

BLEND FOR BETTER: FROM THE DEEP ROOTS OF SUSTAINABILITY TO THE FUTURE.

ENVIRONMENTAL COMMITMENT

“I don’t want to be part of a world that destroys nature’s treasures.”

Luigi Lavazza, 1934

Lavazza’s attentiveness to environmental sustainability issues goes back to the 1930s and has never ceased to influence the company’s industrial and commercial decisions or its commitment to the places and communities where it operates. Within the framework of the Group’s innovation policy, **environmental sustainability is now guiding the development of processes and products** to reduce environmental impact and produce long-term positive effects in line with two of the four UN Sustainable Development Goals identified as priorities for the Group in its **Sustainability Manifesto: Goal 12 - Responsible consumption and production, and Goal 13 - Climate action.**

Coffee is one of the crops most vulnerable to the impact of climate change, which includes loss of biodiversity and declining productivity and quality, with negative consequences for farmers’ living conditions.

Mindful of this, Lavazza Group has stepped up its efforts and raised the bar in terms of its ambitions: by means of an integrated **bean-to-cup** scientific process, the Group has drawn up a detailed **environmental sustainability strategy** in which its commitment to combating climate change translates into a number of programmes of strategic intervention, including its **“Roadmap to Zero”** to reduce and offset emissions, and its **“Sustainable Packaging Roadmap”** based on the principles of the circular economy.

The **Roadmap to Zero** aims to gradually make the Group **“carbon neutral”** by 2030, achieving zero impact of total CO₂ emissions by balancing those produced and their absorption not only through reduction programmes but also through offsetting, in which Lavazza purchases **carbon credits**. These are so-called “green credits”, each being the equivalent of 1 tonne of non-emitted or non-absorbed CO₂ generated by supporting and funding positive-impact projects developed outside the company’s supply chain. Each credit obtained certifies the reduction or removal of 1 tonne of CO₂ emitted into the atmosphere, which is used to offset those emissions that cannot be reduced. But that’s not all: in the case of the first three emissions offsetting projects chosen by Lavazza Group, the purchase of carbon credits also means funding and **supporting the improvement of living conditions in local communities, thus ensuring not only environmental but also social and economic benefits.**

Such projects were backed in order to achieve **full carbon emissions neutrality for the activities in the production facilities, offices, flagship stores and the vehicle fleet of the entire Lavazza Group (scopes 1 and 2), accomplished at the end of 2020.**

Madre de Dios in Peru, Kariba in Zimbabwe and Guaranè in Uruguay are the three sustainable development and carbon credit purchasing programmes verified according to VCS standards, the most widely used voluntary GHG¹ certification programme, based on a rigorous assessment process.

MADRE DE DIOS – PERÙ

Near Machu Picchu, the site of ancient Inca ruins, the construction of an inter-oceanic road is endangering the conservation of one of the world's most precious places in terms of biodiversity, with some 35 endemic species. Monitored according to VCS and CCBA standards, this project aims to prevent the deforestation of 100,000 hectares of tropical rain forest and avoid 700,000 tonnes of CO₂ emissions a year. The positive impact on a social level is very high: 470 jobs have already been created for the inhabitants of local communities.

KARIBA – ZIMBAWE

This project is having a huge social as well as environmental impact, safeguarding the independence of native communities and improving their wellbeing by upgrading healthcare, infrastructures, education and agriculture: for example, 37,000 people now have access to drinking water thanks to the repair of 147 wells. Further, over the years, the project has safeguarded 785,000 hectares of land against deforestation and prevented over 3.5 million tonnes of CO₂ emissions thanks to initiatives including the creation of communal kitchen gardens and training for beekeepers on fire management and ecotourism, with a positive knock-on effect for the entire region.

GUARANÉ – URUGUAY

This project is replanting woodland and restoring degraded prairies to improve soil quality and biodiversity whilst avoiding carbon emissions. Importantly, it has launched a sustainable lumber industry to create new jobs and strengthen the region's rural economy.

Lavazza Group is committed to offsetting its annual CO₂ emissions with these and other certified projects chosen from year to year.

SUSTAINABLE PACKAGING ROADMAP

Lavazza Group's objective is to **guarantee maximum quality coffee with the lowest possible environmental impact** thanks to continuous process and product innovation. Lavazza Group on one hand employs the most innovative techniques right from the initial design phases of its packaging, coffee machines and production models and, on the other, with its sustainable by design approach, applies the principles of the circular economy to avoid waste and reduce environmental impact, thereby boosting efficiency and reducing emissions and waste across the product's entire life cycle.

With this in mind, the **Sustainable Packaging Roadmap** aims to make the entire packaging portfolio reusable, recyclable or compostable by **2025**.

Also covered by this roadmap is the gradual transition to recyclable packaging and an increasingly small carbon footprint for its **bean and ground products**, starting with the new packaging launched on the market in 2020 for certain formats in the **Lavazza iTierra!** range, an icon of social and environmental sustainability.

Another virtuous case in point is Lavazza Professional, which launched **Eco Cups**, paper cups which **can be recycled up to seven times** and are easy to dispose of as sorted waste, even in the more demanding markets like Germany and the UK.

Lastly, **the responsible use of resources** along the whole chain is a key strategy on the road to environmental sustainability. In Italy and France, for example, power is now supplied 100% from renewable sources, and in Italy, from 2012 to 2014, this progress enabled a 90% reduction in correlated CO₂ emissions.

Blend for Better is Lavazza Group's new sustainability communication concept, which



BLEND FOR BETTER
LAVAZZA GROUP COMMITMENT

embraces the sustainability commitment of the Company and its brands and defines the Group's current positioning in the field of Corporate Social Responsibility, from its deepest values, going far back in time, to its commitment today, when sustainability is being increasingly integrated into its business.

Lavazza is a pioneer in sustainability: it adopted a concrete strategic roadmap to sustainable development that also involved **an evolution of the Company's current identity**, which is based on the Group's key values and strategies as expressed in its **Sustainability Manifesto**, its four **Values** – **Authenticity, Passion for Excellence, Responsibility, Inventiveness** – and the **Group's Purpose**: "Awakening a better world every morning".

1 Acronym for Green House Gases.