coffee quality and yields as part of a broad improvement process. This involves enhancing the role of women and engaging new generations in the fight against agricultural land abandonment.

1) The *Fondazione Giuseppe e Pericle Lavazza* is a nonprofit organization (Onlus) that supports local communities in the areas of socioeconomic assistance, youth inclusion, as well as through development programs for coffee-producing communities, by pursuing exclusively social solidarity purposes. Lavazza Group and the Foundation are two separate entities, operating for different purposes. The Foundation is financially supported by the Group for its activities of aid to local communities through periodic donations.

THE COMMUNITY CARE PROGRAMME

The extensive programme of engagement and support activities for local communities in which the Group operates is called "Community Care" – name that underlines the Company's commitment. Its inspiring principle is the recognition of the key role of culture, education and inclusiveness in promoting the dignity of individuals and strengthening communities. The Group manages the programme by constantly cooperating with local institutions and non-governmental organisations, adopting an approach based on **public-private partnerships** and **for-profit/non-profit collaboration**. Support for local associations may take different forms: donations, direct financing of activities and co-design and collaboration from the initial phases of design to project implementation and monitoring. In **2023**, the Community Care's work in **Italy** focused on promoting associations in the areas in which the Group operates, through the promotion of cultural initiatives and the role of young people. **10 projects** were implemented **in collaboration with 14 local entities for over 5,500 people involved** in topics relating to culture, work, the environment, disabilities and health emergencies. Examples of these collaborations can be found in initiatives such as NuVola di Comunità, or in supporting activities for dedicated events such as the 12th Earthink Festival in Turin, which aims to raise public awareness of climate change and the impact of human activity on the planet through performing arts.

NUVOLA DI COMUNITÀ

Thanks to the collaboration between the Department of Historical Studies of the University of Turin and the Lavazza Museum, 2023 saw the second edition of "NuVola di Comunità", a **public archaeology** project developed by the G. Gullini School of Specialisation in Archaeological Heritage of Turin. During the event evenings, the members of the non-profit associations operating in the two Turin neighbourhoods – Aurora and Barriera di Milano – were welcomed as guests and were able to visit the San Secondo Archaeological Area located beneath the Lavazza Nuvola Headquarters, accompanied by archaeologists and cultural mediators for the Arabic, Chinese and English language, creating a bridge between cultures. The visit ended with a social occasion and a coffee experience.

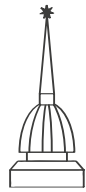


*A bridge
between
cultures*

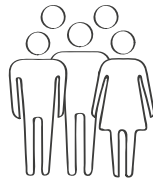


The corporate volunteering programme

As part of the Community Care activities, the **Lavazza Volunteer Program** for the Turing HQ employees was launched in 2023 with the aim of supporting the local area and the associations that operate in the field, in addition to offering employees opportunities for personal growth. In this way, the Company commits to creating a bridge between its people and local communities, consolidating a culture of solidarity and commitment. **14** associations², already partners of the Lavazza Foundation, were involved and various activities were organised in the following areas of interest: food security, quality education, gender equality, inclusion, decent work and economic growth.



6 months of activity



111 participants



580 working hours dedicated to volunteering activities



of which more than 50% donated to economically support the associations



THE VOICES OF EMPLOYEES

“

One of the advantages of this first experience was the possibility to share it with my colleagues: this allows you to get to know people better and also to meet new colleagues with whom you don't usually work.

“

I would like to focus not only on the volunteering I did, but also on the training and enrichment opportunity the Company gave me. There are many ways to show care for your people, but I believe this one is extraordinary.



2) Gruppo Abele, Save the Children – Civico Zero and Save the Children – Punto Luce, Yalla Aurora in collaboration with Generazione Ponte, UPM – Ufficio Pastorale Migranti, Il Passo Social Point, Sermig – Arsenale della Pace, UNHCR – Community Matching project, EMMA anti-violence centres, ADISCO, ABITO – Exchange and inclusion project.

Lavazza Group –
2023 Community Care

The Community Care programme operates **world-wide** at the Group’s subsidiaries through people engagement activities, corporate volunteering and support to projects promoted by NGOs and local as-sociations, mainly committed to helping vulnerable groups and promoting environmental protection.



United Kingdom

Lavazza Coffee UK

A Cup of Learning in London with Arsenal Foundation



Denmark

Merrild

Economic support and donation of products to Mother Care and Red Cross

Corporate volunteering with The Danish Nature Foundation



The Netherlands

Lavazza Netherlands

A Cup of Learning with the distributor Bluespresso and the support of the Municipality of Amsterdam



Canada

Kicking Horse

Economic support for Nature Conservancy of Canada
Donation of products to Indigenous Band and Food Bank
Corporate volunteering with Living Lakes Canada



United States

Lavazza North America

Economic support to the Melton Center
Company volunteering with the Melton Center



Germany

Lavazza Deutschland

A Cup of Learning with Domäne Mechtildshausen



France

Lavazza France

Economic support to Des Etoiles et des Femmes



Australia

Lavazza Australia

Economic support and donation of products to Food Bank
Company volunteering with Fare Share

A Cup of Learning

The commitment towards communities is also reflected in the A Cup of Learning international programme, a way of spreading coffee culture by offering an opportunity to turn this passion into a profession.

The programme provides dedicated training to young people in vulnerable situations in search of career opportunities in the coffee sector, through two paths:

- a course dedicated to **green coffee**, with a specific focus on sensory analysis of coffee, its processing techniques, cupping and evaluation of products according to their origin. The aim is to provide attendees with the methodological expertise to be able to evaluate coffee quality from different points of view. The main beneficiaries are people involved in the agricultural process of coffee growing;
- a training course on **coffee making**, dedicated to the espresso world and aimed at providing the best tools to “Being a Barista”: from grinding techniques to the functioning of espresso machines, from ground coffee tamping to the various brewing methods, and the latte art.

For A Cup of Learning, the Group’s professionals are directly involved, providing the beneficiaries with their experience and competencies both in the coffee-producing countries where training takes place and at the Group’s Training Centers present at global level. In Italy, two new modules have been added to the training programme: one certifying knowledge of the safety and hygiene of goods and services in the food sector, and the other dedicated to entering the world of work, focusing on how to face a job interview and write a CV.

In 2023, A Cup of Learning was extended to **3** new countries, consolidating its format both in person and online. Since its foundation in 2017, over **600** individuals have benefited from this programme, acquiring the skills required to enter the labour market in **19** countries: Italy, France, Germany, the United Kingdom, the Netherlands, the Dominican Republic, Guatemala, Haiti, Cuba, Honduras, Brazil, Peru, Ecuador, Ivory Coast, Uganda, India, Albania, the United States, and Australia.

“

Having the opportunity to share our values and passion for coffee with young talents, listening to their questions and curiosities, we can gain new insights and ideas to tackle future challenges.

Marco Lavazza
Vice Chairman, Lavazza Group

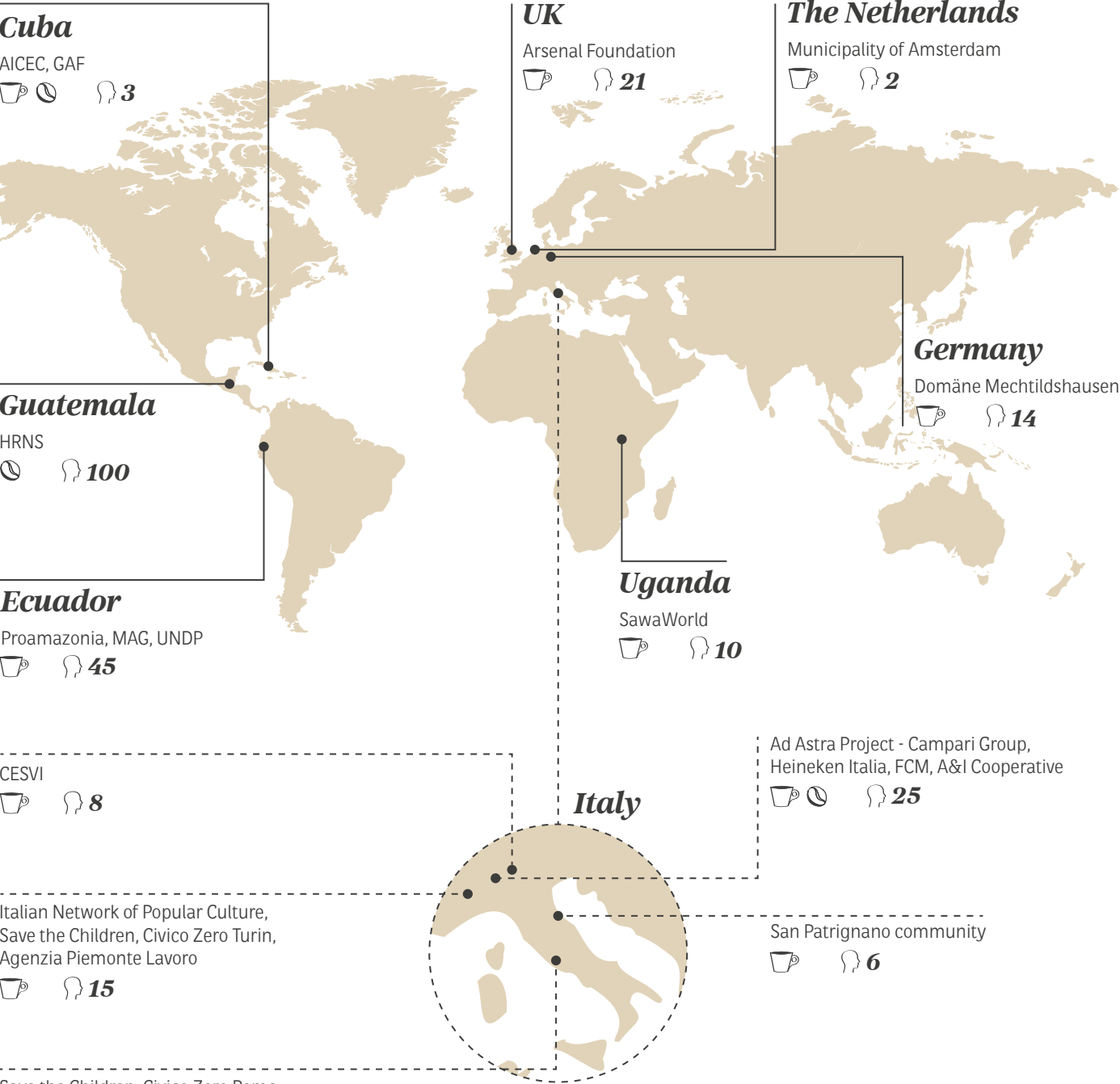
THE “WELCOME. WORKING FOR REFUGEE INTEGRATION” AWARD FROM UNHCR

For the third year running, the A Cup of Learning programme received the “Welcome. Working for refugee integration” award from **UNHCR - United Nations High Commissioner for Refugees**. The award recognises the Group’s significant commitment to promoting specific initiatives to provide refugees with access to the labour market and promote an inclusive society.



A Cup of Learning 2023

Training module:
☕ Green coffee ☕ Coffee making ☞ Direct beneficiaries



5.2 LAVAZZA GROUP FOR THE COMMUNITIES IN THE COFFEE-PRODUCING COUNTRIES

Fondazione Giuseppe e Pericle Lavazza Onlus was founded in 2004 to promote, finance, manage and effectively implement **coffee-producing community** care projects. Ever since, the Foundation has been promoting and financing a wide range of initiatives for economic, social and environmental sustainability, working both on its own and through public and private partnerships. These initiatives 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-producing communities.

In 2023, the Foundation implemented **30 projects in 17 countries on 3 continents with over 94,000 people involved**. The projects, illustrated in the Foundation's Social Report, are primarily intended to increase coffee yields and quality, while also promoting entrepreneurship among coffee farmers and improving their living conditions. In particular, they aim at:

- promoting gender equality within communities;
- harnessing the work of young people through training programmes to prevent the abandonment of lands;
- promoting crop diversification to reduce the related risks and economically support farmers, thus favouring a greater mix of food resources to be sold;
- supporting reforestation;
- spreading farming techniques that enable farmers to mitigate and adapt to the effects of climate change;
- introducing technologies to support traditional coffee-producing techniques.

The Foundation aims to make coffee an opportunity in coffee-producing countries: a quality product for prosperous communities that respect and protect the environment within the framework of long-term sustainable social and economic development.



The projects are generally developed within coffee-producing communities that generally do not have any direct relationship with the Lavazza Group as regards the purchase of raw materials for its brands and products. The Foundation is indeed committed to making communities autonomous and mainly supports them in developing the local market. However, the growth process ensured by the Foundation's projects was such that over the years it has allowed various farming cooperatives to become suppliers to the Lavazza Group: the processes for increasing the efficiency of production and improving agricultural practices resulted in the develop-

ment of a high-quality coffee and achievement of prestigious certifications, such as Rainforest Alliance and Bio Organic.

An example is represented by the blends of the **La Reserva de ¡Tierra!** product range for **baristas and professionals**, which offers also coffee coming from some of the communities supported by the Foundation's projects.

This range is rounded by the ¡Tierra! for Cuba blend for the retail channel, the first coffee with a full traceability system based on blockchain, 100% produced by communities involved in the Foundation's projects and launched on the market in 2023.



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INDEPENDENT AUDITORS' REPORT	P 164



ANNEX

CHAPTER 1

NUMBER AND PERCENTAGE OF EMPLOYEES TRAINED BY TOPIC, BROKEN DOWN BY PROFESSIONAL CATEGORY AND GEOGRAPHICAL AREA IN 2023

2023	UoM	ITALY					REST OF EUROPE					AMERICA					ASIA AND OCEANIA				
		Managers	Middle Managers	Specialised Workers	Other Workers	Total	Managers	Middle Managers	Specialised Workers	Other Workers	Total	Managers	Middle Managers	Specialised Workers	Other Workers	Total	Managers	Middle Managers	Specialised Workers	Other Workers	Total
Anti-corruption	No.	39	199	496	9	743	50	192	601	142	985	6	56	86	14	162	5	10	45	-	60
of which Whistleblowing	No.	33	169	439	8	649	50	186	583	138	957	6	54	82	13	155	5	10	44	-	59
Code of Ethics	No.	36	191	488	8	723	50	208	648	145	1,051	5	59	89	15	168	5	10	48	-	63
Antitrust	No.	1	22	90	3	116	5	25	110	24	164	13	59	83	23	178	8	10	56	-	74

2023	UoM	ITALY					REST OF EUROPE					AMERICA					ASIA AND OCEANIA				
		Managers	Middle Managers	Specialised Workers	Other Workers	Total	Managers	Middle Managers	Specialised Workers	Other Workers	Total	Managers	Middle Managers	Specialised Workers	Other Workers	Total	Managers	Middle Managers	Specialised Workers	Other Workers	Total
Anti-corruption	%	33.3%	44.8%	49.7%	2.0%	37.0%	82.0%	75.3%	69.6%	36.5%	62.8%	30.0%	49.1%	45.3%	8.9%	33.6%	55.6%	66.7%	86.5%	0.0%	78.9%
of which Whistleblowing	%	28.2%	38.1%	44.0%	1.8%	32.3%	82.0%	72.9%	67.6%	35.5%	61.0%	30.0%	47.4%	43.2%	8.2%	32.2%	55.6%	66.7%	84.6%	0.0%	77.6%
Code of Ethics	%	30.8%	43.0%	48.9%	1.8%	36.0%	82.0%	81.6%	75.1%	37.3%	67.0%	25.0%	51.8%	46.8%	9.5%	34.9%	55.6%	66.7%	92.3%	0.0%	82.9%
Antitrust	%	0.9%	5.0%	9.0%	0.7%	5.8%	8.2%	9.8%	12.7%	6.2%	10.5%	65.0%	51.8%	43.7%	14.6%	36.9%	88.9%	66.7%	100% ¹	0.0%	97.4%

NUMBER AND PERCENTAGE OF EMPLOYEES WHO RECEIVED TRAINING ON ANTI-CORRUPTION LEGISLATION AND PROCEDURES IN 2021-2022

	2021		2022	
	No.	%	No.	%
Managers	65	33.5%	107	53.8%
Middle Managers	327	42.5%	443	55.0%
Specialised Workers	725	34.0%	1,226	57.0%
Other Workers	21	2.3%	117	11.3%
Total	1,138	28.5%	1,893	45.2%

1) All the Specialized Workers have been trained, including those who left the company during the reporting year.

CHAPTER 2

SOURCES OF THE OVERVIEW SECTION

- i) International Coffee Organization – ICO (“Gender equality in the coffee sector”, 2018)
- ii) How Diverse Leadership Teams Boost Innovation (2018), Boston Consulting Group
- iii) Hacking Diversity with Inclusive Decision-Making (2017), Forbes
- iv) Employee Wellbeing, Productivity, and Firm Performance: Evidence and Case Studies (2019), Harvard Business School
- v) Millennial Survey, Winning over the next generation of leaders (2016), Deloitte
- vi) Sustainability and company attractiveness: A study of American college students entering the job market (2018), Sustainability Accounting, Management and Policy Journal; Employees Seek and Stay Loyal to Greener Companies (2019)

EMPLOYEES AT 31ST DECEMBER BY TEMPORARY/PERMANENT CONTRACTS, GENDER AND GEOGRAPHICAL AREA IN THE THREE-YEAR PERIOD

2023	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent employees	No.	1,186	763	1,949	939	590	1,529	271	211	482	45	28	73	2,441	1,592	4,033
Temporary employees	No.	19	39	58	13	26	39	-	-	-	2	1	3	34	66	100
Total	No.	1,205	802	2,007	952	616	1,568	271	211	482	47	29	76	2,475	1,658	4,133

2022	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent employees	No.	1,142	727	1,869	1,086	577	1,663	252	185	437	59	29	88	2,539	1,518	4,057
Temporary employees	No.	30	31	61	37	26	63	1	1	2	2	1	3	70	59	129
Total	No.	1,172	758	1,930	1,123	603	1,726	253	186	439	61	30	91	2,609	1,577	4,186

2021	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent employees	No.	1,142	722	1,864	975	526	1,501	233	178	411	59	28	87	2,409	1,454	3,863
Temporary employees	No.	26	32	58	39	29	68	1	4	5	-	2	2	66	67	133
Total	No.	1,168	754	1,922	1,014	555	1,569	234	182	416	59	30	89	2,475	1,521	3,996

EMPLOYEES IN SERVICE AT 31ST DECEMBER BY FULL-TIME/PART-TIME CONTRACT, GENDER AND GEOGRAPHICAL AREA IN THE TREE-YEAR PERIOD

2023	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	No.	1,198	778	1,976	928	545	1,473	268	206	474	47	24	71	2,441	1,553	3,994
Part-time employees	No.	7	24	31	24	71	95	3	5	8	-	5	5	34	105	139
Total	No.	1,205	802	2,007	952	616	1,568	271	211	482	47	29	76	2,475	1,658	4,133

2022	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	No.	1,169	727	1,896	1,105	543	1,648	252	186	438	60	25	85	2,586	1,481	4,067
Part-time employees	No.	3	31	34	18	60	78	1	-	1	1	5	6	23	96	119
Total	No.	1,172	758	1,930	1,123	603	1,726	253	186	439	61	30	91	2,609	1,577	4,186

2021	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	No.	1,166	720	1,886	1,000	490	1,490	233	182	415	59	23	82	2,458	1,415	3,873
Part-time employees	No.	2	34	36	14	65	79	1	-	1	-	7	7	17	106	123
Total	No.	1,168	754	1,922	1,014	555	1,569	234	182	416	59	30	89	2,475	1,521	3,996

NUMBER AND PERCENTAGE OF EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE AT 31ST DECEMBER
IN THE TWO-YEAR PERIOD 2022-2023²

	UoM	2022									2023								
		Men				Women				Total	Men				Women				Total
		<30	30-50	>50	Total	<30	30-50	>50	Total		<30	30-50	>50	Total	<30	30-50	>50	Total	
Senior Managers	No.	0	75	66	141	0	33	25	58	199	2	85	62	149	0	35	23	58	207
Middle Managers	No.	10	334	142	486	11	242	67	320	806	13	331	131	475	19	272	62	353	828
Specialised Workers	No.	157	712	387	1,256	195	494	205	894	2,150	151	666	367	1,184	198	528	193	919	2,103
Other Workers	No.	79	434	212	725	34	143	129	306	1,031	61	408	198	667	60	150	118	328	995
Total	No.	246	1,555	807	2,608	240	912	426	1,578	4,186	227	1,490	758	2,475	277	985	396	1,658	4,133

	UoM	2022									2023								
		Men				Women				Total	Men				Women				Total
		<30	30-50	>50	Total	<30	30-50	>50	Total		<30	30-50	>50	Total	<30	30-50	>50	Total	
Senior Managers	%	0.0%	37.7%	33.2%	70.9%	0.0%	16.6%	12.6%	29.1%	100.0%	1.0%	41.1%	30.0%	72.0%	0.0%	16.9%	11.1%	28.0%	100.0%
Middle Managers	%	1.2%	41.4%	17.6%	60.3%	1.4%	30.0%	8.3%	39.7%	100.0%	1.6%	40.0%	15.8%	57.4%	2.3%	32.9%	7.5%	42.6%	100.0%
Specialised Workers	%	7.3%	33.1%	18.0%	58.4%	9.1%	23.0%	9.5%	41.6%	100.0%	7.2%	31.7%	17.5%	56.3%	9.4%	25.1%	9.2%	43.7%	100.0%
Other Workers	%	7.7%	42.1%	20.6%	70.3%	3.3%	13.9%	12.5%	29.7%	100.0%	6.1%	41.0%	19.9%	67.0%	6.0%	15.1%	11.9%	33.0%	100.0%
Total	%	5.9%	37.1%	19.3%	62.3%	5.7%	21.8%	10.2%	37.7%	100.0%	5.5%	36.1%	18.3%	59.9%	6.7%	23.8%	9.6%	40.1%	100.0%

2) The trend relating to the number of employees by professional category, gender and age is reported for the two-year period 2022-2023 alone since, having adopted the reporting approach in accordance with the GRI Standards, it was not possible to obtain the specific breakdown of figures relating to 2021.

NUMBER OF HIRES AND TERMINATIONS BY GENDER AND GEOGRAPHICAL AREA IN THE THREE-YEAR PERIOD

2023	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hires	No.	90	91	181	201	165	366	69	57	126	15	16	31	375	329	704
Terminations	No.	61	55	116	168	144	312	50	33	83	29	17	46	308	249	557

2022	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hires	No.	95	79	174	253	149	402	62	46	108	14	10	24	424	284	708
Terminations	No.	89	75	164	246	147	393	44	42	86	19	12	31	398	276	674

2021	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hires	No.	88	69	157	132	100	232	47	32	79	10	10	20	277	211	488
Terminations	No.	64	32	96	161	97	258	60	42	102	11	14	25	296	185	481

NUMBER OF HIRES AND TERMINATIONS BY AGE AND GEOGRAPHICAL AREA IN THE THREE-YEAR PERIOD

2023	UoM	ITALY				REST OF EUROPE				AMERICA				ASIA AND OCEANIA				TOTAL			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Hires	No.	88	86	7	181	140	189	37	366	44	69	13	126	5	22	4	31	277	366	61	704
Terminations	No.	35	48	33	116	95	153	64	312	24	37	22	83	4	27	15	46	158	265	134	557

2022	UoM	ITALY				REST OF EUROPE				AMERICA				ASIA AND OCEANIA				TOTAL			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Hires	No.	90	78	6	174	129	231	42	402	29	63	16	108	4	15	5	24	252	387	69	708
Terminations	No.	45	69	50	164	87	223	83	393	22	52	12	86	3	18	10	31	157	362	155	674

2021	UoM	ITALY				REST OF EUROPE				AMERICA				ASIA AND OCEANIA				TOTAL			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Hires	No.	90	58	9	157	70	126	36	232	28	40	11	79	6	12	2	20	194	236	58	488
Terminations	No.	24	41	31	96	54	133	71	258	24	57	21	102	1	14	10	25	103	245	133	481

HIRING RATE AND TERMINATION RATE BY AGE AND GEOGRAPHICAL AREA IN THE TWO-YEAR PERIOD 2022-2021

2022	UoM	ITALY				REST OF EUROPE				AMERICA				ASIA AND OCEANIA				TOTAL			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Hiring rate	%	4.66%	4.04%	0.31%	9.02%	7.47%	13.38%	2.43%	23.29%	6.61%	14.35%	3.64%	24.60%	4.40%	16.48%	5.49%	26.37%	6.02%	9.25%	1.65%	16.91%
Termination rate	%	2.33%	3.58%	2.59%	8.50%	5.04%	12.92%	4.81%	22.77%	5.01%	11.85%	2.73%	19.59%	3.30%	19.78%	10.99%	34.07%	3.75%	8.65%	3.70%	16.10%

2021	UoM	ITALY				REST OF EUROPE				AMERICA				ASIA AND OCEANIA				TOTAL			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Hiring rate	%	4.68%	3.02%	0.47%	8.17%	4.46%	8.03%	2.29%	14.79%	6.73%	9.62%	2.64%	18.99%	6.74%	13.48%	2.25%	22.47%	4.85%	5.91%	1.45%	12.21%
Termination rate	%	1.25%	2.13%	1.61%	4.99%	3.44%	8.48%	4.53%	16.44%	5.77%	13.70%	5.05%	24.52%	1.12%	15.73%	11.24%	28.09%	2.58%	6.13%	3.33%	12.04%

HIRING RATE AND TERMINATION RATE BY GENDER AND GEOGRAPHICAL AREA IN THE TWO-YEAR PERIOD 2022-2021

2022	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hiring rate	%	4.92%	4.09%	9.02%	14.66%	8.63%	23.29%	14.12%	10.48%	24.60%	15.38%	10.99%	26.37%	10.1%	6.8%	16.91%
Termination rate	%	4.61%	3.89%	8.50%	14.25%	8.52%	22.77%	10.02%	9.57%	19.59%	20.88%	13.19%	34.07%	9.5%	6.6%	16.10%

2021	UoM	ITALY			REST OF EUROPE			AMERICA			ASIA AND OCEANIA			TOTAL		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hiring rate	%	4.58%	3.59%	8.17%	8.41%	6.37%	14.79%	11.30%	7.69%	18.99%	11.24%	11.24%	22.47%	6.9%	5.3%	12.21%
Termination rate	%	3.33%	1.66%	4.99%	10.26%	6.18%	16.44%	14.42%	10.10%	24.52%	12.36%	15.73%	28.09%	7.4%	4.6%	12.04%

CHAPTER 3

SOURCES OF THE OVERVIEW SECTION

- i) Safety and Health at Work – International Labour Organization (2024)
- ii) International Labour Organization – UNICEF Report “Child Labour: 2020 Global estimates, trends and the road forward”.

CHAPTER 4

SOURCES OF THE OVERVIEW SECTION

- i) World Wildlife Fund – Report “Quanta foresta avete mangiato, usato o indossato oggi?” (2023).

EMISSIONS GENERATED BY LAVAZZA GROUP IN THE THREE-YEAR PERIOD IN tCO_{2eq}

CONTROL BY LAVAZZA GROUP	SCOPE (GHG PROTOCOL)	GHG INVENTORY CATEGORY (ISO 14064-1)	ELEMENTS INCLUDED	2021	2022	2023
Direct emissions: emissions directly generated and controlled by the organisation, for which the Group has a high margin of action and direct control	Scope 1	Category 1 (C1): Direct GHG emissions and removals	<div><div></div><div>• Consumption for production</div><div>• Workplace heating</div><div>• Corporate vehicle fleet</div></div>	40,552	42,767	40,062
Indirect emissions from electricity: emissions indirectly generated from the use of energy, in relation to which the Group has a high margin of action and indirect control	Scope 2 (Market-based)	Category 2 (C2): Indirect GHG emissions from imported energy (Market-based)		17,938	19,189	21,887
	Scope 2 (Location-based)	Category 2 (C2): Indirect GHG emissions from imported energy (Location-based)	<div><div></div><div>• Electrical energy</div><div>• Thermal energy</div></div>	n.a.	50,156	

CONTROL BY LAVAZZA GROUP	SCOPE (GHG PROTOCOL)	GHG INVENTORY CATEGORY (ISO 14064-1)	ELEMENTS INCLUDED	2021	2022	2023
Indirect emissions generated along the value chain: emissions generated indirectly by the activities along the value chain, both upstream and downstream the business, in relation to which the Group has a limited margin of action and indirect control	Scope 3	Category 3 (C3): Indirect GHG emissions from transportation	<ul style="list-style-type: none">Inbound and outbound logisticsEmployee business travel and commuting	77,445	94,651	122,149
		Category 4 (C4): Indirect GHG emissions from products used by an organization	<ul style="list-style-type: none">Green coffeeFood raw materialsPackagingMachinesWater consumptionProduction waste	2,195,471	2,097,608	2,174,277
		Category 5 (C5): Indirect GHG emissions associated with the use of products from the organisation	<ul style="list-style-type: none">UsagePackaging end-of-lifeCoffee end-of-lifeMachine end-of-life	564,897	492,309	454,131
		Category 6 (C6): Indirect GHG emissions from other sources	<ul style="list-style-type: none">Other	1,259	n.a.	n.a.
Total emissions (Market-based)				2,897,562	2,746,525	2,812,503
Total emissions (Location-based)				n.a.	2,777,491	2,841,730

MATERIALS USED BY WEIGHT IN THE TWO-YEAR PERIOD 2022-2023³

	UoM	2022				2023			
		Renewable	Non-renewable	Total	Percentage on total (%)	Renewable	Non-renewable	Total	Percentage on total (%)
Plastic	t		12,315	12,315	40.5%		11,272	11,272	37.6%
Paper	t	15,076		15,076	49.5%	15,778		15,778	52.7%
Metals	t		3,057	3,057	10.0%		2,901	2,901	9.7%
Total	t	15,076	15,372	30,448	100.0%	15,778	14,173	29,951	100.0%

3) The trend relating to materials used is reported for the two-year period 2022-2023 alone since, having adopted a reporting approach in accordance with the GRI Standards, it was not possible to obtain the specific figures relating to the breakdown of renewable and non-renewable materials for 2021.

VOLUME OF WATER WITHDRAWAL BY SOURCE IN THE THREE-YEAR PERIOD IN MEGA LITERS (ML)

	UoM	2021	2022	2023
Third-party water ³ - Fresh water	ML	211.8	225.5	189.9
Third-party water - Other water	ML	-	-	-
Total third-party water	ML	211.8	225.5	189.9
Groundwater - Fresh water	ML	380.6	291.1	190.3
Groundwater - Other water	ML	-	-	-
Total groundwater	ML	380.6	291.1	190.3
Surface water - Fresh water	ML	-	-	-
Surface water - Other water	ML	0.3	0.8	1.1
Total surface water	ML	0.3	0.8	1.1
Total - Fresh water	ML	592.5	516.7	380.2
Total - Other water	ML	0.3	0.8	1.1
Water withdrawal	ML	592.8	517.5	381.2

VOLUME OF WATER WITHDRAWAL BY DESTINATION IN THE THREE-YEAR PERIOD

	UoM	2021	2022	2023
Water withdrawal for civil purposes	ML	454.0	375.7	255.9
Water withdrawal for industrial purposes	ML	138.8	141.8	125.4
Water withdrawal	ML	592.8	517.5	381.2

3) Municipal water supply.

VOLUME OF WATER DISCHARGE BY DESTINATION IN THE THREE-YEAR PERIOD

	UoM	2021	2022	2023
Third-party water - Urban sewage system	ML	71.0	83.7	66.2
Third-party water - Industrial sewage system	ML	60.7	52.2	49.3
Surface water	ML	380.2	289.8	187.8
Groundwater	ML	-	-	-
Seawater	ML	-	-	-
Water discharge	ML	512.0	425.7	303.4

WATER BALANCE IN WATER-STRESSED AREAS IN THE THREE-YEAR PERIOD

	UoM	2021	2022	2023
Water withdrawal	ML	75.8	87.0	75.6
	%	12.8%	16.8%	19.8%
Water discharge	ML	26.5	25.8	25.7
	%	5.2%	6.0%	8.5%
Water consumption	ML	49.3	61.3	49.9
	%	63.2%	66.7%	61.8%

METHODOLOGICAL NOTE

The Sustainability Report, audited by a third-party auditor, represents the tool that Lavazza uses for disclosing the Group's annual sustainability results to its stakeholders. This Report illustrates the Lavazza Group's results with respect to the 10 principles of the United Nations Global Compact, endorsed by Lavazza, and to the four Sustainable Development Goals that the Lavazza Group has identified as a priority for its business: Goal 5 – Gender Equality, Goal 8 – Decent Work and Economic Growth, Goal 12 – Responsible Consumption and Production, and Goal 13 – Climate Action.

Unless otherwise specified, the sustainability performance is presented over a three-year trend, both in light of methodological changes that have occurred over the years and in anticipation of an increasingly closer alignment with the Group's Financial Report. This alignment is functional to the path undertaken by the Group as a preliminary step towards compliance with the emerging non-financial reporting regulations issued by the European Union.

More specifically, the Group has been preparing to meet the requirements of the Corporate Sustainability Reporting Directive, which will become mandatory for the Group starting with the 2025 Sustainability Report, to be published during the calendar year 2026. In this regard, cross-functional working groups have been initiated, bringing to light structured analyses and new reporting elements that the Group will monitor over time. Although Lavazza Group is not a Public Interest Entity (PIE) as it is not publicly listed, it acts as such by anticipating the regulatory requirements it will be obliged to meet in a few years.

The Group's Institutional Relations & Sustainability (IR&S) Department has coordinated the preparation of this Report covering the period 1 January 2023 - 31 December 2023, gathering

contributions from the entire organisational structure of the Group's companies included in the reporting scope.

The Sustainability Report has been approved approved by the Board of Directors on 17 July 2024. Lavazza has gradually extended the reporting scope of its Sustainability Report, aiming to provide accurate data and information on the Group's most relevant environmental and social impacts. The perimeter now includes the following companies consolidated using the line-by-line method:

- Luigi Lavazza S.p.A., parent company headquartered in Turin (data collected refers to the Headquarters, the Innovation Center, the Italian Commercial Areas and the Italian production plants in Turin – Settimo Torinese and 1895 –, Gattinara and Pozzilli, as well as Conficaf S.p.A. and E-Coffee Solutions S.r.l.);
- 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 Australia Pty Ltd, a Melbourne-based Australian commercial subsidiary, part of the Lavazza Group since 2015, which includes its subsidiary Lavazza Australia OCS Pty Ltd;
- Lavazza Coffee UK Ltd, a London-based UK commercial subsidiary, part of the Lavazza Group since 1990;
- Lavazza France Sas, a Paris-based French commercial subsidiary, part of the Lavazza Group since 1982;
- Lavazza Japan GK, a Tokyo-based Japanese commercial subsidiary, part of the Lavazza Group since 2018;
- Lavazza Kaffee GmbH, a Vienna-based Austri-

an commercial subsidiary, part of the Lavazza Group since 1988;

- Lavazza Netherlands B.V., an Amsterdam-based Dutch commercial subsidiary, part of the Lavazza Group since 2007;
- Lavazza Professional France Sas, a Roissy-en-France-based French commercial 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;
- Lavazza North America Inc., a new company established in 2023 through the merger of Lavazza Professional North America LLC, an American manufacturing subsidiary based in West Chester (Pennsylvania), part of the Lavazza Group since 2019, and Lavazza Premium Coffees Corp., a New-York-based American commercial subsidiary, part of the Lavazza Group since 1989;
- Lavazza Professional UK Ltd, a Basingstoke-based UK manufacturing subsidiary, part of the Lavazza Group since 2019;
- Lavazza Professional UK Operating Services Ltd, a Swindon-based UK commercial subsidiary, part of the Lavazza Group since 2020;
- Lavazza Spagna S.L., a Barcelona-based Spanish commercial subsidiary, part of the Lavazza Group since 1998;
- Lavazza Sweden AB, a Stockholm-based Swedish commercial subsidiary, part of the Lavazza Group since 2009;
- Luigi Lavazza Deutschland GmbH, a Frankfurt-based German commercial subsidiary, part of the Lavazza Group since 1987;
- Merrild Baltics SIA, a Riga-based Latvian commercial subsidiary, part of the Lavazza Group since 2015;
- Merrild Kaffe ApS, a Fredericia-based Danish commercial subsidiary, part of the Lavazza Group since 2015;
- Nims S.p.A., a Padua-based Italian commercial subsidiary, part of the Lavazza Group since 2017.

LAVAZZA ARGENTINA SA, LAVAZZA CAPITAL S.r.l. and LAVAZZA DO BRASIL Ltda have been added to

the reporting scope although they do not contribute to the impacts generated and the calculation of indicators.

It should be noted that in January 2023 the Group sold the majority of its stake in Fresh and Honest Café Limited, which accordingly was excluded from the 2023 reporting scope. In addition, the scope of this Report differs from the reporting scope of the Lavazza Group's 2023 Directors' Single Report on Operations since, following an established practice, the newly-acquired companies are excluded in their first reporting year (in 2023, it was the case of the French Group Maxi-Coffee and the Scottish company Stirlingshire Vending Ltd).

The information presented in the Sustainability Report was selected following a thorough analysis of the external and internal context. Thanks to the cross-referencing of data with a study on the Group's business model and the application of a recognised stakeholder engagement process, the Group identified its main impacts on the environment, people and local communities and grouped them into material topics for reporting purposes, under the "in accordance with" GRI Standards approach of the Global Reporting Initiative (GRI), in its 2021 updated version. Reference should be made to chapter 1.2 Governance for a description of the approach adopted to define impacts.

In order to collect data, for the fourth consecutive year, the Group availed itself of a specific software, which is used both by the PMO (Program Management Office) unit in charge of drafting the Sustainability Report, and by the focal points and data owners of the several legal entities included in the reporting scope. Each legal entity identifies one or more people tasked with providing data required by the standard, in line with the related area of reference. The truthfulness of data provided is ensured by numerous levels of monitoring. Each data provided by a local owner is in fact analysed by his or her manager and subsequently validated at HQ level and by an independent third-party auditor. Data relating to the whole Group is then consolidated, audited and validated for the purposes of its publication.

ECONOMIC DATA

With reference to the GRI 201-1 indicator relating to the economic value generated, distributed and retained, the reporting scope refers to the scope of the 2023 Directors' Single Report on Operations, i.e., all the companies included in the 2023 Sustainability Report, including also the two companies excluded MaxiCoffee and Stirlingshire Vending.

SOCIAL DATA

For the reporting of the indicator GRI 2-7: Employees, non-guaranteed hours employees are presented as non-employed collaborators and chiefly include sales agents, interns and temporary workers. Concerning the indicator GRI 403-9, external workers are all workers who are not direct Group employees, but whose work and/or workplace is controlled by the Group (e.g., contractors, sub-contractors, temporary workers, interns, etc.). Regarding the indicator GRI 405-2: Ratio of basic salary and remuneration of women to men, data

relating to the ratio of women's to men's basic salary for 2022 has been restated following a revision of the methodology used, also applied to 2023 for comparison purposes. The scope of 2022 data was maintained unchanged compared to the scope published within the 2022 Sustainability Report. It should be noted that the amount relating to the ratio of basic salary of 2022 for the category "Other workers" includes salaries of Indian employees, whose wages and purchasing power can hardly be compared with those of other countries.

ENVIRONMENTAL DATA

With specific regard to environmental data, it should be noted that total energy consumption was reported for both manufacturing and commercial companies. Data relating to emissions is calculated using SimaPro, an LCA software to evaluate the environmental impact. Emission factors sources come from Ecoinvent (version 3.9.1.). Any specifications are adequately indicated in the text and the Annex.



GRI CONTENT INDEX

STATEMENT OF USE		Lavazza Group has presented a report in accordance with the GRI Standards for the period 01/01/2023 - 31/12/2023	
REPORTING STANDARDS		GRI 1: Foundation 2021	
GRI STANDARD TITLE	INDICATOR	IN-TEXT REFERENCE	OMISSIONS AND NOTES
GRI 2: General Disclosures (2021)	2-1 Organisational details	1.1 Who we are, P. 20 Methodological note, PP. 156-157	
	2-2 Entities included in the organisation's sustainability reporting	Methodological note, PP. 156-157	
	2-3 Reporting period, frequency and contact point	Methodological note, PP. 156-157	
	2-4 Restatements of information	Methodological note, P. 158 3.2 Employees' Health and Safety, P. 87	
	2-5 External assurance	Independent auditors' report, PP. 164 -166	
	2-6 Activities, value chain and other business relationships	The world of coffee, PP. 12 - 15 1.1 Who we are, PP. 22 - 25 3.3 The Group Supply Chain, PP. 88 - 90	
	2-7 Employees	2.1 People first, PP. 56 - 57 Annex, PP. 146 - 147	
	2-8 Workers who are not employees	2.1 People first, P. 56	
	2-9 Governance structure and composition	1.2 Governance, PP. 34 - 37	
	2-10 Nomination and selection of the highest governance body	1.2 Governance, P. 34	
	2-11 Chair of the highest governance body	1.2 Governance, PP. 34 - 35	
	2-12 Role of the highest governance body in overseeing the management of impacts	1.2 Governance, PP. 34 - 37	
	2-13 Delegation of responsibility for managing impacts	1.2 Governance, PP. 34 - 37	
	2-14 Role of the highest governance body in sustainability reporting	1.2 Governance, PP. 34 - 37 Methodological note, PP. 156 - 157	
	2-15 Conflicts of interest	n.a.	Not applicable - Such a request for information is not applicable for Lavazza Group as it is primarily a family-run business.
	2-16 Communication of critical concerns	1.2 Governance, PP. 37 - 38	

GRI STANDARD TITLE	INDICATOR	IN-TEXT REFERENCE	OMISSIONS AND NOTES
GRI 2: General Disclosures (2021)	2-17 Collective knowledge of the highest governance body	1.2 Governance, PP. 34 - 37	
	2-18 Evaluation of the performance of the highest governance body	1.2 Governance, PP. 34 - 37	
	2-19 Remuneration policies	1.2 Governance, PP. 34 - 36	
	2-20 Process to determine remuneration	1.2 Governance, PP. 34 - 36	
	2-21 Annual total compensation ratio	n.a	Information not reported due to confidentiality reasons. The Group is committed to investigating and reporting the indicator by the 2025 sustainability report.
	2-22 Statement on sustainable development strategy	1.1 Who we are, PP. 30 - 33 1.3 Sustainability Strategy: "A Goal in Every Cup", PP. 46 - 47	
	2-23 Policy commitments	1.2 Governance, PP. 37 - 38 3.2 Employees' Health and Safety, P. 85 3.3 The Group Supply Chain, P. 90 4.1 The path towards environmental sustainability, P. 102	
	2-24 Embedding policy commitments	1.2 Governance, PP. 37 - 38 2.3 People professional development and wellbeing, P. 68 3.2 Employees' Health and Safety, P. 85 3.3 The Group Supply Chain, P. 90 4.1 The path towards environmental sustainability, P. 102	
	2-25 Processes to remediate negative impacts	1.2 Governance, P. 38 1.2 Governance, PP. 42-45	
	2-26 Mechanisms for seeking advice and raising concerns	1.2 Governance, PP. 37 - 38	
	2-27 Compliance with laws and regulations	1.2 Governance, P. 38	
	2-28 Membership associations	1.2 Governance, P. 32 UN Global Compact - Communication on progress, P. 163	
	2-29 Approach to stakeholder engagement	1.2 Governance, PP. 42 - 43	
GRI 3: Material Topics (2021)	2-30 Collective bargaining agreements	2.1 People first, P. 57	
	3-1 Process to determine material topics	1.2 Governance, PP. 42 - 45	
	3-2 List of material topics	1.2 Governance, P. 45	
	3-3 Management of material topics	1.2 Governance, PP. 44 - 45	
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	3.1 Value creation, PP. 80 - 82	

GRI STANDARD TITLE	INDICATOR	IN-TEXT REFERENCE	OMISSIONS AND NOTES
GRI 205: Anti-corruption (2016)	205-2 Communication and training about anti-corruption policies and procedures	1.2 Governance, PP. 38-39 Annex, PP. 144 - 145	
	207-1 Approach to tax	3.1 Value creation, PP. 83 - 84	
GRI 207: Tax (2019)	207-2 Tax governance, control, and risk management	3.1 Value creation, PP. 83 - 84	
	207-3 Stakeholder engagement and management of concerns related to tax	3.1 Value creation, PP. 83 - 84	
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	4.2 The environmental impact management, PP. 116 - 117 Annex, P. 153	
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	4.2 The environmental impact management, PP. 110 - 111	
	302-3 Energy intensity	4.2 The environmental impact management, P. 112	
	302-4 Reduction of energy consumption	4.2 The environmental impact management, PP. 110 - 112	
GRI 303: Water and Effluents (2018)	303-1 Interactions with water as a shared resource	4.2 The environmental impact management, PP. 119 -120	
	303-2 Management of water discharge-related impacts	4.2 The environmental impact management, PP. 119 - 120	
	303-3 Water withdrawal	4.2 The environmental impact management, P. 120 Annex, PP. 154 - 155	
	303-4 Water discharge	4.2 The environmental impact management, P. 120 Annex, PP. 154 - 155	
	303-5 Water consumption	4.2 The environmental impact management, P. 120 Annex, PP. 154 - 155	
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	4.2 The environmental impact management, P. 110 Annex, PP. 152 - 153	
	305-2 Energy indirect (Scope 2) GHG emissions	4.2 The environmental impact management, P. 110 Annex, PP. 152 - 153	
	305-3 Other indirect (Scope 3) GHG emissions	4.2 The environmental impact management, P. 110 Annex, PP. 152 - 153	
GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	4.2 The environmental impact management, PP. 118 - 119	
	306-2 Management of significant waste-related impacts	4.2 The environmental impact management, PP. 118 - 119	
	306-3 Waste generated	4.2 The environmental impact management, P. 118	
	306-4 Waste diverted from disposal	4.2 The environmental impact management, P. 119	
	306-5 Waste directed to disposal	4.2 The environmental impact management, P. 119	
GRI 308: Supplier Environmental Assessment (2016)	308-2 Negative environmental impacts in the supply chain and actions taken	3.3 The Group Supply Chain, PP. 88 - 96	

GRI STANDARD TITLE	INDICATOR	IN-TEXT REFERENCE	OMISSIONS AND NOTES
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	2.1 People first, PP. 58 - 59 Annex, PP. 150 - 151	
	403-1 Occupational health and safety management system	3.2 Employees' Health and Safety, PP. 85 - 87	
	403-2 Hazard identification, risk assessment, and incident investigation	3.2 Employees' Health and Safety, PP. 85 - 87	
	403-3 Occupational health services	3.2 Employees' Health and Safety, PP. 85 - 87	
	403-4 Worker participation, consultation, and communication on occupational health and safety	3.2 Employees' Health and Safety, PP. 85 - 87	
GRI 403: Occupational Health and Safety (2018)	403-5 Worker training on occupational health and safety	3.2 Employees' Health and Safety, PP. 85 - 87	
	403-6 Promotion of worker health	3.2 Employees' Health and Safety, PP. 85 - 87 2.3 People professional development and wellbeing, P. 74	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2 Employees' Health and Safety, PP. 85 - 87	
	403-8 Workers covered by an occupational health and safety management system	3.2 Employees' Health and Safety, PP. 85 - 87	
	403-9 Work-related injuries	3.2 Employees' Health and Safety, P. 87	
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	2.3 People professional development and wellbeing, P. 67	
	404-3 Percentage of employees receiving regular performance and career development reviews	2.3 People professional development and wellbeing, P. 72	
GRI 405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	1.2 Governance, P. 34 2.1 People first, P. 57 Annex, PP. 148 - 149	
	405-2 Ratio of basic salary and remuneration of women to men	2.2 Our path towards diversity and inclusion, P. 65	
GRI 413: Local Communities (2016)	413-1 Operations with local community engagement, impact assessments, and development programmes	3.3 The Group Supply Chain, PP. 93 - 96 4.2 The environmental impact management, PP. 114 - 115 5. Our pledge for local communities, PP. 130 - 141	
GRI 414: Supplier Social Assessment (2016)	414-2 Negative social impacts in the supply chain and actions taken	3.3 The Group Supply Chain, P. 91	

UN 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, the environment and anti-corruption. Lavazza became a signatory to the ten principles in 2017, undertaking to renew its commitment on a yearly basis.



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.



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.

INDEPENDENT AUDITORS' REPORT



Limited assurance report on the Sustainability Report 2023

To the Board of Directors of Luigi Lavazza SpA

We have undertaken a limited assurance engagement on the Sustainability Report of Lavazza for the year ended 31 December 2023. Lavazza identifies, only for Sustainability Report 2023 purposes, the aggregation of the companies Luigi Lavazza SpA, Cofincaf SpA, E-Coffee Solutions Srl, Carte Noire Sas, Carte Noire Operations Sas, Kicking Horse Coffee Co. Ltd, Lavazza Australia Pty Ltd, Lavazza Australia OCS Pty Ltd, Lavazza Coffee UK Ltd, Lavazza France Sas, Lavazza Japan GK, Lavazza Kaffe GmbH, Lavazza Netherlands BV, Lavazza Professional France Sas, Lavazza Professional Germany GmbH, Lavazza North America Inc, Lavazza Professional UK Ltd, Lavazza Professional UK Operating Services Ltd, Lavazza Spagna SL, Lavazza Sweden AB, Luigi Lavazza Deutschland GmbH, Merrild Baltics SIA, Merrild Kaffe ApS, Nims SpA, Lavazza Argentina SA, Lavazza Capital Srl e Lavazza Do Brasil Ltda.

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 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.

Our Independence and Quality Control

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

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Our firm applies International Standard on Quality Management 1 (ISQM 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express, based on the procedures performed, on whether the sustainability Report complies with the requirements of the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements - Assurance Engagements other than Audits or Reviews of Historical *Financial* Information (“ISAE 3000 revised”) issued by the International Auditing and Assurance Standards Board 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.

Therefore 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 we performed on the Sustainability Report were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations, agreeing and reconciling with underlying records and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. We analysed the definition process of the material topics reported in the Sustainability Report with reference to the methods of analysis and understanding of the context, identification, assessment and prioritization of actual and potential impacts and internal validation of the results of the process;
2. We compared the financial information reported in the “3.1 Value creation” section of the Sustainability Report with the information included in the Lavazza Group's consolidated financial statements as of 31 December 2023 on which other auditors issued an audit opinion, in accordance with article 14 of legislative decree n° 39 of 27 January 2010, on 23 April 2024;
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 through 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, Carte Noire Operations Sas, Kicking Horse Coffee Co. Ltd, Lavazza North America Inc, Lavazza Professional UK Ltd, Carte Noire Sas and Merrild Kaffe ApS, 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 procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Lavazza for the year ended 31 December 2023 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, 18 July 2024
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 2023 translation.





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