

LAVAZZA
TORINO, ITALIA, 1895

**A GOAL
IN EVERY
CUP**

LAVAZZA
TORINO, ITALIA, 1895
Sustainability Report 2018



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Alberto Lavazza,
Chairman

"Responsibility" for Lavazza is the by-word for the "engine of change": the sense of responsibility that we have always nurtured towards consumers and colleagues, but also towards our planet and all the communities in which we operate, drives us to innovate and constantly seek cutting-edge inspirations and solutions.

At Lavazza we combine a constant focus on people with an analysis of world development, so we can chart a course able to tackle the challenges of sustainability in a concrete manner, cultivating dialogue with persons and active engagement of local areas.

2018 saw Lavazza continuing to consolidate and develop its own process of globalisation: so, it is increasingly important for the Company to evolve taking account of the new areas in which it operates, benefiting from and enhancing their distinctive social and cultural features.

Nuvola Lavazza, the new headquarters which opened last year, innovative and open to the world, is a fitting embodiment of this spirit: that of a truly global Company, rooted in the area where it was born. In Nuvola we share our history and our identity — through the Lavazza Museum which has already attracted 25,000 visitors in just a few months — and we are open as a place

of thought, hosting major international events in the field of economics, culture and sustainability.

We are a family-run Company that has believed in a project for more than 120 years and that wants to perpetuate and develop it over time: it is for this reason that we are working to achieve ever greater integration of sustainability in the business and to disseminate principles for safeguarding the planet and humankind.

But a better future cannot be built alone: in 2017, we decided to embrace a process of collaboration with the major bodies that are proposing to create a system built on the sustainability goals, endorsing the UN Agenda 2030 and its 17 Sustainable Development Goals and joining the Italian Alliance for Sustainable Development and the United Nations Global Compact.

During this two-year period we have conducted an in-depth analysis of the impact on the different Sustainable Development Goals and implemented a programme to engage our stakeholders and disseminate as far as possible knowledge of the Global Goals.

"A goal in every cup" is the title of Lavazza's Sustainability Report, to recall together the final stages of our long corporate responsibility journey.

The year 2018 marked further milestones in the journey of expansion undertaken by Lavazza in recent years: increasing globalisation of the market and the Company, accompanied by progressive growth in the most dynamic segments and in the emerging markets for coffee.

We can quote a few significant figures: a 9.3% increase in consolidated revenue in 2018 compared to 2017, a rise from 17 to 27 billion cups of coffee served worldwide and a workforce that grew from 2,500 in 2014 to around 4,000 in 2018. Last year two new companies also joined the Lavazza Group, further strengthening its direct operations in all the coffee segments, particularly the Away-From-Home segment.

This important growth was always accompanied by Lavazza's continuing vocation for quality excellence and the consolidation and development of its status

as a responsible and sustainable company. These values integrated in Lavazza's business have been recognised by stakeholders and civil society: in 2018, for the first time and taking top spot among Italian companies, Lavazza entered the "2018 Global CR RepTrak" ranking, a list of the Top 100 global companies with the best CSR reputation, which reflects how public opinion perceives the corporate responsibility of the companies analysed. In 2018, Lavazza also reconfirmed its endorsement of the United Nations Global Compact, undertaking to respect its fundamental principles within the company's own operations.

These important results bear witness to the Group's ever greater engagement in the journey to integrate sustainability themes.

The Sustainability Report, "A Goal in Every Cup", is intended to be the instrument for narrating the story of this journey.



Antonio Baravalle,
Chief Executive Officer



Methodological Note

Document objectives

The Sustainability Report 2018 represents the tool that Lavazza uses for disclosing the Company's annual results about Sustainability to its stakeholders. This year, the reporting scope has been extended to additional Lavazza's foreign companies, with the goal of preparing, in the coming years, a Report including the whole Group.

A detailed description of the subsidiaries included in the scope of the Sustainability Report 2018 is provided in the section "Reporting Scope and Period".

Drafting principles and reference standards

The Lavazza Institutional Relations & Sustainability Department has coordinated the preparation of the Sustainability Report 2018, gathering contributions from the entire organisational structure of the Group's companies included in the reporting scope.

This document has been drawn up according to the technical and methodological reference provided by the Global Reporting Initiative Sustainability Reporting Standards (hereinafter "GRI Standards"), issued by the Global Reporting Initiative in 2016. In detail, according to the GRI 101 Standard: Foundation, paragraph 3, Lavazza has opted to prepare this document according to the "GRI Referenced" approach, using a selected set of standards to report the information presented in this Report.

The GRI indicators were selected considering the importance of the various material topics to Lavazza.

References to the selected GRI Standards are provided in the final table on indicators. Having endorsed the United Nations Global Compact, Lavazza has also opted to include in its Sustainability Report the Communication on Progress (COP), the contents of which have been enriched with a view to informing all internal and external stakeholders about the activities undertaken and results achieved in implementing the Global Compact principles. The section in the Appendix "Lavazza and the Global Compact" provides further COP details.

Each chapter of this Report contains references to the UN Sustainable Development Goals (SDGs) applicable to Lavazza.

Reporting scope and period

Lavazza is present on five continents, in more than 90 countries worldwide, and operates through both direct subsidiaries and a broad network of distributors. Lavazza's industrial system consists of ten manufacturing plants: three in Italy (Turin, Gattinara and Pozzilli); the Carte Noire plant in France and that of Kicking Horse Coffee in Canada; the Lavazza Professional plants (two in the United Kingdom and one in the United States); and two production hubs, one in Brazil and one in India, which serve the local markets.

The Lavazza Group workforce is composed of about 4,000 people worldwide. In Italy, Lavazza reaches its consumers directly through operators such as retail chains and Ho.Re.Ca. points of sale. Abroad, Lavazza operates across different markets through its subsidiaries and a network of distributors specialising in the Home and Away-From-Home channels. Lavazza caters to all consumption needs, offering its customers a wide and diverse range of products.

The figures provided in this Report refer to:

- financial years 2016, 2017 and 2018 with regard to Luigi Lavazza S.p.A. and its foreign subsidiaries included in the scope of the Sustainability Report 2016¹;
- financial years 2016 and 2017 with reference to foreign subsidiaries included in the scope of the Sustainability Report 2017 for the first time²;
- financial year 2018 only with regard to the Indian subsidiary Fresh and Honest Café Limited, included for the first time in the scope of the Sustainability Report 2018.

Any exception is set out within the document and/or with dedicated footnotes.

¹ The subsidiaries included in the scope of the Sustainability Report 2016 are: Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, and Merrild Kaffe Aps.

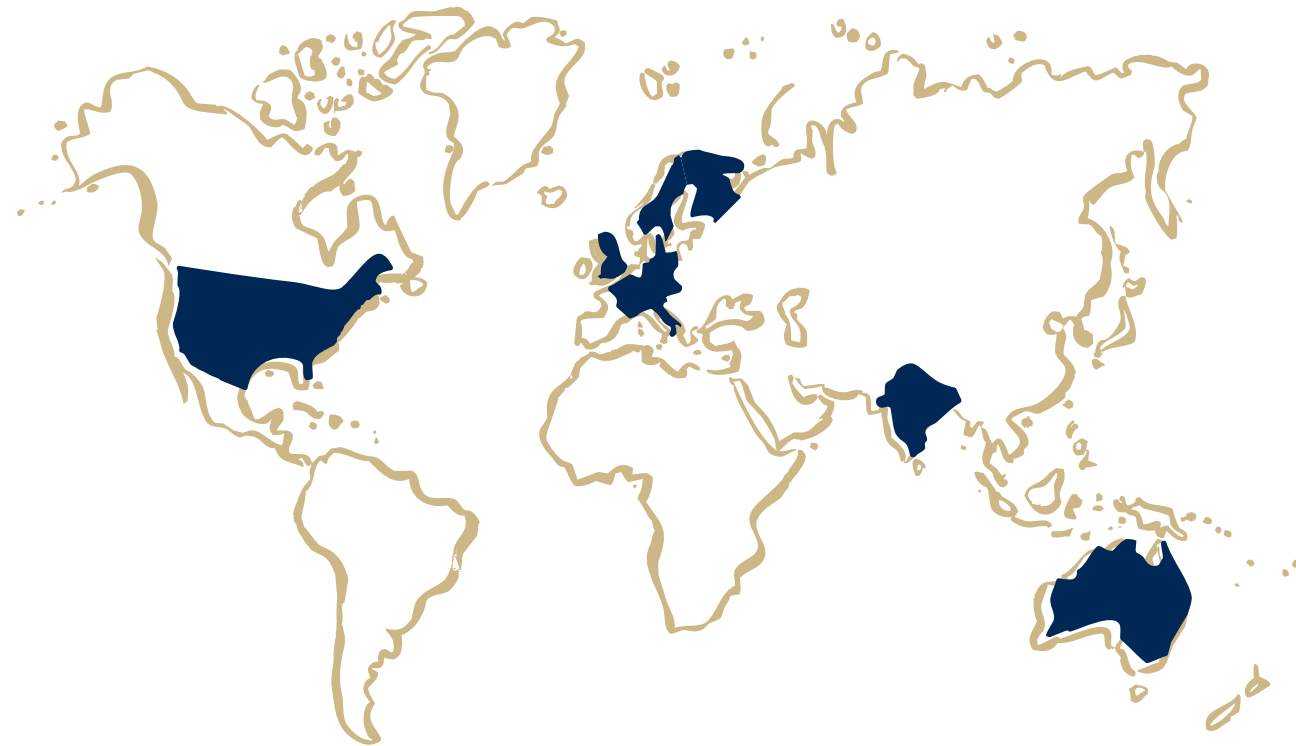
² The subsidiaries included in the scope of the Sustainability Report 2017, besides those listed for 2016, are: Lavazza Premium Coffees Corp., Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, and Lavazza France.

LUIGI LAVAZZA S.p.A.

Parent company, based in Turin


 **Headquarters, Innovation Center and Sales Areas**


 **Manufacturing plants of Turin, Gattinara and Pozzilli**




FOREIGN SUBSIDIARIES


of the Lavazza Group³, both commercial and manufacturing


 **Luigi Lavazza Deutschland GmbH**
a Frankfurt-based German commercial subsidiary, part of the Lavazza Group since 1987


 **Lavazza Coffee UK Ltd**
a London-based British commercial subsidiary, part of the Lavazza Group since 1990


 **Merrild Kaffee Aps**
a Fredericia-based Danish commercial subsidiary, part of the Lavazza Group since 2015


 **Lavazza Australia Pty Ltd**
a Melbourne-based Australian commercial subsidiary, part of the Lavazza Group since 2015


 **Fresh and Honest Café LIMITED**
a Chennai-based Indian manufacturing subsidiary, part of the Lavazza Group since 2007


 **Carte Noire Operations Sas**
a French manufacturing subsidiary, part of the Lavazza Group since 2016

 **Lavazza Kaffe GmbH**
a Vienna-based Austrian commercial subsidiary, part of the Lavazza Group since 1988

 **Lavazza Sweden AB, previously Lavazza Nordics AB**
a Stockholm-based Swedish commercial subsidiary, part of the Lavazza Group since 2009

 **Lavazza Premium Coffees Corp**
a New York-based American commercial subsidiary part of the Lavazza Group since 1989

 **Carte Noire Sas**
a Boulogne-based French commercial subsidiary, part of the Lavazza Group since 2016

 **Lavazza France**
a Boulogne-based French commercial subsidiary, part of the Lavazza Group since 1982, and Espresso Service Proximité S.A.

³ Unlike the consolidated financial statements, the scope of this Report does not include: NIMS S.p.A., Kicking Horse Coffee Co. Ltd, Lavazza Spagna S.L., Lavazza Do Brasil Ltda, Cofincaf S.p.A., Lea S.r.l., Lavazza Eventi S.r.l., Lavazza Netherlands B.V., Coffice SA, Almada Comercio de Café Ltda, Lavazza Capital S.r.l., Merrild Baltics SIA., and Lavazza Professional, Lavazza Argentina S.A., Lavazza Trading Shenzhen Co Ltd, Lavazza Maroc Sarl, Immobiliare Innet srl.

Stakeholder engagement and materiality analysis

In accordance with GRI guidelines, Lavazza has defined the content of its Sustainability Report 2018 based on the following reporting principles:

- Stakeholder Inclusiveness;
- Sustainability Context;
- Materiality;
- Completeness.

In structuring the Report, Lavazza therefore analysed its business (analysis of Lavazza's sustainability context) and its stakeholders' interests and expectations. To identify the most relevant topics eligible for inclusion in the 2018 Report, the Company has:

- identified its stakeholders, using the list contained in Lavazza's Code of Ethics as its primary source;
- surveyed and assessed the expectations and topics of greater interest to its stakeholders through dedicated listening and communication tools and specific stakeholder engagement initiatives;

- updated the materiality analysis on the most significant sustainability topics for the Group.

In 2018, Lavazza:

- conducted specific internal stakeholder engagement activity through interviews with top management and shareholders;
- continued with local community engagement initiatives;
- implemented the Goal Zero programme, consisting of various initiatives aimed at involving stakeholders in the United Nations Global Goals, detailed in the first chapter of this Report;
- conducted the Group-wide communication campaign "2030: What are WE doing?" aimed at getting employees engaged in issues relating to the Global Goals.

Lavazza's stakeholders and major communication tools

SHAREHOLDERS AND TOP MANAGEMENT

- Interviews
- Monthly management meetings
- Specific meetings with Shareholders with reference to sustainability topics

CUSTOMERS AND CONSUMERS

- Customer Service
- Social networks
- Sales network as a listening, mediation and communication tool

LOCAL COMMUNITIES

- Community engagement initiatives

COFFEE GROWERS COMMUNITIES

- Regular visits to communities of coffee growers benefiting from Lavazza Foundation's projects

SUPPLIERS

- Regular meetings with suppliers and on-site visits
- Shared plans for improvement
- Sharing of the Supplier Code of Conduct and the Code of Ethics

INTERNATIONAL, NATIONAL AND LOCAL INSTITUTIONS NON-GOVERNMENTAL ORGANISATIONS

- Participation in national and international organisations such as Comitato Italiano Caffè, Comitato Promozione Caffè, European Coffee Federation, Institute on Scientific Research on Coffee, World Coffee Research, SAFE Platform.
- Initiatives with the participation of non-governmental organisations like Save the Children and Oxfam.
- Sharing of the Supplier Code of Conduct and the Code of Ethics

GOVERNANCE BODIES

- Organisation of regular meetings
- Ethics Committee

PRESS AND DIGITAL MEDIA

- Relations with local and international press
- Social networks

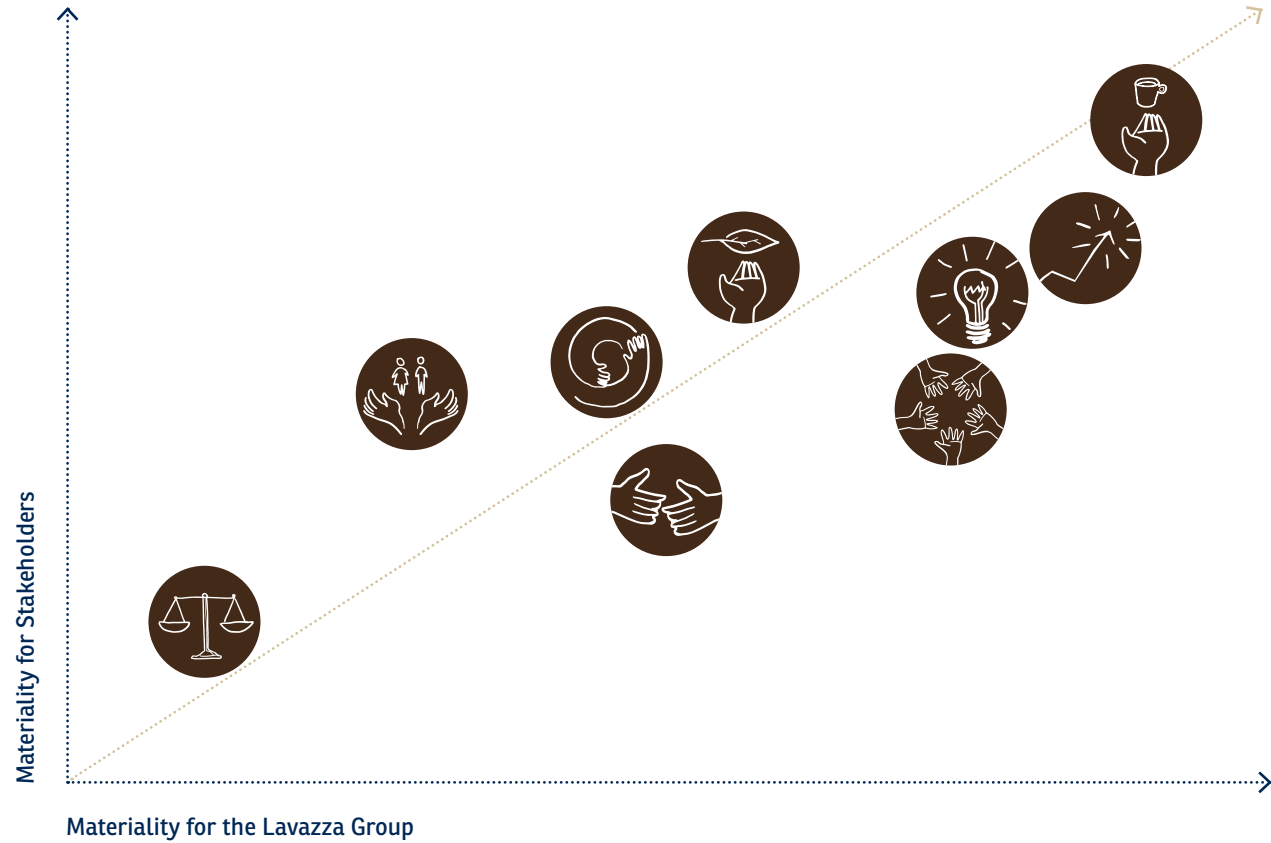
HUMAN RESOURCES

- Training and performance management programmes
- Focus groups and group coaching
- Welfare programme
- Sharing of the Employee Code of Conduct and the Code of Ethics
- Internal communications activities centred on sustainability topics

TRADE UNIONS AND TRADE ASSOCIATIONS

- Regular briefings on the Group's situation
- Negotiation meetings about corporate and production plant issues
- Relationships and participation in the activities of trade associations

Lavazza's Materiality Matrix



-  Attention to local communities
-  Environmental performance
-  Central role of the Lavazza Group's people
-  Quality and attention to customers
-  Innovation
-  Human rights
-  Relations with suppliers
-  Growth, profitability and corporate values
-  Fight against bribery and corruption

In determining the structure and contents of its Sustainability Report, Lavazza took into account not only the topics included in the materiality matrix presented in the previous edition of the document, but also the principles of the United Nations Global Compact.

Accordingly, the following steps were taken to update the materiality matrix:

- rationalisation and aggregation of the topics included in the 2017 materiality matrix;
- inclusion among the material topics of "Human rights" and "Fight against bribery and corruption" in view of the importance of the principles of the Global Compact to Lavazza;
- interviews with the top management and shareholders, as indicated above, who were asked to assign a priority to the topics identified, assessing their materiality to Lavazza and its stakeholders.

The graph shows the results of the update analysis carried out: the degree of priority attributed to the topics according to an internal perspective (horizontal axis) and external perspective (vertical axis) is highlighted within the matrix. The relevant topics included in the materiality matrix are discussed in the chapters of this Report and in the UN Global Compact Communication on Progress.

ASSURANCE

A third-party audit firm has carried out a limited audit on the Lavazza Sustainability Report. The results of the audit conducted are contained in the Independent Auditors' Report attached at the end of this document.



CHAPTER 1
**THE LAVAZZA
GROUP**

Lavazza in 2018



Key figures

LAVAZZA REWARDED
WITH

32nd PLACE IN
2018 GLOBAL
CORPORATE
RESPONSIBILITY
REPTRAK



LEVEL
GLOBAL COMPACT
ADVANCED



REVENUES
GROWTH OF
9.3%
COMPARED
TO 2017

2 COMPANIES
ACQUIRED

*Blue POD COFFEE CO.
MARS DRINKS*

RELATED SDGs

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



17 PARTNERSHIPS
FOR THE GOALS



1.1 *Lavazza in 2018: a year of recognition*

As in recent years, Lavazza continued to grow rapidly in 2018, expanding constantly at the international level. Two new companies were added to the Lavazza Group: the Australian Blue Pod Coffee Co. in the Office Coffee Service (OCS) sector and Mars Drinks, the coffee business of Mars International. In continuity with the previous acquisitions — Carte Noire and ESP in France, Merrild in Denmark, Kicking Horse Coffee in Canada and Nims in Italy — this deal allowed Lavazza to further strengthen its direct coverage of all segments of the coffee market, and particularly the Away-From-Home channel.

In 2018, Lavazza also officially opened its new Headquarters, including a new museum that recounts the Company's history, the gourmet restaurant Condividere and La Centrale events area.

The Company's constant commitment, in the form of the significant investments made in recent years, allowed it to garner a number of awards in 2018.

Brand Finance Soft Drinks 25 2018 named Lavazza the brand with the greatest increase in its brand asset value (the economic value generated by its brand strategy), up by 34% in 2018 on 2017. Lavazza also received the "**Superbrand of the Year**" and "**Superbrands Passion for Branding 2018**" awards, which celebrate the brand's excellence and the commitment of those who continue to invest in brand values, making respect and sustainability the focus of its growth strategies.



Acquisitions in 2018

LAVAZZA ACQUIRED THE AUSTRALIAN FIRM BLUE POD COFFEE CO.

In harmony with the Group's internationalisation strategy, Lavazza acquired 100% of Blue Pod Coffee Co., an Australian company that specialises in distributing Lavazza espresso systems (capsules and machines) for the Office Coffee Service sector.

This deal confirms Australia's importance as a key market, where Lavazza will directly serve all segments of the coffee market — both Home and Away-From-Home.

Lavazza has been present in Australia for over 30 years as the brand symbolic of quality Italian coffee, and in 2015 it began operating locally through its subsidiary Lavazza Australia Pty Ltd, based in Melbourne.

LAVAZZA ACQUIRED MARS DRINKS

Thanks to the agreement signed at the end of the year, the Lavazza Group continued to pursue its international expansion strategy in key markets such as North America, Germany, the UK and France, further strengthening its position in the Office Coffee Service (OCS) and Vending channels, which provide important growth and development opportunities.

The business line acquired, which has been renamed Lavazza Professional, includes the single-serve Flavia machines and the freestanding Klix vending machines — both leading brands in the OCS and Vending channels — beside several proprietary brands.



Lavazza recognised in the 2018 Global CR RepTrak

Lavazza's commitment to its strategic approach to sustainability was rewarded with 32nd place — the highest spot of any Italian company — in 2018 Global CR RepTrak, the rankings of the top 100 global companies in terms of corporate responsibility, which analyses the public's perception of corporate responsibility on the basis of more than 230,000 individual ratings out of a total of 140 companies. The assessment is based on three of the seven parameters considered in the Global RepTrak rankings, namely: Workplace, Governance and Citizenship.

The results of this study, published by the Reputation Institute, indicate an important turning point in the perception of corporate responsibility in public opinion. In addition to a financial commitment, companies must also demonstrate that they are socially responsible and especially attentive to environmental issues. Lavazza was included in the rankings for the first time in 2018, when it received important recognition for the Group's commitment to focusing on sustainability issues.

32nd
AMONG THE TOP 100 GLOBAL
COMPANIES IN TERMS OF CSR

The main 2018 events

January

- **Australian Open in Melbourne** – Lavazza is the official coffee partner of the Australian Open.
- **SIGEP (Rimini)** – Lavazza participates in the international event dedicated to professionals in the ice cream, artisanal confectionery, bakery and coffee industries.

February

- **Gulfood - Dubai** - Lavazza is present at Gulfood, one of the world's foremost hospitality fairs, with a stand dedicated to its Food Service range.
- **The night before the Oscar** - Lavazza is present in Los Angeles with its products.

April

- **London Coffee Festival** - Lavazza is present at the London Coffee Festival with a stand offering its ¡Tierra! range, focusing on the ¡Tierra! Colombia blend.
- **Salone del Mobile and Tiny launch – Milan** - Lavazza introduces its new machine, Tiny, along with a limited edition version.
- **Salone del Libro – Turin** - Lavazza is present at the Salone del Libro event, where it presents the Lavazza volume entitled "Nuvola Lavazza. Cultura di impresa e trasformazioni della città" ("Lavazza Nuvola: Business Culture and Urban Transformation").

May

- **Seeds and Chips:** Lavazza participates in the international event dedicated to food and innovation, presenting Coffee&Climate together with the coffee growers participating in this project in Honduras.
- **ISSpresso: "The future starts here" exhibition** - A mock-up of ISSpresso is displayed at Victoria and Albert Museum.
- **Milano Coffee Festival** - Lavazza attends the Milano Coffee Festival, a coffee-themed event, where it sets up a stand offering its ¡Tierra! Bio product.



INAUGURATION OF THE NEW NUVOLA HEADQUARTERS

March

- **Firma launch by Lavazza France – Paris** - Lavazza organises the launch of Firma during the Office Coffee Service Convention in Paris.
- **Inauguration of the Q-Grader Room – Training Center** - At its Training Center, Lavazza inaugurates the new "Q - Grader" Lavazza Coffee course room dedicated to coffee professionals interested in obtaining official certification as coffee-tasters from SCA – Specialty Coffee Association.

Lavazza organises a one-day event to introduce Nuvola to the press, a day for employees and their families and an Open Day for the City of Turin.

June

- **Wimbledon** - Lavazza is the official coffee of the Wimbledon tournament, where it operates two cafés.

September

- **Salone del Gusto** - Lavazza is Official Partner to the 12th edition of the event Terra Madre Salone del Gusto 2018.
- **Launch of ¡Tierra! Bio** - Lavazza lancia la nuova miscela Tierra Bio retail.
- **The CSR and Social Innovation Fair** - Lavazza takes part in various panels, offering ¡Tierra! Colombia and setting up the travelling exhibit on the 2018 Lavazza Calendar.

July

- **US Open** - Lavazza is the official coffee partner of the fourth Grand Slam tournament.

October

- **World Trade Organization** - Lavazza presents its sustainability practices together with Save the Children during the World Trade Organization Public Forum.
- **World Investment Forum** - Lavazza participates to a session devoted to women in business at the World Investment Forum.
- **Millennials Ambassadors Forum HRC** - The Lavazza events area hosts the Millennials Ambassadors Forum, inspired by the principles of the United Nations Sustainable Development Goals.

August

Inauguration of the Paradiso Café

Lavazza inaugurates the Paradiso Café, located in the Giardini complex of the Biennale di Venezia.

November

2019 Calendar launch

"Good to Earth"

- **2019 Calendar launch** - Lavazza launches its 2019 Calendar, "Good to Earth", featuring photographs by Ami Vitale.
- **Coffee Sapiens** - Lavazza presents the volume "Coffee Sapiens", created by Lavazza in collaboration with Elbullifoundation.

December

Lavazza acquires

MARS DRINKS



Inauguration of Condividere

The restaurant Condividere by Lavazza is inaugurated.



- **Sustainable Development Festival: "Goal 4 – Quality education"** - The Lavazza events area hosts the presentation of the street-art project "Towards 2030. What Are You Doing?" and the award ceremony for the competition "Lavazza and Youth for SDGs".
- **Roland Garros** - Lavazza is the official coffee of the Roland Garros tournament held in Paris.

Coffee Sapiens: understanding for innovation

Coffee Sapiens is a project undertaken by Lavazza in collaboration with ELBulliFoundation, a foundation formed in 2013 based on an idea by Ferran Adrià with the aim of promoting innovation and experimentation in the gastronomic field.

The manual seeks to provide a comprehensive overview of coffee, with a focus on the restaurant industry, and is intended for professionals interested in a well-rounded grasp of the subject, as well as the many coffee enthusiasts and the curious.

Coffee Sapiens analyses coffee history, consumption, production, industry and entrepreneurship. The volume features the "Sapiens" multidisciplinary methodology to analysis, based on classification and systematic analysis aimed at comparing and disseminating every single information known about coffee, in order to study its evolution in cultures worldwide, the habits and customs of various peoples and the constant technological innovation in this area.



A new flavour profile with a prized blend: ¡Tierra! Colombia

In 2018, Lavazza launched this prized blend of washed Arabica as its interpretation of Colombian coffee.

Like all the blends in the Lavazza ¡Tierra! range, it also tells a true sustainability story in every cup: ¡Tierra! Colombia is made of coffee from the Meta area, a coffee-growing region located at the foot of the eastern Andes, where coffee was not grown for an extended period as a result of the armed conflict. Since 2013, with the end of the conflict, farmers' families can receive from the government land previously used for illegal crops, with the aim of reviving the coffee plantations. The projects supported by the Lavazza Foundation have helped over one hundred Colombian farmers' families to restore coffee plantations after the period of guerilla conflict, creating sustainable working conditions, improving coffee quality and raising productivity through the application of sustainable growing standards.





Lavazza at the 2018 Salone del Gusto: the world of taste at Nuvola

Lavazza was Official Partner to the 12th edition of Terra Madre Salone del Gusto 2018, an event held in Turin from 20 to 24 September with a thematic focus on #foodforchange. Evolving tastes, in all of their ramifications in culinary trends, food image and sustainability: these were the subjects examined and explored from various perspectives during the debates, meetings and exhibits held at Lavazza's Nuvola Headquarters. Among them was a follow-up event on the project supported by the Lavazza Foundation in Ecuador together with the organisation Cospe.

#foodforchange



1.2 Group governance and financial performance

In Lavazza, sound family governance provides effective support to an industrial approach aimed at creating value not only in the short-term, but also over a longer period. This method allows the management team, delegated by the owners to define growth and development strategies, to plan medium- and long-term actions to continue to grow significantly as a global player in the sector. Lavazza has a Corporate Governance policy setting out the guidelines to be adopted at Group level. The corporate governance model adopted by the Parent Company is a traditional one and features a Board of Directors, chaired by Alberto Lavazza, and a Board of Statutory Auditors, chaired by Gianluca Ferrero. The Board of Directors is vested with full powers to set strategic policy to ensure that the Group is managed properly and efficiently. In addition to the Chairman, Board members include Vice Chairmen Giuseppe and Marco Lavazza, Chief Executive Officer Antonio Baravalle and Directors Antonella Lavazza, Francesca Lavazza, Manuela Lavazza, Pietro Boroli, Gabriele Galateri di Genola, Robert Kunze-Concewitz and Antonio Marcegaglia. The Board of Statutory Auditors is responsible for overseeing compliance with the law and the Articles of Association, respect for correct administration principles and, in particular, adequacy of the internal control system. The Group's subsidiaries operate under the management and coordination of the Parent Company, Luigi Lavazza S.p.A.



Board of Directors

CHAIRMAN
Alberto Lavazza



VICE CHAIRMEN
Giuseppe e Marco Lavazza



CHIEF EXECUTIVE OFFICER
Antonio Baravalle



DIRECTORS

Antonella Lavazza
Francesca Lavazza
Manuela Lavazza
Pietro Boroli

Gabriele Galateri di Genola
Robert Kunze-Concewitz
Antonio Marcegaglia



CORPORATE DEPARTMENTS

- Program Management Office
- Global Public Relation & Events
- Institutional Relation & Sustainability
- Coffee Machines Development & Production
- Food, Packaging & System R&D
- Marketing
- Business Unit Sales
- Operations
- Finance
- Human Resources and Property & Facility
- Legal & Corporate Affairs
- Quality
- Purchasing

Board of Statutory Auditors

Gianluca Ferrero
Angelo Giliardi
Lucio Paquini



Supervisory Board



Internal Audit



Internal control and risk management system

Lavazza's internal control and risk management system consists of tools, rules and internal procedures and organisational structures that allow the Group's activities to be managed in a way that is consistent with the Company's strategic and operating objectives.

The internal control system is organised on three levels:

- first level: consisting of line controls, designed to ensure that operations are conducted properly; they are carried out by the operating and business structures;
- second level: consisting of risk and compliance controls, which aim to ensure, amongst other things, that the risk management process is carried out correctly and that business operations are compliant with laws and regulations;
- third level: consisting of internal audit controls carried out by the Internal Audit Department and aimed at periodically assessing the completeness, adequacy, functionality (in terms of efficiency and efficacy) and reliability of the organisational structure of all other internal control system components.

The main business Functions and bodies responsible for the control activities are:

- the Supervisory Body, vested with autonomous powers of initiative and control, delegated to oversee the implementation of and compli-

ance with Lavazza's Organisational, Management and Control Model as per Legislative Decree No. 231/2001, as well as to keep it up to date;

- Internal Audit: Department reporting directly to the Board of Directors, delegated to implement an effective Internal Control System through audits of system completeness, efficacy and efficiency;
- Risk Management function: Function, created at the end of 2016, belonging to the Finance Department, responsible for risk management and assessment.

In 2018, the Compliance Function was also created within the Legal and Corporate Affairs Department in order to ensure the regulatory compliance of business activities and strengthen company culture in compliance matters through training activities.

The main initiatives managed in 2018 by the Compliance Function involved training in accordance with Legislative Decree No. 231/2001, the creation of a specific antitrust programme based on the guidelines issued by the Italian Competition Authority in 2018 and the adoption of specific measures relating to Regulation (EU) No. 2016/679 on the protection of personal data (GDPR).



With regard to the initiatives related to Decree No. 231, a specific training programme was designed for the sales force, to be held in 2019, whereas various privacy initiatives were undertaken in order to ensure compliance with the GDPR: in addition to designation of a Group Data Protection Officer, the Group's privacy organisation was set up, identifying privacy liaison officers from among the individuals with the greatest involvement in data processing. After having prepared the register of data processing for Group companies, specific privacy training was provided, in the form of three online modules in which **1,573 employees** participated for a total of **717 hours**.

SPECIFIC PRIVACY
TRAINING

717
HOURS

1573
EMPLOYEES

Risk Management at Lavazza

As part of a more general development path embarked on by the Lavazza Group, in 2017 a structured risk management system was set up, based primarily on three elements:

- the creation of a Risk Management function within the Finance Department;
- the implementation of a model for managing financial risks connected with green coffee procurement, and the resultant gradual application of a hedge derivatives trading strategy;
- the setting up of an Enterprise Risk Management (ERM) system aimed at providing a comprehensive and uniform view of all corporate risks and facilitating the spreading of a risk culture within the organisation.

Lavazza's ERM Model is a tool that the Company's management and top managers can use to identify and assess the risk factors and opportunities inherent in company decisions in support and reinforcement of the Group's decision-making processes and forecasting abilities.

Since the launch of the model, the approach adopted has focused on the risks capable of jeopardising the achievement of the Company's strategic objectives, as adapted in the Group's Strategic Plan, and the active involvement of the top management in identifying, analysing and steering the main risks for the business.

At the operational level, an annual risk analysis is planned, together with periodic monitoring of the evolution of the risk exposure and the progress of mitigation measures. The Risk Management Function periodically reports the results of these activities to the top management and Board of Directors.



Operating and Financial Performance of the Group¹

€ thousand	2018	Ratio	2017 ²	Ratio
Revenue	1,870,003	100%	1,710,324	100%
EBIT	110,705	6%	108,501	6%
EBITDA	197,328	11%	185,798	11%
Adjusted EBITDA	206,466	11%	189,501	11%
Profit for the year	87,932	5%	77,915	5%
CAPEX	100,674		99,173	
Net financial position	(15,020)		(503,010)	
Equity attributable to the group	2,264,519		2,269,734	
Headcount	3,836		3,085	

¹ The figures presented in this section refer to the entire Group and not just to the companies within the reporting scope of the 2018 Sustainability Report.

² The Lavazza Group has applied international accounting standards (IFRSs) in preparing the operating and financial position information presented in its Financial Statements for the year ended 31 December 2018. The figures for 2017 were restated in accordance with IFRSs for comparability purposes.

CONSOLIDATED
NET REVENUES

+9.3%

PROFIT

+12.9%

2018 was a year of solid growth characterised by increased operating profitability, ongoing strengthening of the Group's brands and wide expansion both in Italy and in foreign markets, particularly in France, North America, Eastern Europe and the United Kingdom. Lavazza continued to invest in product innovation and, thanks to the acquisitions of the Australian company Blue Pod and the drinks business of Mars Inc. in the vending sector, the Company further strengthened its direct operations in all coffee segments.

Consolidated revenue amounted to €1.87 billion, up 9.3% from €1.71 billion for the previous year. The growth was attributable both to the companies acquired in 2017 (Nims, Kicking Horse and Esp) and the strong performance of pre-existing businesses, particularly in Italy, France, North America, Eastern Europe and the United Kingdom.

In **Italy** — which accounts for approximately 36% of total revenues — the Lavazza Group maintained its leading position in all channels, owing to the expansion of its commercial range in the single-serve segment, which remained the most dynamic one of the retail market, and its improved commercial coverage in the Away-From-Home sector. The Lavazza Group's **EBITDA** was **€197.3 million**, up by 6.2% compared to €185.8 million for the previous year; EBITDA margin was 10.6%.

Adjusted EBITDA was **€206.5 million** (+9% compared to €189.5 million for 2017) before one-off acquisition costs.

EBIT amounted to **€110.7 million**, up by 2.0% compared to €108.5 million for 2017, with EBIT margin of 5.9%.

Net profit amounted to **€87.9 million**, up 12.9% compared to €77.9 million for 2017.

Net working capital amounted to €283 million, down €107 million from €390 million at 31 December 2017. The change was attributable to the following components:

- lesser inventories attributable to pre-existing companies (€22 million)
- trade receivables, down by €35 million, with respect to the pre-existing scope, due to the improvement in collection times.
- Increase in operating liabilities by €17 million.

Net fixed assets amounted to €1,970 million, up by €590 million from €1,380 million at 31 December 2017, primarily due to the acquisition of the Mars Drinks business, as a result of the recognition of provisional goodwill of €527 million. The property lease for the Nuvola headquarters was concluded, resulting in an increase of €34 million.

Net financial position amounted to **€15.0 million**, compared with €503.0 million in 2017, due to the acquisitions undertaken in 2018, offset by the significant cash generated by operating activity.

1.3

"Goal Zero"

In 2017, Lavazza decided to take up the challenge issued by the United Nations by pursuing and promoting the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development: the UN Global Goals.

The goals in question are addressed to the business community and ask everyone to do their part in creating a sustainable future from an environmental and social standpoint.

In addition to conducting a thorough analysis of its impacts on the various Goals, Lavazza sought to implement a stakeholder engagement programme with the aim of raising the greatest possible awareness of the Global Goals and the messages that they seek to convey. This engagement programme, which extended to various categories of stakeholders throughout 2018, is known as Goal Zero.

Goal Zero is based on the conviction that we all can contribute, in our daily lives, to pursuing sustainable development, but in order to do so we all must be informed and aware of the messages that the Sustainable Development Goals seek to convey.



"2030: What Are You Doing?"

The 2018 Lavazza Calendar called "2030: What Are You Doing?", focusing on Sustainable Development Goals, marked the beginning of a spate of initiatives aimed at promoting "Goal Zero". The Calendar told the stories of 17 people who promote sustainability in their daily lives by engaging into small or big-scale sustainability initiatives, with the aim of persuading everyone to do their part in achieving the Global Goals.

The great success achieved by the Lavazza Calendar, which features photography by the artist Platon, a photographer committed to social sustainability projects, resulted in the creation of a travelling exhibition that made its way to various cities around the world. The photos for the Calendar "2030: What Are You Doing?" have been on display at organisations like the International Labour Organization, the Italian Stock Exchange, the United Nations Conference on Trade and Development and the Organisation for Economic Cooperation and Development. The exhibition has also been hosted by University campuses or Newspaper HQs like that of La Stampa.

In Turin, Milan, Perugia, Geneva, Paris, Hamburg and New York, Lavazza had the opportunity to present the Global Goals and the crucial contributions to the project by thousands of individuals.



During the year, the Company also implemented an integrated communications plan dedicated to the 17 Goals, with the aim of engaging stakeholders via various channels: an internal communications plan was created to reach all Lavazza Group employees entitled "2030: What Are WE Doing?" — of which more will be said in the following chapter — in addition to a Global Goals Contest dedicated to university students and an engagement plan focusing on Lavazza suppliers, aimed at establishing transparent dialogue with them on mutual expectations regarding the working relationship. In addition, art was used as a medium for communicating with the local communities in the places where Lavazza operates: the "Toward 2030" project — which will be discussed in detail in the following chapter — is one example of this.

Moreover, Lavazza also participated actively in the Sustainable Development Festival organised by the Italian Sustainable Development Alliance, involving the organisation of a national event entitled "Generation 2030". Goal Zero is based on the conviction that engaging as many people as possible on sustainability issues represents a way of multiplying the success of the initiatives, and reflects the ambition of reaching all individuals involved in this challenge.

17
GOALS

80
STUDENTS



Generation 2030 and the "Lavazza and Youth for SDGs" contest

During the Sustainable Development Festival, Lavazza hosted the celebration of Goal 4, "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all".

The event was attended by hundreds of participants, including students, members of the local community, institutions and professionals from the sustainability sector, and focused on two issues: inclusive and equitable quality education as a force for integration and development, and sustainable development education as essential to a widespread shift in mentality in favour of sustainability and adaptation of the educational system to the challenges and opportunities offered by today's world.

The focus of the event was on young people, which Lavazza sought to engage directly through its contest "Lavazza and Youth for SDGs", dedicated to Italian university students committed to studying and promoting the Sustainable Development Goals. In collaboration with the Network of Universities for Sustainable Development, the students were invited to participate in the contest by proposing innovative ideas to be implemented for the benefit of the coffee-producing communities supported by the Lavazza Foundation. Each working team submitted an analysis of the impact of its proposal on the Global Goals and the various interconnections between them.

One requirement for forming a working group was a range of different academic backgrounds: each group consisted of students enrolled in various undergraduate programmes, with the aim of obtaining contributions from each member and thus of ensuring the interdisciplinary nature of the projects.

Over 80 students were involved and two juries were formed: one consisting of industry experts asked to assess the feasibility of the projects, and another of an institutional nature representing the Company.

The working team awarded first place was a group of students from the University of Bari who presented a project aimed at teaching coffee-growing communities how to grow mushrooms using coffee waste. The students were given the chance to visit a coffee-growing community in Tanzania, in order to study and assess how to implement the project proposal.

The team from Turin Polytechnic, which was awarded second place with a project focusing on hygiene and sanitation involving fertilisers for coffee-growing soil, was rewarded with participation in a Summer School programme on the Sustainable Development Goals. The third group, enrolled in Tor Vergata University of Rome, proposed a project involving a hydroponic system for growing coffee. These students won a stay in Turin and it was given them the opportunity to visit the Lavazza's Nuvola Headquarters and its production facilities.



CHAPTER 2
PEOPLE AT THE CORE

Coffee-growing Communities,
Suppliers, Customers and
People of the Lavazza Group



Key figures

67
BENEFICIARIES OF THE
TRAINING PROGRAM

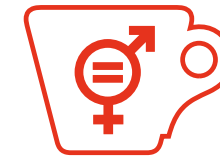


A CUP OF LEARNING
IN 6 COUNTRIES

Lavazza Foundation

MORE THAN

94,000
DIRECT BENEFICIARIES



24 **17**
PROJECTS COUNTRIES

RELATED SDGs



GOOD AGRICULTURAL PRACTICES
and **climate change adaptation**

SOCIAL DEVELOPMENT
and **access to technology**

Engagement
of **women and youth**



2.1 *Coffee-growing communities and the commitment of the Lavazza Foundation*

Coffee is a product of the land, and like the land it is threatened by the ongoing changes in our climate. The current climatic instability is menacing the supply of high-quality coffee. If we fail to take action to stem this phenomenon, millions of hectares risk vanishing in the span of a few decades, and millions of coffee growers risk losing their livelihoods and thus being forced to migrate.

It is not only Earth which provides us with coffee, but also about 25 million farmers in over 30 countries. Lavazza wants to stand by them in combating the effects of climate change, promoting good agricultural practices and supporting a sustainable social development.



¡Tierra!: the project that marked the start of our commitment

In 2002, Lavazza's focus on and commitment to coffee growing countries took the concrete form of the first sustainability project entirely conceived and developed by the Company — ¡Tierra!. This project was intended to promote sound agricultural practices, protect the environment and support the economic and social development of coffee-growing communities.

The first beneficiaries were small communities of caficultores in Peru, Honduras and Colombia. In the following years, the ¡Tierra! project was spread across other coffee growing areas in India, Brazil, Tanzania, Ethiopia and Vietnam.

In 2004, in order to coordinate, manage and effectively implement economic, social and environmental sustainability projects in coffee growing countries, the Company established the non-profit Giuseppe and Pericle Lavazza Foundation. Ever since, the Foundation has been promoting and financing a wide range of sustainability projects in coffee-producing countries, in some cases on its own and in others through public and private partnerships.

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

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

The main tools used to achieve these goals are:

- the spread of sound agricultural practices that foster coffee quality and respect for the environment;
- support for coffee-growers to help them build and manage their own organisations, in the form of associations, cooperatives and companies.

Organised growers can thus gain access to broader markets, obtain services useful to improving production and enjoy better access to credit and networks for marketing their products.

In addition, the Lavazza Foundation's projects also aim to:

- promote gender equality within families and communities;
- help young people realise their full potential through training programmes that motivate them not to abandon coffee-growing lands and to become coffee entrepreneurs instead;
- promote the diversification of products in order to reduce risks and facilitate greater food production;
- support reforestation;
- spread farming techniques that enable growers to respond effectively to the effects of climate change.
- introduce technologies to support coffee-growing techniques.

Another distinctive element of the Foundation's projects is that they envisage on-site activities to be implemented by local stakeholders. This ensures a direct engagement of coffee-growing communities and the development of trusted relationships that lead to the achievement of the expected results, which are therefore sustainable in the long term.



International Coffee Partners

Since 2001, Lavazza has been actively participating in International Coffee Partners (ICP), an organisation that brings together eight European coffee companies committed to sustainability projects in coffee-producing countries: Franck, Joh. Johansson Kaffe AS, Lavazza, AB Anders Löfberg, Neumann Kaffe Gruppe, Paulig Group, Tchibo, and Delta Cafés Group, which joined ICP in 2018.

Its mission is to launch, develop and monitor projects that spread agricultural best practices among small coffee growers, while fostering their direct involvement, so that they take charge of improving their working and living conditions.

The projects are based on the PPP (public-private partnership) approach, and involve international organisations, NGOs and national institutions, as well as private entities.

This approach is shared by the Lavazza Foundation, which has many years of experience with maximising the results of development projects through strategic partnerships formed with public or private partners on a pre-competitive basis.

In fact, a synergistic collaboration that pursues the economic, social and environmental sustainability of coffee production based on the pooling of skills, resources and expertise can benefit the entire industry. What is more, such collaboration gives rise to a leverage effect that yields profoundly meaningful results.

From 2001 to the present, ICP projects have involved over 79,000 coffee-growing families in 12 countries around the world.



79,000
COFFEE-GROWING FAMILIES
HELPED IN **12**
COUNTRIES

Coffee and Climate: coffee threatened by climate change

Climate change poses a real threat to coffee: it results in lower product quality and gradually reduces the areas suited for growing coffee.

In 2010, Lavazza became a founding member of Coffee&Climate, an initiative that aims to study the effects of climate change on coffee and provide small growers the technical tools they need to respond effectively to this challenge.

From 2010 to 2015, approximately 4,000 coffee-growers benefited from the technical support necessary to increase the resilience of their production systems. The pilot projects were implemented in Vietnam, Tanzania, Trifinio (an area on the border between Guatemala, Salvador and Honduras) and Brazil.

To spread and ensure access to the knowledge gained, Coffee&Climate has also prepared a technical manual for coffee growers that is available online in various languages.

The second phase of the initiative, which will be completed by the end of 2019, involves an expansion of the number of projects to encompass up to 80,000 growers.

Objective for 2019



80,000

BENEFICIARIES



A new commitment to scientific research: participation in World Coffee Research

In 2018, bearing witness to ongoing investment aimed at strengthening the commitment to coffee-growing countries, the Lavazza Foundation joined World Coffee Research, a non-profit organisation committed to research on protecting and preserving coffee, with a particular focus on the growing phase.

World Coffee Research carries out its projects in 21 countries in partnership with public and private institutions, with the goal of keeping coffee quality high, increasing plantation productivity and promoting independence among growers.

2018 results

AMERICA

GUATEMALA
Coffee to revive

TRIFINIO (GUATEMALA, EL SALVADOR, HONDURAS)
Together for a new dawn of coffee

DOMINICAN REPUBLIC AND HAITI
The roots of change

CUBA
Strengthening training for a quality coffee

COLOMBIA
Technology, as well as land of coffee

ECUADOR
The strenght is the production chain

PERU
The new coffee territories

BRAZIL
Learning in order to grow

ASIA

INDIA
1000 days to smile
(1000 Days – Save The Children)

Close to the youth living in the slums
(New Horizons)

A great project for small coffee-growers
(¡Tierra!)

VIETNAM
Innovation to fight climate change

INDONESIA
Together for the Community



MORE THAN
94,000
DIRECT BENEFICIARIES

17 COUNTRIES
24 PROJECTS

3
SCOPES OF ACTIVITY



¡TIERRA!



SOCIAL FOCUS



NATURE PRESERVATION

AFRICA

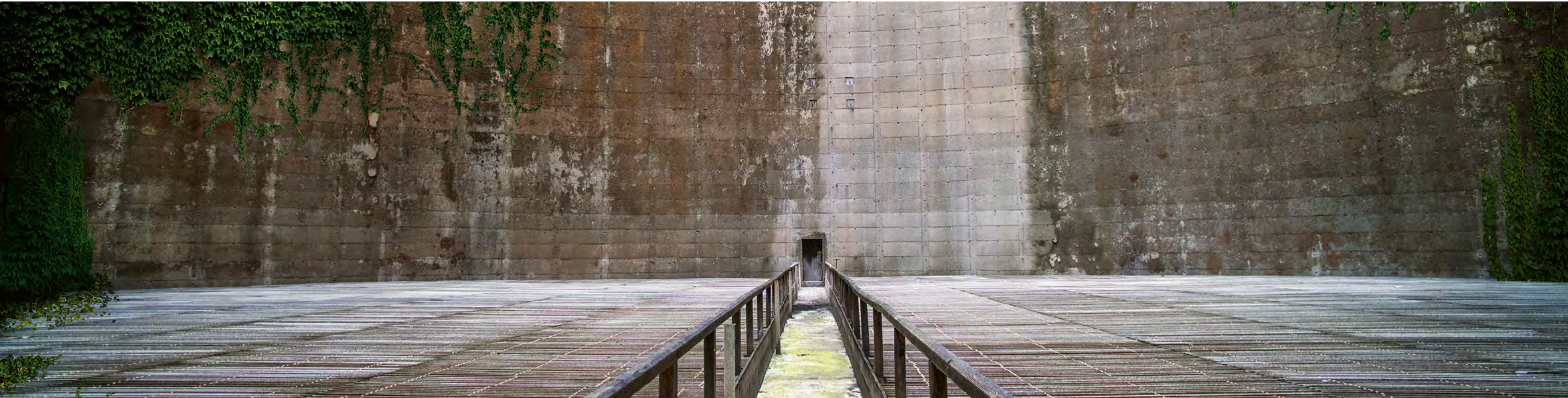
UGANDA
Cultivating better to live better
(The Kalungu Cherries - Sucafina)

The culture of coffee for the culture of the family
(International Coffee Partners)

ETHIOPIA
Coffee learning by doing

TANZANIA
The endeavour of becoming an enterprise

GHANA
The importance of partnerships for the coffee production chain



What our partners say

ALO PARTNERS

"Every small action of ours implies a consequence, at a human, social, economic or environmental level. Being a Lavazza partner means fully adhering to a responsible attitude that firmly pursues the well-being of people and, therefore, of our planet."



NEUMANN STIFTUNG

"Our partnership with Lavazza is longterm! And this already explains the value that our both organizations see in their cooperation. Jointly, we are aware of the complexity of aspects that need to be addressed in order to be able to offer impact-oriented support for meeting the needs of coffee farmers and their families. Teaming up with the members of coffee communities and providing support at the different levels on their development pathway towards better perspective in life requires cooperation over years. We highly appreciate Lavazza's commitment to contribute to needed change processes within coffee families and coffee communities and to help further developing approaches in our projects based on joint learning."



LAVAZZA

OXFAM ITALIA

"It is exciting for us to know that in some countries growing coffee also means protecting the environment, reducing the risk of disastrous hydro-geological events, promoting women's rights, supporting youth employment and ensuring basic community services. If growing coffee means reducing inequality, fighting poverty and contributing to more sustainable development, we fully intend to continue to expand our collaboration with Lavazza. The resulting synergy has already propelled us to achieve significant results, such as a decisive contribution in the Dominican Republic and Haiti to reducing coffee rust (a fungal disease that in recent years has brought small coffee-growers



in the region to their knees), in addition to bringing clean water to many families stricken by severe humanitarian emergencies. Our constant, productive exchanges are already laying the foundation for ambitious new challenges for Oxfam Italy's mission, to make company policies more socially and environmentally sustainable and to expand our common contribution to sustainable development goals. For us, the spirit of the partnership with Lavazza is essentially that together we can do much more than we could alone."

ENGIM INTERNAZIONALE

"For us the partnership with Lavazza means the opportunity to promote, through every espresso, Italian excellence in Albania, a country where the coffee culture is strong and radicated. Moreover, it is an opportunity to get our workers, coming from disadvantaged backgrounds, trained by the professionals coming from the Training Center in Turin. Tradition, quality and sustainability are a choice we make everyday at KeBuono: we are proud we can make it together with Lavazza."



New projects supported in 2018

Zero-deforestation coffee in Ethiopia

In Ethiopia, approximately 4 million smallholder farmers are engaged in coffee production. Many of them are forced to confront countless economic, social and environmental problems and place increasing strain on the country's scarce environmental resources in order to provide for their families' needs. This intensive use of natural resources affects above all forest areas, which risk losing up to 200,000 hectares a year. In 2010, in order to counter the trend of forest loss, the Yayu Coffee Forest Biosphere Reserve (167,021ha) was established in the Oromia Region. This area is considered an Afromontane biodiversity hotspot and a genetic hotspot for wild Arabica coffee: thanks to these factors, the reserve plays a significant role as a National Forest Priority Area

in the protection of natural and cultural resources. The Lavazza Foundation has decided to support the project to restore forest areas and ensure "zero-deforestation" coffee production in the Oromia region in partnership with the Hanns R. Neumann Foundation and the International Climate Initiative of the German Ministry of the Environment. The project has the goal of developing, piloting and disseminating a scalable farming model based on "coffee gardens"¹ that raises the social and economic situation of 3,000 coffee households, while reducing deforestation pressure and contributing to forest protection and forest landscape restoration. The project is implemented in the UNESCO Yayu Coffee Forest Biosphere Reserve, in the Oromia Region.

¹ *Coffee gardens are developed near farmers' residences, mainly in the Southern and Eastern part of the country. They are planted at a low density ranging from 1,000 to 1,800 shrubs per hectare, mostly fertilised with organic material. This system accounts for approximately 35% of Ethiopian production.*

In Ghana to foster the recovery of the coffee sector

The growing demand for coffee at the global level and the area's suitability for coffee-growing represent an opportunity to revitalise Ghana's coffee sector. The government of Ghana has also expressed its interest in developing this sector into a driver of the country's economy. Accordingly, in 2018 the Lavazza Foundation began to support Blueprint, a research project aimed at studying possible developments of the coffee industry in Ghana over both the medium and long term.

Huila: a breath of fresh air for Colombia

The Lavazza Foundation currently has three ongoing projects in Colombia — two in the Meta region and one in the Huila region. All three share a common theme: promoting the national peace process through coffee production and support for the country's small-scale growers. The project "Huila: A Breath of Fresh Air for Colombia" is being undertaken in partnership with Federación Nacional de Cafeteros de Colombia and pursues various goals, such as:

- helping the 150 families of small coffee-growers in the region to ensure stable coffee quality;
- promoting the reforestation of 35 hectares in the area, by planting various species of trees;
- funding the construction of three low-water coffee-processing facilities (known as *beneficios húmedos*), resulting in a 95% reduction in water consumption compared with standard facilities.



A Cup of Learning: Lavazza experts help coffee growers

In 2017, Lavazza made an additional pledge to coffee-growing communities, and in particular to the beneficiaries of the Foundation's projects. In addition to continuing to support projects focused on proper coffee-growing techniques, Lavazza also placed its coffee-processing experience and expertise at the community's disposal.

The A Cup of Learning project consists of two different types of training programmes, one on green coffee and one on espresso.

Courses on green coffee will delve into the methods and criteria of sensory analysis of coffee, processing and tasting techniques, evaluation of coffees from the various production areas and identification of sensory traits by provenance. Training focusing on the entire espresso world instead provides attendees

with lessons covering the theoretical and practical sides of "Being a Barista": how an espresso machine works, grinding settings and an in-depth look at the various extraction methods.

The training initiatives, which are carried out both in coffee-growing countries and at the Lavazza Headquarters and Training Center in Turin, are taught by Lavazza employees: professionals who are personally committed to helping the beneficiaries of the Foundation's projects.

The first training course held in India in 2017, organised in partnership with Save the Children, was followed in 2018 by various training courses, benefiting 67 individuals, including 44 beneficiaries of the projects in the **Dominican Republic, Haiti, Cuba and Ecuador** and 23 beneficiaries in **Albania and India**.



**A CUP OF
LEARNING**



In 2018

67 PEOPLE BENEFITTED FROM THIS PROJECT

44 BENEFICIARIES IN DOMINICAN REPUBLIC, HAITI, CUBA AND ECUADOR

23 BENEFICIARIES IN ALBANIA AND INDIA

Coffee Study Program

Lavazza launched its Coffee Study Program on 24 April 2018, Earth Day.

The Coffee Study Program is a project in which a key role was played by four students, who set off to the Dominican Republic on a voyage of discovery of the Lavazza Foundation's commitment in aiding coffee-growing communities in their cultivation efforts and supporting local associations involved in production processes.

The students, hailing from various regions and boasting a variety of academic backgrounds, were selected in collaboration with the Sustainable Development Solution Network Youth Association affiliated with the United Nations, and were thus able to witness the Lavazza Foundation's commitment to the project in the Dominican Republic, implemented thanks to Oxfam Italia².

² <https://www.lavazza.it/it/coffee-study-program.html>



Lavazza Foundation received Sodalitas Social Award

Together with Oxfam Italia, the Lavazza Foundation was recognised for its work on the Caffè Hispañola project and received the Sodalitas Social Award 2018, within the category "Climate, energy and water".

The Sodalitas Social Award³ recognises the initiatives that contribute most effectively to the challenges at the heart of the UN 2030 Agenda. The winners are chosen by an independent jury of experts from the research world, academy, the third sector, institutions and associations.

In recent decades, coffee-growing in the mountainous areas of Haiti and the Dominican Republic experienced a period of crisis due to the coffee leaf rust (roya) epidemic. Caffè Hispañola seeks to increase the autonomy of local coffee-growing communities in order to enable farmers to be independent and enjoy access to economic growth opportunities. The project, developed in a partnership between the Lavazza Foundation, Lavazza and Oxfam, focused on establishing and strengthening the coffee sector in the two countries and made it possible to increase coffee productivity, improve the downstream portion of the coffee production chain, raise living conditions for farmers, increase household incomes and develop public policies in support of the coffee sector.

³ The Sodalitas Foundation was created in 1995 and has grown to become a network of companies at the forefront of CSR and sustainability efforts. It promotes education regarding the creation of shared social value and, in particular, a culture of partnerships aimed at constructing a future of growth, sustainability, inclusion and cohesion and grassroots development of the community.



2.2

Suppliers and Customers: Valuable Partnerships

The relationship with the suppliers

In its Code of Ethics, Lavazza has formulated guidelines that set out a shared system of values: Passion for excellence, Teamwork, Gratefulness, Transparency, Integrity, Vision. They seek to inspire and signal the right direction to be taken by all those who contribute to achieving Lavazza's mission, in various capacities and with differing degrees of responsibility, in order to increase the Group's cohesiveness and consistency. These values have also been incorporated into the Supplier Code of Conduct, in which all suppliers are required to comply with and share them.

In 2018, Lavazza launched a widespread awareness-raising campaign on sustainability issues targeting its suppliers.

Following the publication of its new Supplier Code of Conduct in 2017, Lavazza began a process of circulating the Code to all its suppliers, with the aim not only of establishing a dialogue with them on sustainability issues, but also of monitoring the entire supply chain with regard to respect for the Company's fundamental values and principles. Where suppliers had their own pre-existing codes or guidelines, these documents were reviewed for comparability and consistency with the Lavazza Code, with the aim of verifying whether the documents complied with the values enshrined in them. The process of circulating the Supplier Code of Conduct extended to all Lavazza suppliers and involved sending them a specific questionnaire and, in some cases, holding meetings.

In 2018, the supplier CSR qualification criteria included in the questionnaire available on the dedicated portal were revised and updated in order to ensure increasing integration of sustainability principles into supplier selection and management criteria. In order to register, suppliers must not only accept the Lavazza Code of Ethics and Supplier Code of Conduct, but also complete the various questionnaires available from the portal, including the CSR questionnaire. Suppliers are only accredited after they have entered all mandatory information.



The questions asked in the CSR questionnaire regard the following general issues:

- **CERTIFICATIONS:** management system certification;
- **LABOUR & HUMAN RIGHTS:** labour standards, human rights, salaries and working hours;
- **BUSINESS ETHICS:** company ethics;
- **HEALTH & SAFETY:** workplace health and safety;
- **ENVIRONMENTAL:** management of environmental issues;
- **SUPPLY CHAIN:** responsible procurement.

Although at present the suppliers portal is only used by the Parent Company, Lavazza has also planned to extend its use to its subsidiaries.

Within the framework of its partnership with Save the Children, in 2018 Lavazza sought to implement various supplier engagement activities, including the organisation and broadcasting of a webinar exploring Lavazza's approach to sustainability. The webinar, in which approximately 200 suppliers participated, involved a joint presentation by Lavazza and Save the Children, which together explored the Company's values, its adoption of the Global Goals and the topics of children's rights and business principles.

Purchases subdivided between national and international suppliers

Despite the increasingly pronounced internationalisation of the Lavazza Group, purchases of goods and services (not including green coffee) from national suppliers continued to account for 80% of total purchase volumes.

This figure, which includes purchases by both the Parent Company and the subsidiaries within the reporting scope of this Report, bears out Lavazza's approach to preferring local suppliers for its supply chain.



PURCHASES SUBDIVIDED BETWEEN NATIONAL AND INTERNATIONAL SUPPLIERS⁴

	2016		2017		2018	
	M€	%	M€	%	M€	%
Purchases from local suppliers	427.04 €	81%	530.28 €	82%	655.52 €	80%
Purchases from non-local suppliers	101.75 €	19%	115.23 €	18%	159.20 €	20%
Total	528.78 €	100%	645.51 €	100%	814.72 €	100%

⁴ It is specified that:

- "local" purchases have been considered to be those made with suppliers based in the country to which the Companies included in the analysis scope belong;
- for the different years, the figures refer to the reporting scope including the companies identified in the Methodological Note (with the exception of the 2017 figures, which do not include Lavazza Sweden AB);
- the figures reported extend to all the Company's purchases within the reporting scope, except for intercompany purchases, coffee purchases and certain specific categories of expenditures excluded when calculating the indicator (consulting and recruiting services, sponsorships, real-estate costs and business entertainment expenses).



Sustainable purchasing and the Global Goals

The Procurement Awards is an Italian prize created to reward companies that distinguish themselves for projects capable of contributing to company value in terms of collaboration, innovation and sustainability.

Lavazza was recognised in the out-of-competition category Ethical and Sustainable Procurement for the work done in 2018 by its Purchasing Department with the aim of ensuring that social and environmental issues are recognised and respected by the entire community of suppliers.



*Lavazza and Save the Children
in support of sustainable supply chain*

Lavazza and Save the Children have been collaborating in children's support projects for more than 15 years. This relationship built on trust and mutual esteem has led the two organisations to decide to go beyond the classic NGO-donor dynamic and start a more challenging process of collaboration: the Children's Rights and Business Principles (CRBP) project. The CRBP are the guidelines developed by Save the Children, the Global Compact and UNICEF to support businesses in respecting and promoting children's rights in the day-to-day running of their business activities. In line with its 2017 Sustainability Report, in 2018 Lavazza began to collaborate with Save the Children to carry out specific projects in support of CRBP, with

a particular focus on the supply chain. Two projects were launched in collaboration with Lavazza's suppliers: one in China, with a focus on coffee machines, and the other in Vietnam, devoted to the communities where Lavazza procures green coffee. The projects involved onsite visits by the experts from Save the Children, questionnaires and interviews for workers, and dedicated training for the management of the companies involved. The collaboration between Lavazza's suppliers and Save the Children's Centre for Child Rights and Business proved fundamental to implementation of the projects, which represent an important step towards increasingly deeper integration of sustainability principles into Lavazza's business.



The coffee journey

Lavazza buys most of the coffee volumes from long-established exporters with which it has worked for years and which provide a secure guarantee both in quality terms and from the standpoint of "country risk" and financial solidity. At the same time, Lavazza researches and assesses new potential suppliers, so as to always ensure the consistency of the sensory profile of the product.

The Countries from which Lavazza buys coffee are mainly:

- **Central America:** Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica;
- **South America:** Brazil, Colombia, Peru;
- **Africa:** Tanzania, Kenya, Uganda, Ethiopia;
- **Asia:** India, Vietnam, Indonesia, Papua New Guinea.

Lavazza purchases its coffee through collaboration between coffee-buyers, coffee-tasters and coffee-exporting companies, which are required to provide the raw material according to specific "Lavazza standards" in order to

ensure that the taste characteristics of Lavazza coffee – the "in-cup profile" – are kept constant over time.

The bags of purchased coffee are loaded into containers and embarked. Each individual container is checked against monitoring forms to verify general coffee conditions, intact seals and presence of any damage. Coffee spends up to 35 days crossing the oceans by ship before reaching its destination port (in Italy or France). Upon entering the port, coffee containers are unloaded, still closed, to the customs warehouse and all customs procedures are then completed so that the product is available to be used for production.

A sample is taken from each container and then sent to Lavazza's Laboratories where the coffee tasters carry out the necessary tastings and analyses to verify that the product received corresponds to the coffee purchased in the coffee-growing countries.

A specific identification code is given to each lot of coffee to identify characteristics such as the embarkation month or the price fixed. The lot is held in the customs warehouse until the analyses

are completed and it is judged fit for processing at the plants. When it reaches the plant, the green coffee undergoes a number of visual and humidity checks, according to specific reference and control standards. Once these checks have been passed, the coffee is put in storage silos.

Depending on the plant in which the coffee is processed, the origins are roasted separately and then mixed to make the blends, or, in other cases, the blend is made before the roasting phase. Various controls are carried out on packaging integrity during the packing phase. Each plant has a small tasting laboratory, where all the finished product lots are tasted by personnel who have received special training in the field, to check that the right blend is contained in the pack and has no defects. The decaffeination process is carried out in the Pozzilli plant, in Molise, Italy.

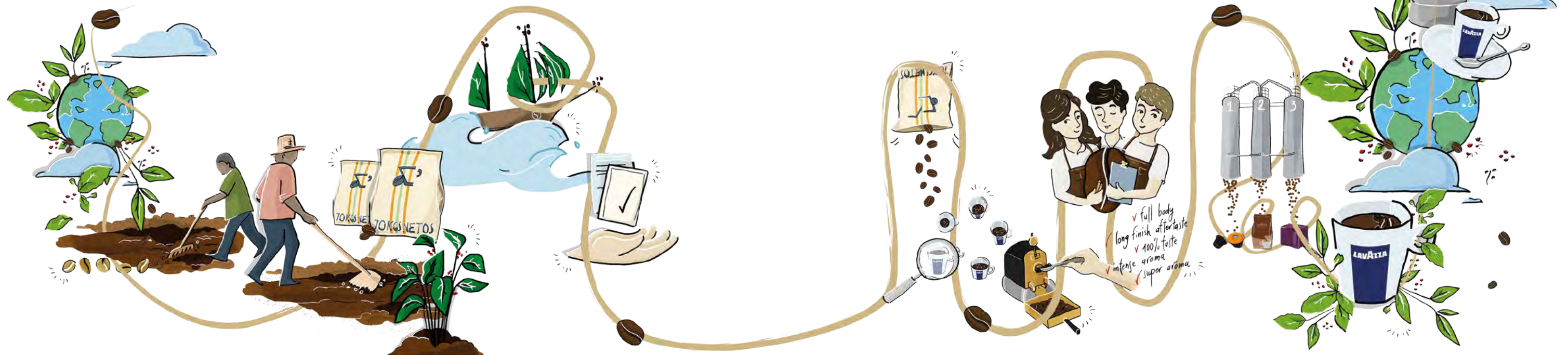
Finished product distribution is organised through three central hubs in Italy and a central warehouse for each market of distribution.

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

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

The subsidiary network consists of a central warehouse in each country — located in a strategic position, also in light of sales volumes — from which the secondary distribution is organised.

All movements among central warehouses are carried out with full vehicles and, where possible, intermodal transport is used. Secondary distribution is allocated to specialist logistics operators.





The Lavazza Standards

In traditional green coffee trading practices, coffee is purchased following common international standards. Beyond that, Lavazza has defined its own purchasing standards by identifying so-called "Lavazza types". In fact, the different types of green coffee have been standardised according to specific characteristics defined by Lavazza.

The Company has developed these standards to ensure the uniformity of coffee quality it purchases and with the aim of providing its consumers with the same consistent taste, known as the "cup profile". These standards apply internationally and cover coffee quality, beans dimensions and sensory profile. In addition, for each standard Lavazza has defined the maximum number and type of defects allowed.

The Lavazza standards have been revised and extended over time. Specific standards have also been defined for those countries of origin where small quantities of coffee are bought. Lavazza standards currently exist in relation to various countries, such as Brazil, Colombia and the Central American area with regard to Arabica coffee, and Vietnam and Indonesia for Robusta coffee. The coffee not purchased using Lavazza standards (a marginal portion of the Company's purchases) is bought using international standards as a reference.

Specific Lavazza Carte Noire standards have also been defined in recent years.

Quality management

Through its traditional, constant attention to consumers' needs, Lavazza has reached and consolidated a position of leadership in the coffee industry. This was also the result of an increasing presence within the major international markets.

This success is primarily due to the design, implementation and distribution of products that meet or exceed customers' and consumers' expectations.

The corporate Department responsible for quality at Lavazza is directly committed to and involved in ongoing improvement of the Quality Management System. With the aim of ensuring high quality standards of the services and products supplied, the Department is charged with:

- managing the Quality Policy and the ensuing objectives;
- informing personnel of the importance of customer satisfaction and the necessary legal requirements;
- promoting improvement programmes aimed at ensuring the efficacy and efficiency of the Quality Management System;
- conducting periodic reviews of the System.



A focus on customers

A focus on customers has always been a key goal for the Company. Lavazza is committed, at a day-to-day level, to acting in a way that ensures that the customer's needs are identified and met, and that the customer's expectations are even exceeded.

In 2017, Lavazza launched a customer satisfaction programme, with a particular focus on the retail segment in Italy, in order to improve its relationships with its customers, and hence customer satisfaction. This project, entitled Supply Chain Evolution, was launched by the Project Management Office Department with the goal of improving Lavazza's performance in order management, logistics and customer service.

In 2018, it was thus decided to take a series of corrective measures, such as meetings with customers aimed at identifying areas with room for improvement, a rethinking of the role and activities performed by Customer Service and the Call Center, and the revamping of the service catalogue, as well as of certain flows.

This project resulted in an improvement in Lavazza's ranking in the 2018 Advantage Report, where it moved up by 16 positions in the Supply Chain area and five spots in the Customer Service category compared with 2017.⁵



⁵ <https://www.advantagegroup.com/>

2.3 The People of the Lavazza Group

At Lavazza, people have always been a precious resource. It is for this reason that the focus on its employees' wellbeing and their engagement are the cornerstones of the Company's policies.

Important initiatives designed to engage Group employees on sustainability issues were carried out in 2018. The first Family Day at the new Nuvola Headquarters was devoted to the 17 Global Goals, involving active participation by employees and their families on related issues.

The internal communications campaign "2030: What are WE Doing?" was addressed to all Group employees worldwide and encouraged many to participate in local sustainability initiatives inspired by the Global Goals and each individual's daily commitment to pursuing them.

2018 was therefore a year of particularly strong focus on the Global Goals, intended as merely the beginning of an ongoing process of engagement of Lavazza's people on sustainability issues.



"2030: What are WE doing?" The engagement campaign for Lavazza people

Lavazza has created an internal communications plan regarding the Global Goals based on the use of various tools and initiatives with the aim of reaching all personnel.

In 2018, all employees worldwide received 17 newsletters, each of which was dedicated to raising awareness of the importance of one of the Global Goals, how each Goal can be pursued in everyone's daily lives and how Lavazza is contributing to promoting each of them.

It was an opportunity to share the specific projects to which the Company is committed with all its people: from projects devoted to small-scale coffee-growers to projects involving commitment to local communities and environmental sustainability.

"What are We Doing Boxes" have been placed in common areas at the Headquarters and foreign subsidiaries. These are cardboard boxes where all employees had the opportunity, throughout the year, to submit their sustainability stories, followed by a chance to discuss them in an interview. Each newsletter featured an interview with one or more colleagues wishing to share their personal sustainability stories relating to the specific Goal concerned.

In 2018, Lavazza also organised its first-ever HQ Family Day, which had the UN's Sustainable Development Goals as a theme.

More than 2,000 employees and their families were invited and welcomed at Nuvola, which had been dressed in the Goals' colours for this occasion. The Lavazza Calendar's ambassadors were the protagonists of an experiential space where people could vote for their favourite Goal. The winning Goal was number 6, focused on the water issue. With a view to discussing this topic, Lavazza organised a specific event for children and grown-ups as part of Turin's Education Festival. But there was more. All the children were invited to take part in a drawing competition which had their own "sustainable future" as a theme. To the winners, it was then given the chance to take their school on a visit to the Lavazza Museum.

The workshops for the youngest children also aimed at promoting SDGs awareness, for example by building a paper city for Goal 11 or reproducing the scientific discoveries made by women for Goal 5.

What are WE
doing?



The L'acqua 6 tu! event

In 2018, Lavazza partnered with the Education Festival promoted by the City of Turin entitled "For Creative, Critical and Civic Thinking".

Educational visits and workshops for children were organised at the Lavazza Museum, while an event dedicated to Sustainable Development Goal No. 6, "Clean water and sanitation", was held at the headquarters. The topic of water — the most voted by Lavazza employees' during the Family Day — was analysed in six specialised workshops where children were given the opportunity to think about this important resource and what to do to preserve it whilst having fun.

The technology, educational and creative workshops were designed to allow families to spend a day together and to get children of all ages involved. They were able to watch videos on water-related issues, immersing themselves into the sea, or searching for water on Mars thanks to augmented virtual reality, creating clouds and water droplets with paper and "magical" thread, learning about the water cycle by re-creating it with the use of miniature robots and much more. The event also featured an exhibition with themed boards explaining to children the meaning of Goal number 6 and its targets.



Carte Noire Operations responds to the "2030: What are WE Doing?" campaign with a special initiative

The company Carte Noire Operations, which manages the Lavérune plant in France, decided to respond to the Global Goals call for involvement with a special initiative described in their house organ *Pause Café*:

"The HR departments of all the Lavazza Group subsidiaries were tasked with taking part in the "WHAT ARE YOU DOING?" initiative. Not taking on the challenge of answering this question would have seemed bizarre for the members of the HQ's HR team. "What are we doing?" was the question Sabine, Anais e Marc asked themselves. Not having found an answer they decided to undertake a small initiative, because at the core of this campaign is the idea that a collection of many small initiatives by ordinary people can lead to a worldwide improvement. Hence their decision to remotely adopt a Cambodian girl.

*The Lavérune HR office is proud to introduce you to their daughter Malea. Malea was born on 24th September 2007 and lives with her four siblings in the mountainous region of Ratanakiri, on the border with Laos and Vietnam. PLAN INTERNATIONAL, the charity that manages these long-distance sponsorships, specialises in the protection and education of children as well as in the improvement of their health conditions. It is now the turn of all *Pause Café* readers to answer the question 'What are you doing?'"*



Kicking Horse Coffee wins 2018 Great Place to Work Canada

The "Best Workplaces in Canada" ranking is drawn up by the company Great Place to Work® and is based on two criteria: worker feedback and an in-depth analysis of the organisational culture, which includes credibility, respect, fairness, pride and team spirit. The employees of Kicking Horse — a subsidiary of the Lavazza Group since 2017 — benefit from weekly free lunches, are paid more if they cycle to work and get the day off on their birthdays or severe snowstorms so that they can ski at nearby resorts. Employees on parental leave collect their full salary and a contribution for family needs, and twice a year the entire organisation shuts down the business to go kayaking or camping or to play pond hockey on the lake.



"Coffee Mornings" at Lavazza UK

Lavazza UK has introduced "Coffee Mornings", a series of quarterly meetings at which all personnel can get together for breakfast to discuss issues relating to the business with management in an informal setting.

The main purpose of these meetings is to keep the level of participation and engagement at the company high and ensure that everyone gets the chance to engage in debate.

Training initiatives at Lavazza

For Lavazza, the central focus on people represents a strategic driver in its pursuit of growth and continuous improvement goals. In fact, growing as a company means developing its people and their skills.

As the Lavazza Group expands each year, so does the need to ensure an increasingly solid training process in order to satisfy integration requirements. Similarly, internal communication needs to be perfected, by both increasing the accessibility of the available tools and seeking to involve all Group personnel in the company goals and strategies pursued.

It was in view of these goals that new training activities were launched and existing activities consolidated in 2018. In addition to launching a process of aligning company goals and strategies to ensure that its people understand the rationale for company decisions, the **Brand Academy** was launched in 2018. This is a long-term programme that provides training modules linked to the brand's entire value chain, with the goal of integrating the Group's other brands, improving its processes and sharing best practices between markets, thus reinforcing the Lavazza Group's identity

through a process of sharing. Various preliminary assessments were conducted in February 2018 and training initiatives will be carried out both in Italy and internationally starting in 2019.

In 2018, a **People Review** activity was also carried out: this is a pilot project in which employees' professional development profiles were analysed with the goal of preparing specific strategies for each individual, according to his or her history at the Company. This initiative represents the first step towards the implementation of a structured development process for employees.

The managerial training and development process launched in 2017 "**Leadership for Growth**" continued in 2018, involving the participation of approximately 50 managers. Approximately **580** individual training plans were created for the Headquarters within the framework of the training catalogue prepared in 2017.

In addition, to strengthen and spread throughout the Group a culture of evaluating feedback, two days of training were provided to the entire managerial population in order to improve the evaluation and quality of feedback.

The Performance Management process

A process of revising and simplifying the Performance Management model was launched in 2018.

During the planning phase, 30 managers from various company functions were involved in focus groups that identified four areas of activity on which work is set to continue in 2019:

- Simplifying the Performance Management model;
- Aligning the model to the Company's priorities and objective-setting methods;
- Providing training and support for the development of a culture of evaluation and feedback;
- Designing a model and process valid for the entire Group.

The new Performance Management model is aligned with international standards and bases on the assessment of individual and leadership objectives (expressed through the four pillars of Accountability, Innovation, Integration and Leading People), which represented 70% and 30% of the Performance Index generated (Overall Performance Rating), respectively.

The assessment process is also linked to company rewarding and development policies, aimed at recognising and harnessing individual performance, as well as promoting professional and career growth.

The central role played by the process is borne out by the significant investment made in training in 2018. During the main phases of the evaluation cycle, training sessions were organised for both employees and line managers (in Italy and abroad) with the aim of mentoring and supporting them with the management of activities in which they are asked to act personally (objec-

tive-setting, self-assessment, feedback and identification of proposals for improvement). In Italy alone, two days of training were provided for line managers, and one day of training was provided for employees. This mentoring programme facilitated the understanding of the model and the integration of the process in management processes, ensuring increasing response percentages by the organisation.

In 2018, the Performance Management process involved employees in the following Companies falling within the reporting scope of this Sustainability Report:

- Luigi Lavazza S.p.A.;
- Carte Noire S.a.s.;
- Lavazza Coffee (UK) Ltd.;
- Lavazza Deutschland GmbH;
- Lavazza France S.a.S. (only General Managers and the first reports);
- Lavazza Kaffee GmbH;
- Lavazza Premium Coffees Corp. (USA);
- Lavazza Australia Pty Ltd.;
- Lavazza Sweden AB;
- Merrild Kaffe Aps;
- Fresh&Honest Cafe Ltd (only General Managers and the first reports).

The Lavazza Performance Management model will gradually be extended to all Group subsidiaries. In 2018, with respect to the companies in the reporting scope, performance assessments continued to be conducted at the local level for Carte Noire Operations, Lavazza France and Fresh&Honest (with the exception of the General Manager and the first reports, who fall within the global process). Preparatory activities to extend the model to include these subsidiaries have already been completed and will all be centrally managed starting in 2019⁶.

⁶ *Fresh&Honest will maintain its current management.*

The Nuvola Headquarters goes digital

In order to render internal communication more accessible to the Lavazza Group's increasingly large population, in 2018 a new company Intranet was created, featuring an overview of all services available to employees, including news, events, organisational communications, company procedures, follow-up information, links, photos, videos, welfare and notices.

The new Intranet is intended as a single point of reference for all necessary daily working activities.

This project was created in response to the need to develop a global company culture and identify a tool that ensures simple, secure access to online content.

In addition, the development of the Digital Workplace in full synergy with the Nuvola project's goals represented a fundamental requirement for enabling smart-working approaches.



Be Smart, Work Smart: work has never been so agile

In 2018, Lavazza also began to implement its smart working programme. This opportunity, provided for in the new supplementary contract, allows employees to work outside the office one day a week.

The Nuvola Headquarters is not only an innovative physical space that facilitates interaction and collaboration between colleagues, but also a completely new way of thinking about work, centred on the clarity of the goals to be pursued and achieved and on increasing reliability and accountability. Through this new service, Lavazza intends to promote flexibility in order to allow its people to strike an appropriate life-work balance in terms of time and needs.

In order to introduce this new way of working, the company population was invited to participate in various feedback and preparatory activities. Employees had the opportunity to submit suggestions to set the starting point for various cultural and technological aspects and map expectations and opportunities relating to the project. At the end of the preliminary survey, the following aspects were identified as the main benefits: a reduction in commuting times, a work-life balance and an improvement in productivity and concentration.

A pilot project was launched in September 2018 and concluded at year end, involving over **212** individuals, who have been provided the procedural guidelines, available information technology tools and methods for working off company premises.

The results of the pilot project will be analysed and assessed in 2019, with the aim of extending the smart working programme to the entire company population.

Pilot project:

212

PEOPLE INVOLVED



Sustainable mobility at Lavazza

Following the move to Nuvola, the Company has provided its employees with the JOJOB service: a company carpooling system, which promotes sustainable mobility for home-work journeys by encouraging the sharing of vehicles among colleagues in a more efficient way, thus reducing the environmental impact.

The companies participating in this service also establish incentives for those who benefit from it. Lavazza, for example, has decided to reserve 21 car parking spaces in the indoor car park solely to cars taking part to the carpooling scheme, corresponding to about 10% of total parkings in the new Headquarters.

2017 reported 4,308 trips made, 53,590 km travelled and 3,593 kg of CO₂ saved, whereas 2018 saw **7,293** trips made, **61,983.70** km travelled and **4,144.23** kg of CO₂.

In 2018

7293

JOURNEYS DONE
IN 2017: 4308

61983.70

KM TRAVELLED
IN 2017: 53590

4144.23

KG OF CO₂ SAVED
IN 2017: 3593

21

DEDICATED PARKING
SPACES



Lavazza people: key figures

	2017			2018		
	Men	Women	Total	Men	Women	Total

Data available since 2017,
breakdown shown in the table.

Employees by type of contract

Fixed term	54	57	111	93	56	149
Indefinite term	1556	812	2368	1853	905	2758

Employees by type of employment

Full time	1603	820	2423	1929	901	2830
Part time	7	49	56	17	60	77

PERCENTAGE OF EMPLOYEES BY AGE IN 2018

	2018		
	<30	30-50	>50
Managers	0.1%	3.9%	2.2%
Middle Managers / Professionals	0.3%	10.1%	3.5%
White Collars	6.5%	24.9%	7.1%
Blue Collars	3.5%	18.6%	6.8%
Sales Representatives	1.0%	6.0%	5.4%

Data available since 2018,
breakdown shown in the table.

RATIO OF WOMEN'S TO MEN'S AVERAGE SALARY, BY PROFESSIONAL CATEGORY

Middle Manager / Professional

95%

2017: 92%
2016: 93%

White Collars

95%

2017: 94%
2016: 94%



Blue Collars

95%

2017: 95%
2016: 101%

Sales Representatives

78%

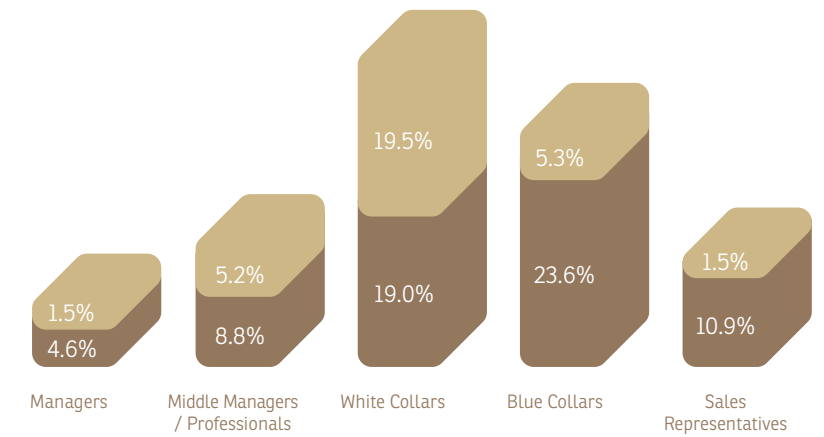
2017: 130%

Women
Men

PERCENTAGE OF EMPLOYEES, BY PROFESSIONAL CATEGORY AND GENDER

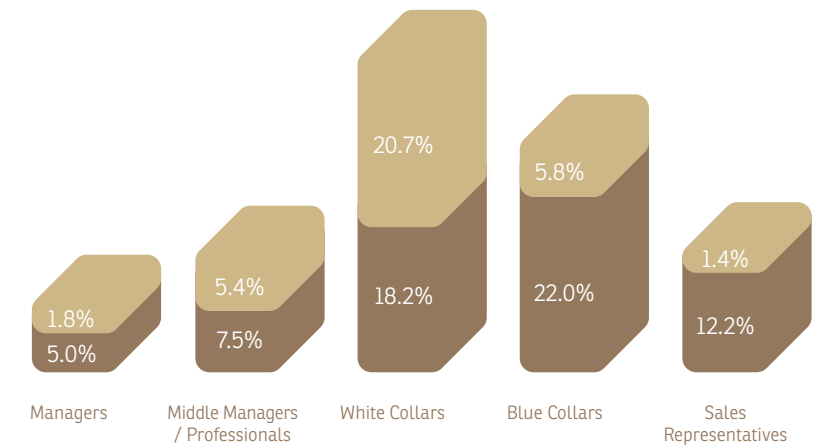
2018

2907
TOTAL



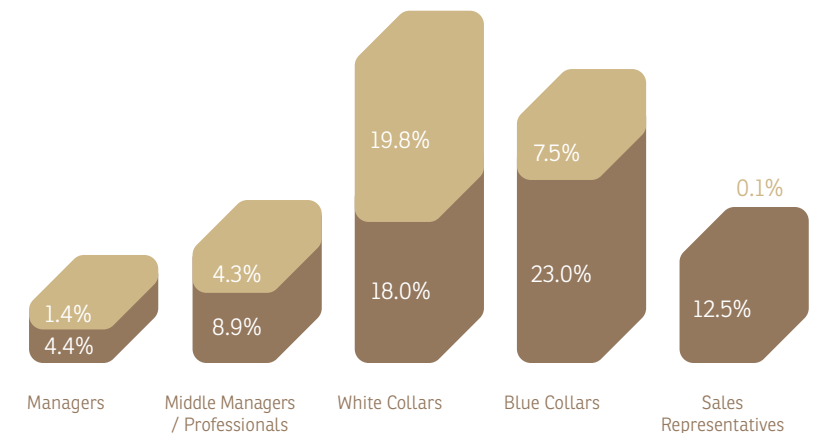
2017

2479
TOTAL

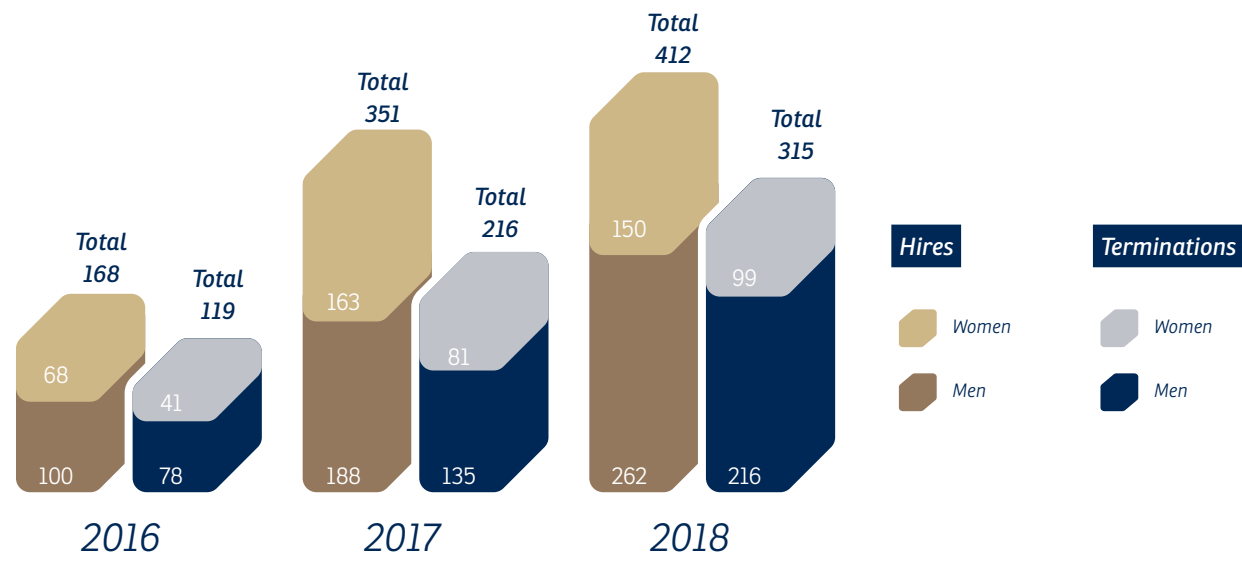


2016

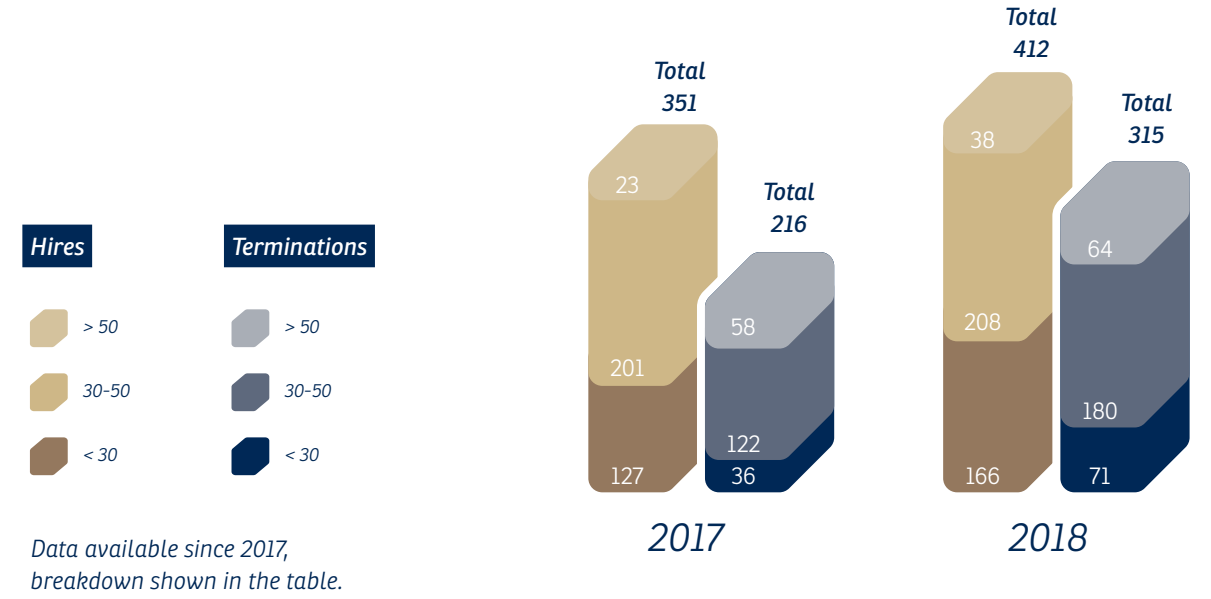
1741
TOTAL



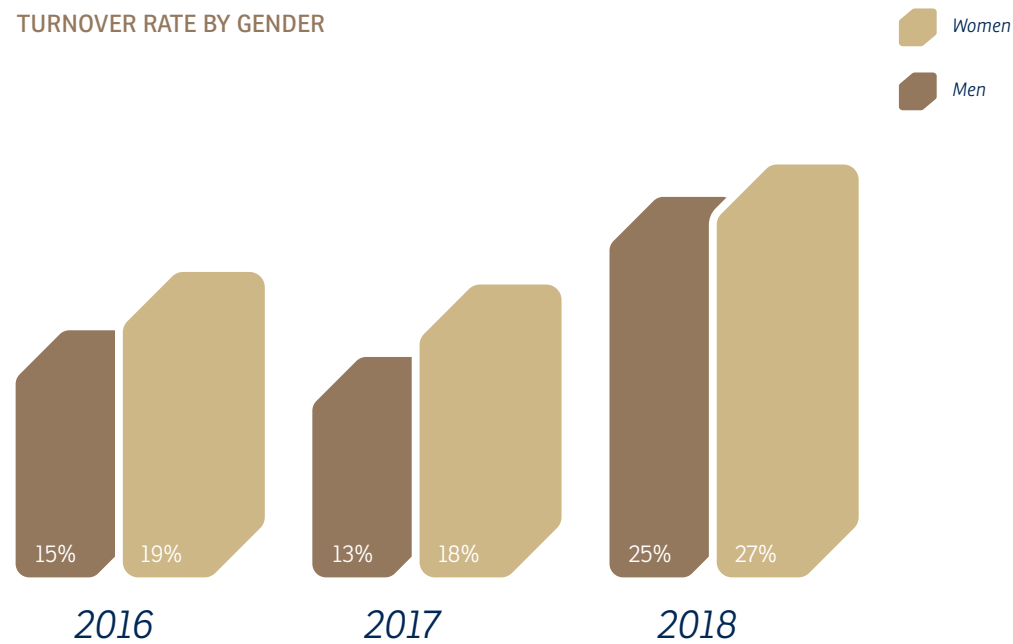
HIRES AND TERMINATIONS BY GENDER



HIRES AND TERMINATIONS BY AGE

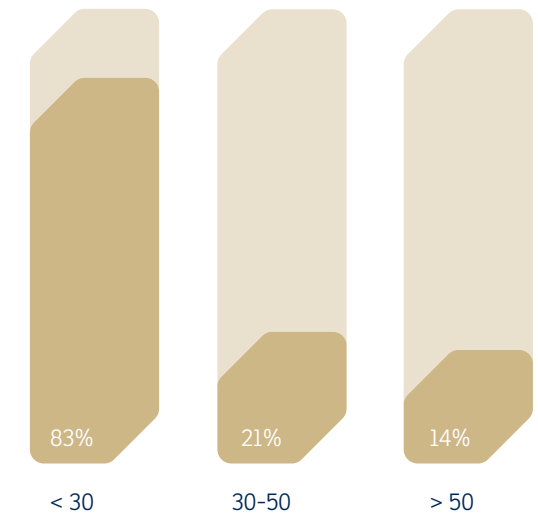


TURNOVER RATE BY GENDER

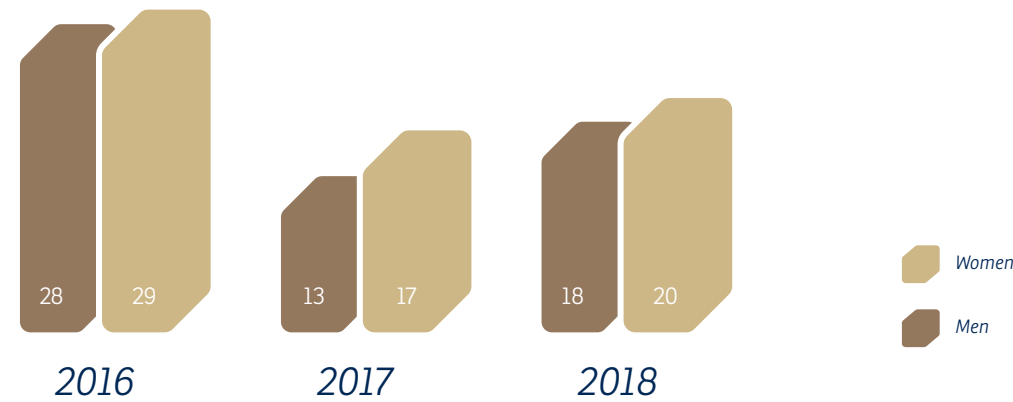


TURNOVER RATE BY AGE

Data available since 2018, breakdown shown in the table. The turnover rate is calculated as the ratio of the sum of hired and terminated employees for the period to the average headcount for the period.



AVERAGE TRAINING HOURS BY GENDER



AVERAGE TRAINING HOURS BY PROFESSIONAL CATEGORY

	2016	2017	2018
Managers	33	4	22
Middle Managers / Professionals	36	24	25
White Collars	25	14	19
Blue Collars	34	13	17
Sales Representatives	11	10	10

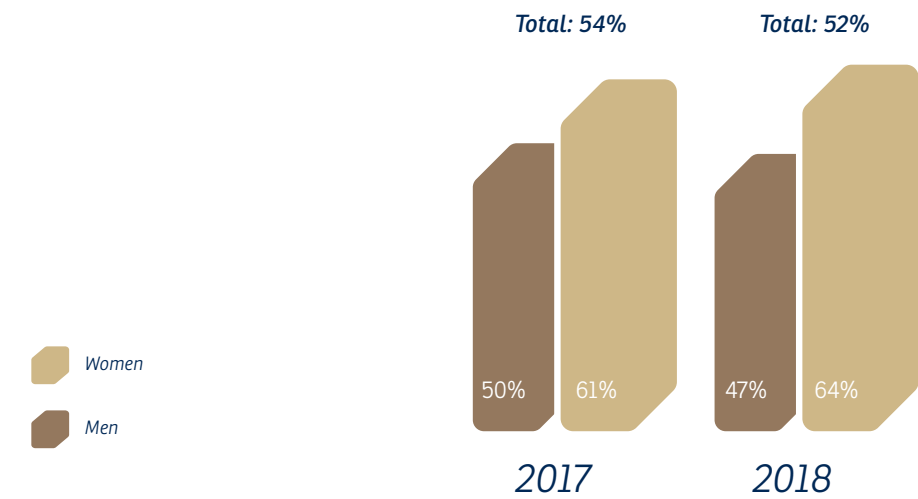
The following companies reported no training hours in 2018:

- Lavazza Kaffee GmbH (Austria);
- Lavazza Premium Coffees Corp (USA);
- Lavazza Australia Pty Ltd.

PERCENTAGE OF EMPLOYEES INVOLVED IN THE MBO PROGRAMME AND FALLING WITHIN THE MANAGER/MIDDLE MANAGER CATEGORY, BY GENDER

Gender	Position	2016	2017	2018
Women	Managers	68%	68%	71%
	Middle Managers / Professionals	93%	55%	59%
Men	Managers	83%	78%	82%
	Middle Managers / Professionals	92%	65%	53%

PERCENTAGE OF PEOPLE INVOLVED IN THE PERFORMANCE MANAGEMENT PROCESS COMPARED TO TOTAL EMPLOYEES OF THE COMPANIES FALLING WITHIN THE REPORTING SCOPE OF THIS SUSTAINABILITY REPORT

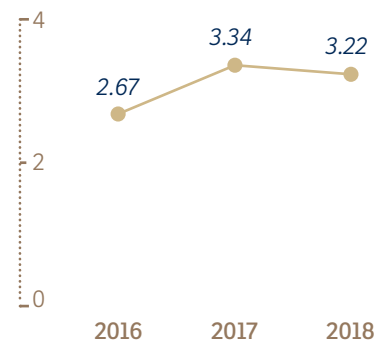


NUMBER OF EMPLOYEES INVOLVED IN THE PERFORMANCE MANAGEMENT PROCESS, BY PROFESSIONAL CATEGORY AND GENDER

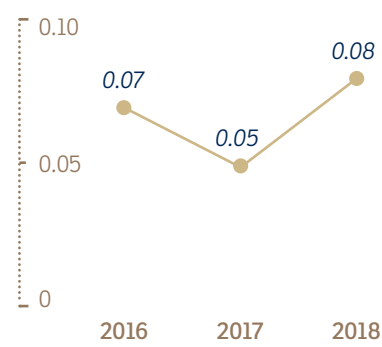
	2017			2018		
	Men	Women	Total	Men	Women	Total
Managers	85 (69%)	25 (57%)	110 (65%)	122 (90%)	41 (91%)	163 (91%)
Middle Managers / Professionals	132 (71%)	87 (65%)	219 (69%)	173 (68%)	108 (72%)	281 (69%)
White Collars	383 (85%)	403 (78%)	786 (81%)	372 (67%)	436 (77%)	808 (72%)
Sales Representatives	206 (68%)	16 (47%)	222 (66%)	240 (76%)	31 (69%)	271 (75%)
Total	806	531	1337	907	616	1523

Accidents ⁷

Frequency index



Severity index



⁷ This chart refers solely to Luigi Lavazza S.p.A. The accident index calculation has considered the events occurred to Lavazza personnel involving more than one day's absence from work, net of accidents occurring whilst travelling between home and workplace and vice versa (commuting accident).

Number of accidents

COMPANIES IN THE REPORTING SCOPE	2017	2018
Luigi Lavazza SpA	9	9
Carte Noire Opérations	4	5
Commercial subsidiaries	6	5
Total	19	19

Based on the reporting criteria adopted by the Lavazza Group, the following companies reported no accidents in 2018:

- Lavazza Sweden AB
- Lavazza Coffee UK Ltd
- Luigi Lavazza Deutschland GmbH
- Lavazza Kaffee GmbH
- Merrild Kaffe ApS
- Lavazza Premium Coffees Corp
- Lavazza Australia Pty Ltd
- Carte Noire S.a.s.
- Fresh and Honest Cafe Ltd



Engagement of local communities

Lavazza has defined an engagement plan for the local communities in areas in which the Group operates in Italy: Turin, Settimo Torinese, Gattinara and Pozzilli. Through this project, the Company works with local communities, NGOs, public institutions and universities to foster and promote local economic, social, cultural and environmental development. Lavazza's local community engagement programmes aim to have a positive impact by supporting the activities of the organisations concerned not only through donations and sponsorships, but also through active involvement by Lavazza in joint planning with project partners of the most significant activities. This characteristic is particularly prominent in two projects launched in 2018:

"TOWARD 2030. WHAT ARE YOU DOING?"

"Toward 2030. What are you doing?" is a project aimed at raising awareness of the United Nations 2030 Agenda through art. In acknowledgement of the importance of getting as many people and organisations as possible involved in understanding the meaning of the Global Goals, Lavazza and the City of Turin decided to collaborate with 17 Italian and international artists, asking each of them to interpret one of the Goals in a street art project. Out of an awareness that achieving the SDGs depends on contributions from everyone, public art thus becomes a tool for reaching as many people as possible. This is a further step towards Goal Zero: the spread of the messages of the Sustainable Development Goals. The project, launched in May 2018, will be completed in 2019.



A.A.A.
ACCOGLIE AVVICINA ASSUME



PROJECT AAA – ACCOGLIE, ACCOMPAGNA, AVVICINA
This initiative was created in partnership with the *Rete Italiana di Cultura Popolare* with the aim of offering a group of socially disadvantaged individuals access to an advanced training course for professional baristas and to provide them with the skills they need to get a job in this sector. This group, consisting of 18 young asylum applicants and Italian citizens from underprivileged areas, took part in a training programme at the Lavazza Training Centre, following which in 2019 the selected participants will have the opportunity to complete a traineeship in the cafés participating in the project. These cafés were identified with the contribution of Lavazza's Sales Department and local associations (Ascom, Epat and Forter). Through this training programme, Lavazza aims to provide job opportunities to the least privileged members of society, allowing them to come into contact with their local communities. In 2019, Lavazza will extend the project to a new group of candidates, launching the second edition.

CHAPTER 3
ENVIRONMENTAL
COMMITMENT

Continuous improvement
and commitment to
environmental sustainability



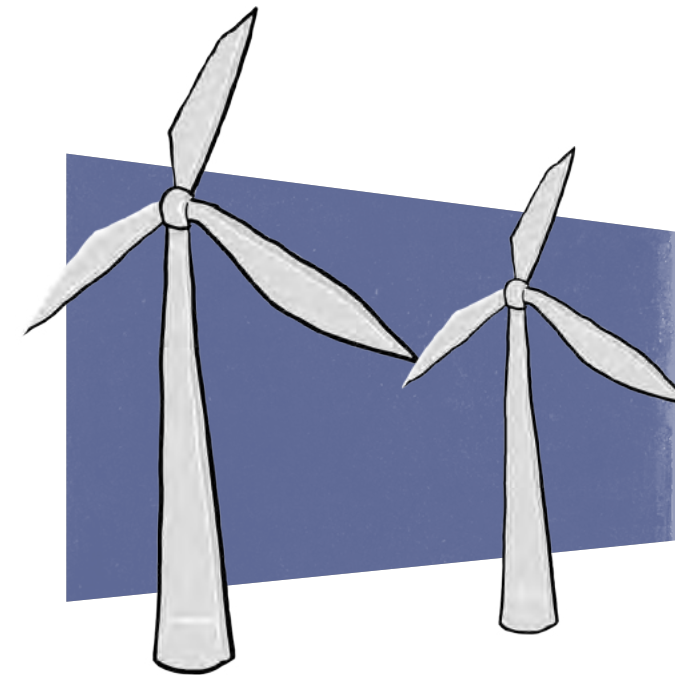
Key figures

In 2018:

-10%
WATER CONSUMPTION
INDEX



-14%
INDIRECT EMISSIONS
FOR ELECTRICITY

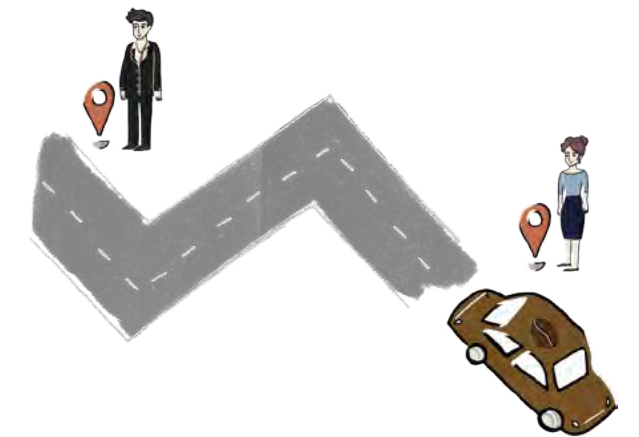


-8%
DIRECT EMISSIONS
FOR THERMAL ENERGY AND
CORPORATE FLEET FUEL

RELATED SDGs



7293
JOURNEYS DONE
WITH CORPORATE
CARPOOLING PROGRAM,
RESULTED IN
4144.23
KG OF CO₂ SAVED IN A YEAR



Scope: Luigi Lavazza S.p.A. and foreign subsidiaries included
in the scope of the Sustainability Reports 2017 and 2018

“In a world with more than 7 billion people, we must begin to see ourselves as part of the landscape: our future is interwoven with the future of nature.”
AMI VITALE

Lavazza's significant international growth in recent years has been driven by various factors, including its extensive investments in product and process innovation, its traditional focus on qualitative excellence and commitment to continuously improving its performance in terms of both efficiency and attention to environmental sustainability.

At Lavazza, studying how to constantly diversify the consumer offer and seeking to integrate environmental sustainability into products and processes are systemic and ongoing processes.



3.1 Lavazza's environmental performance

Lavazza wants to commit responsibly to a sound environmental sustainability process involving all players in the supply and production chain, with the aim to identify areas of environmental improvement for the processes that the organisation has the power to influence and control. Redefining the Company's processes and products by applying the novel perspective of environmental sustainability and efficiency is a way of adequately responding to an evolving market, the increasingly strict environmental regulations and the expectations of stakeholders.

In pursuit of this goal, over the years Lavazza has honed its skills in assessing the environmental impacts of its products and the organisation's activities, with the aim of mitigating and preventing such impacts in a process of ongoing improvement. It is according to this perspective and the firm belief that a full engagement of all corporate structures is essential that environmental sustainability criteria are gradually becoming part of the approach of evaluating products and initiatives, through both ongoing education and raising-awareness activities and the effective use of the results of the LCA (life Cycle Assessment) analyses conducted.

To measure and disclose in this Report the way that the various stages of the supply and production chain contribute to environmental impact, Lavazza has used the **Carbon Footprint**¹ indicator.

Categories of emissions analysed are briefly described in the following table.

¹ As defined by standard ISO/TS 14067/2013: Sum of greenhouse gas emissions (3.1.3.5) and removals (3.1.3.6) in a product system (3.1.4.2), expressed as CO₂ equivalents (3.1.3.2) and based on a life cycle assessment (3.1.5.3) using the single impact category (3.1.5.8) of climate change.

² In 2017 and 2018, no impacts were reported for this category of emissions.

³ In 2018, the impacts from the processing of waste produced were not included



Scope GHG emissions

SCOPE 1

Direct Emissions

- Direct emissions from combustion of natural gas to generate thermal power used for heating and the manufacturing process.
- Direct emissions from the combustion of diesel oil used to fuel vehicles owned by the Company.
- Fugitive emissions related to loss of refrigerant fluids used in some equipment (heat pumps, refrigeration and air conditioning systems)².

SCOPE 2

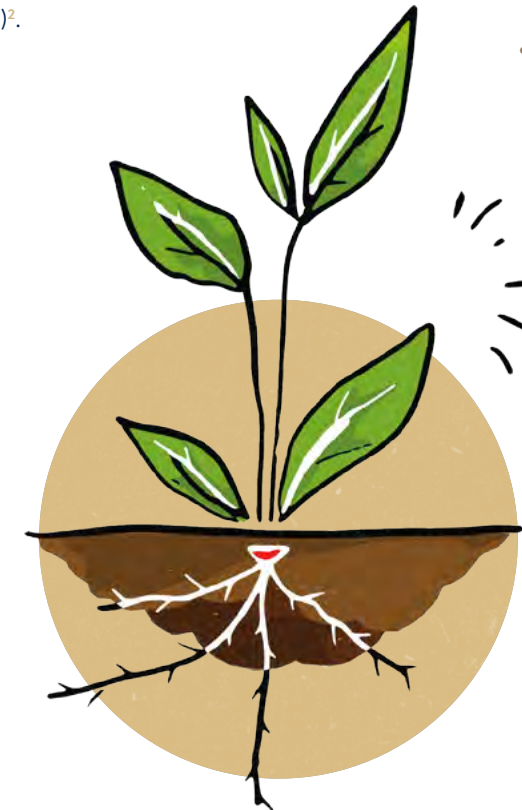
Indirect Emissions

- Emissions from consumption of purchased electricity.

SCOPE 3

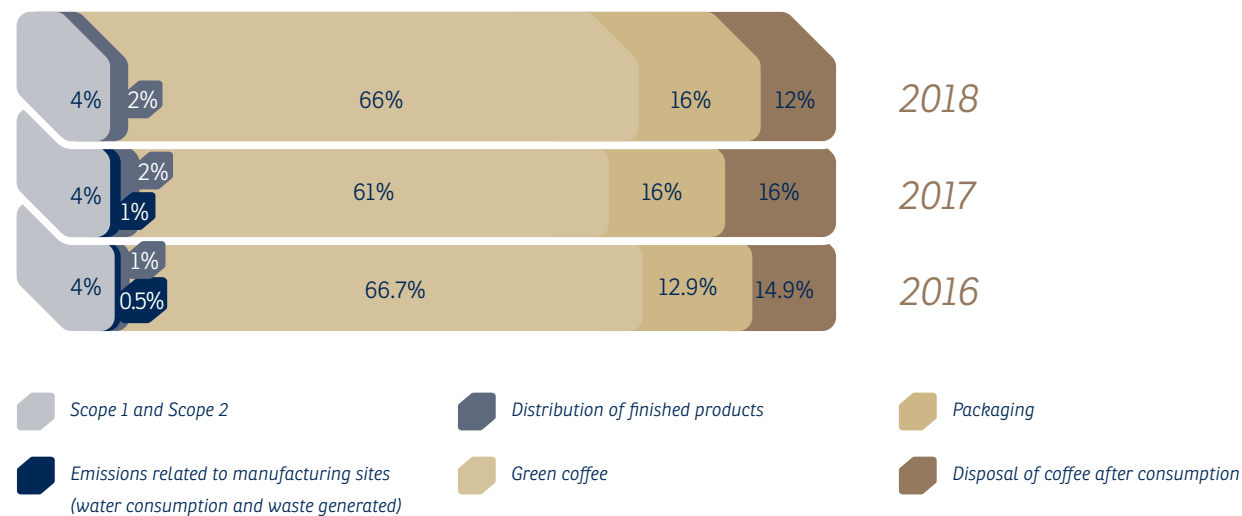
Other Indirect Emissions

- Emissions from the production of green coffee.
- Emissions from the production and disposal of raw materials packaging.
- Emissions from the consumption of water in the manufacturing plants and Headquarters.
- Emissions from the treatment of waste generated³.
- Emissions from the distribution of finished products.
- Emissions from the disposal of coffee after consumption.





Breakdown of Lavazza's GHGs of Scope 1, Scope 2 and Scope 3



Scope: Luigi Lavazza S.p.A. and Foreign subsidiaries

⁴ UNI ISO 14064-1 Part 1: Specification with guidance to be applied at the organisation level for quantifying and reporting greenhouse gas emissions and their removals.

In order to quantify and report greenhouse gas emissions at a corporate level, i.e., considering the organisation's overall direct and indirect emissions, Lavazza adopted the following methodologies: ISO 14064:2006 standard⁴; the GHG Protocol Corporate Standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD); the Publicly Available Specification (PAS) 2050:2011, developed by DEFRA (Department for Environment, Food and Rural Affairs, UK), the Carbon Trust and the British Standard Institute (BSI).

The emissions scopes considered refer to the Headquarters, the Italian plants, the Carte Noire facility in France, and the Fresh & Honest plant in India. In order to permit comparison of the results of the analyses over the three-year period 2016-2018, in the following charts it has been opted not to include the direct and indirect emissions of the international production facilities of Carte Noire and Fresh & Honest.

In order to understand the reporting scope of every area, it is made explicit for every graph the companies referred to. In particular, the downtrend in direct emissions witnessed in 2018 (a decline of approximately 4% on 2017) was due to the lesser consumption of natural gas for heating as a result of the upgrade of the thermal power stations at the Turin and Gattinara plants and the shift to

the use of electric heating at the new Headquarters. Finally, emissions relating to the use of the company vehicle fleet also contributed to this reduction, albeit to a lesser extent, as a result of the smart working and digital workplace policies currently in place.

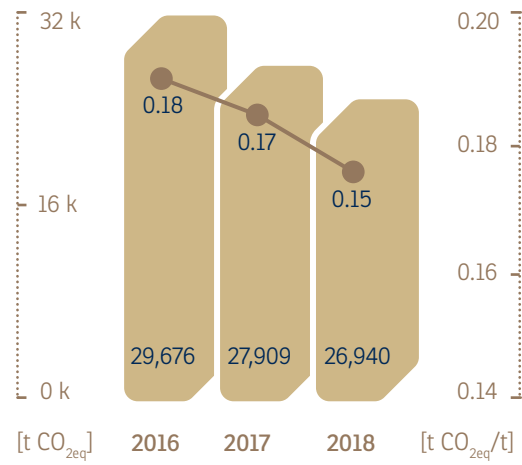
In 2018, as in the previous year, there were no refrigerant leaks from the refrigeration and air-conditioning systems in use.

Due to the decrease in the use of thermal energy for heating and the stable use of thermal energy in processes, direct emissions per ton of packaged coffee declined.

Environmental performance was analysed on the basis of primary consumption data subject to specific conversion factors for the geographical areas analysed and secondary process data available in the modelling software databases.

In absolute terms, the emissions from consumption of purchased electricity rose by 3% due to the increase in production, which, however, was less than proportional to the expansion of packaged coffee volumes. This lack of proportionality is also confirmed by the relative indirect emissions index, which was stable on the previous year, and is tied to the consumption containment programme implemented by the Company.

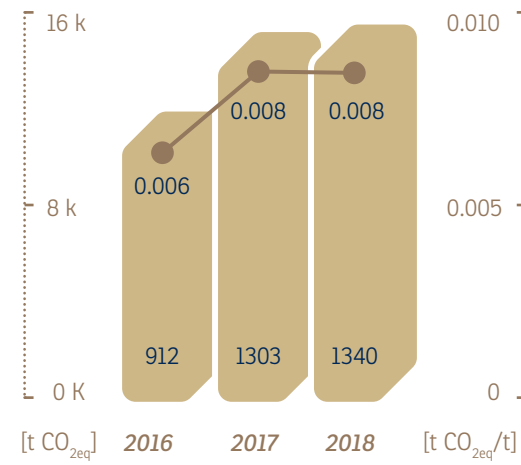
Scope 1
Direct emissions



- Total direct emissions
- Relative direct emissions

Scope: Luigi Lavazza S.p.A.

Scope 2
Indirect emissions

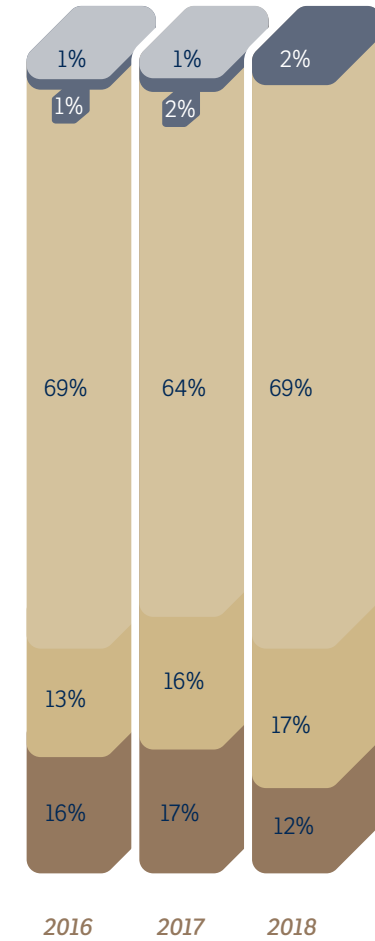


- Total indirect emissions
- Relative indirect emissions

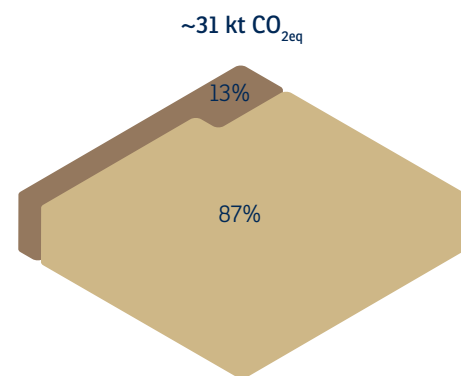
Scope: Luigi Lavazza S.p.A.

Scope 3
Other indirect emissions

- Emissions related to manufacturing sites (water consumption and waste generated)
 - Distribution of finished products
 - Green coffee
 - Packaging
 - Disposal of coffee after consumption
- Scope: Luigi Lavazza S.p.A. and Foreign subsidiaries

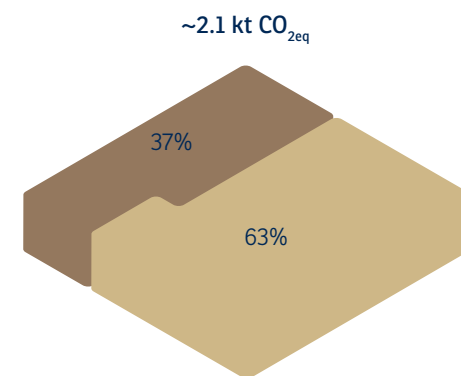


Breakdown of direct emissions



- Luigi Lavazza S.p.A.
- Foreign subsidiaries in scope

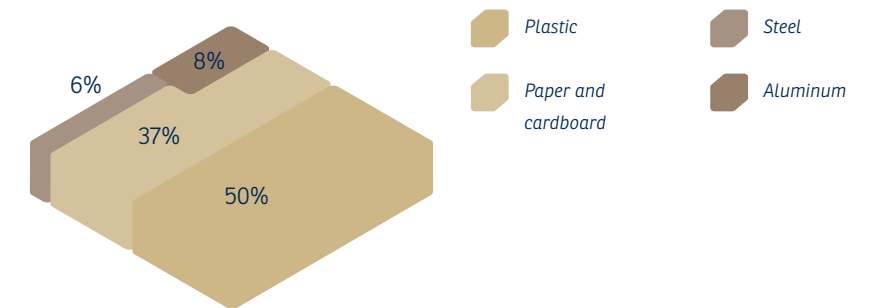
Breakdown of indirect emissions



- Luigi Lavazza S.p.A.
- Foreign subsidiaries in scope

Percentage distribution of the types of packaging materials

The main bulk material used in the Lavazza product line is plastic, followed by cellulosic components (paper and cardboard). Total primary, secondary and tertiary packaging materials amount to approximately 25,000 tonnes.



Scope: Luigi Lavazza S.p.A. and Carte Noire Operations

Energy consumption

Environmental and energy performance evolution is constantly monitored through Lavazza's Health, Workplace Safety, Energy and Environment Management System, whose objectives include the continuous improvement of the said indicators.

This section presents data and information regarding:

- energy consumption;
- water consumption;
- wastewater volumes.

The data and information refer to the Organisational Units within the reporting scope of this Sustainability Report, and therefore include the Headquarters, production plants and sales offices of Luigi Lavazza S.p.A. and the production plants of Carte Noire Operations (France) and Fresh & Honest Café Ltd (India).

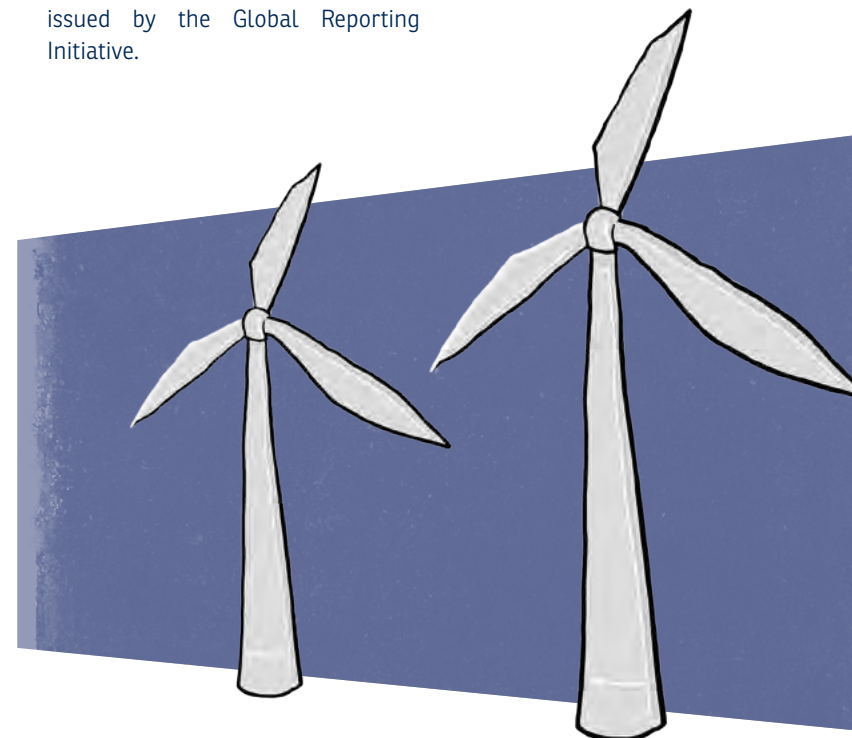
In order to permit an assessment of the organisation's performance, each section first presents the data for Luigi Lavazza S.p.A. only, followed by the aggregate data for all Group companies included in this Report.

The data reported herein refer to the electricity and heat consumption for industrial and civil use and fuel consumption for the corporate vehicle fleet.

The factors used to calculate the energy indicators by converting data in Gigajoules (GJ) are those indicated in the following sources:

- **Luigi Lavazza S.p.A.:** "Tabella parametri standard nazionali – coefficienti utilizzati per l'inventario nazionale UNFCCC delle emissioni di CO₂."
- **Carte Noire Operations S.a.s.:** "Rapport National d'Inventaire pour la France au titre de la Convention cadre des Nations Unies sur les Changements Climatiques et du Protocole de Kyoto";
- **Fresh & Honest Cafe Ltd:** "Indicator Protocols Set Environment (EN) Food Processing Sector Supplement Version 3.0 FPSS Final Version" issued by the Global Reporting Initiative.

⁵ 100% of electricity consumption consumed by Luigi Lavazza accounts for 343.965 GJ and originates from renewable source.



ELECTRICITY CONSUMPTION⁵

Electricity is consumed to operate the systems, production lines and ancillary services, such as for generating compressed air for office work. Winter heating at the new Headquarters is based on the use of electric systems not involving the combustion of methane gas.

The following chart provides the absolute values in Giga-Joules of Luigi Lavazza S.p.A. and its specific electricity consumption (or consumption index) compared to tonnes of packaged coffee. The rise in absolute electricity consumption by Luigi Lavazza in 2018 compared with previous years was due to the increase in production. However, the rise was less than proportional to the increase in the volumes produced as a result of the effective consumption

containment programme, which the Company is implementing with utmost diligence.

During the three-year period, various actions were taken at both the technical level (e.g., refurbishment of part of the lighting systems and installation of inverters in fixed-speed engines) and the management level (e.g., achievement of high yield levels by production lines and powering down of stand-by equipment) aimed at rendering the production process more efficient.

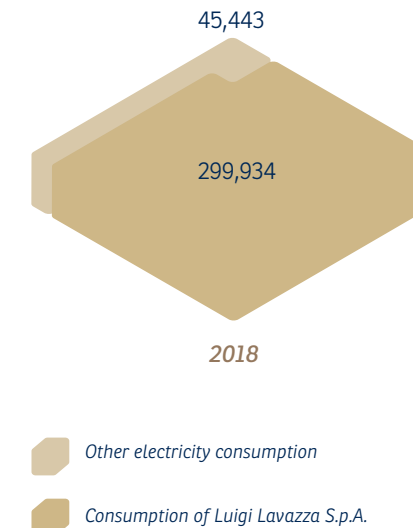
The significance of the result achieved is clear from the decrease in specific electricity consumption, which fell from the 1.92 recorded in 2015 to 1.70 GJ/t in 2018, despite the installation of numerous cooling systems in 2017.

In order to provide an overview of overall electricity consumption by all organisational units within the reporting scope, i.e., Luigi Lavazza S.p.A., Carte Noire Operations and Fresh&Honest, the following chart provides their absolute values in Giga-Joules.

The related specific electricity consumption (consumption index) compared to overall tonnes of packaged coffee corresponds to 1.66 [GJ/t].



Scope: Luigi Lavazza S.p.A.



HEAT CONSUMPTION

Luigi Lavazza S.p.A.'s heat consumption, which consists of the consumption of natural gas, is required to operate the production facilities, in particular the coffee roasting and decaffeination lines, and to generate heat for the buildings. The portion referring to production processes is proportional to the quantity of processed coffee, while the second aspect is dependent on external weather conditions.

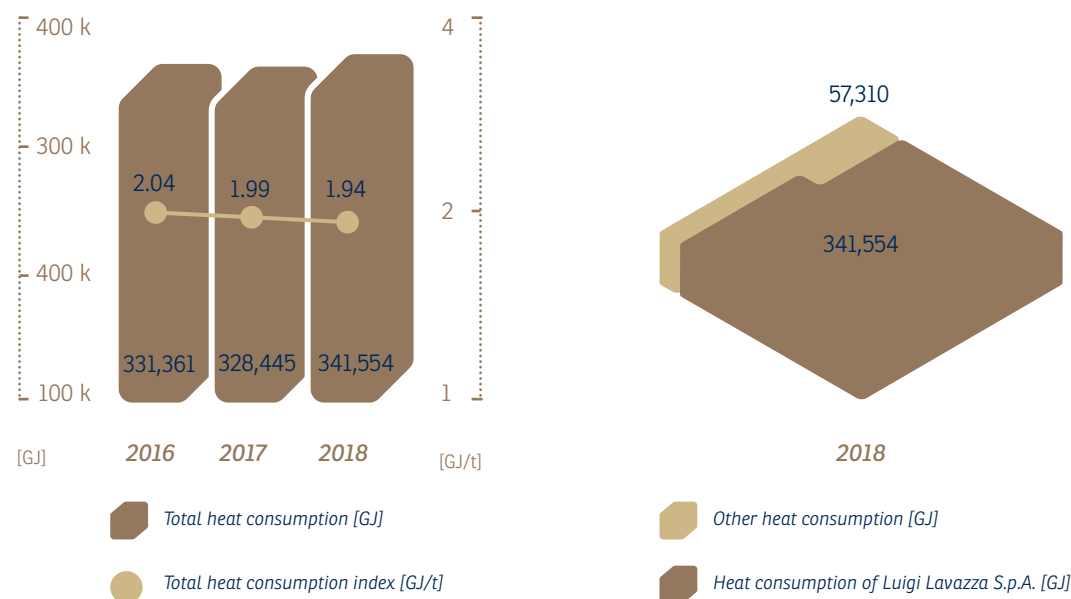
The chart shows Luigi Lavazza S.p.A.'s absolute thermal consumption and the specific heat consumption values (consumption index) in Giga Joules compared to tonnes of packaged coffee. In the three-year period 2016-2017-2018, heat consumption referring to production processes remained stable, while that related to building heating systems dropped significantly following the upgrade of the thermal power stations of the Turin and Gattinara plants,

the favourable weather conditions, and the new sources used to power the Headquarters heating system — electricity instead of gas, used at the former facility.

The following chart shows an overview of the overall heat consumption of all organisational units within the reporting scope, in absolute terms and measured in Giga Joules.

With regard to the said organisational units, i.e., Luigi Lavazza S.p.A., Carte Noire Operations and Fresh&Honest, the relative specific heat consumption (consumption index) compared to overall tonnes of packaged coffee corresponds to 1.92 [GJ/t].

It should be noted that the production cycle at the Fresh&Honest plant uses liquid fuels such as LPG and diesel.



Scope: Luigi Lavazza S.p.A.

TOTAL ENERGY CONSUMPTION

The data of total energy consumption of Luigi Lavazza S.p.A. include electricity consumption, heat consumption and fuel consumption by corporate vehicle fleet.

During the three-year period of reference 2016, 2017 and 2018, consumption increased in absolute terms, essentially due to greater packaged coffee production, which rose by approximately 7%; however, this increase was less than proportional to the rise in the volumes produced, owing to the various measures to contain consumption implemented by the Company, as witnessed by the 5% reduction in specific energy consumption.

Fuel consumption by the company vehicle fleet in 2018 was approximately 16% lower due to the decrease in the company population's movement throughout the territory — an operational scenario to which the adoption of flexible work-

ing and digital workplace policy systems contributed decisively.

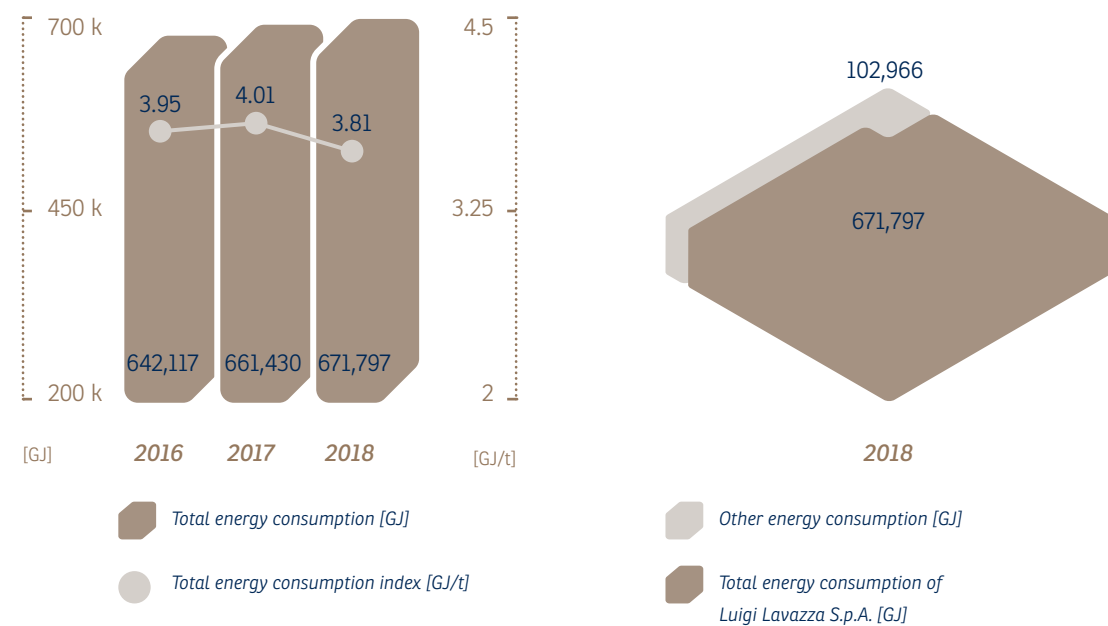
The accurate energy model developed in 2015, and subsequently amended, for all Italian manufacturing plants in accordance with Italian Legislative Decree No. 102/14 - "Implementation of Directive 2012/27/EU on energy efficiency" and in accordance with standard UNI ISO 50001 - "Energy management systems - Requirements and guidelines for use" has proved decisive in identifying the improvements that the Company needed to introduce.

In this regard, the energy monitoring system installed at the manufacturing plants in Turin, Gattinara and Pozzilli proved to be an essential tool to verify the effectiveness of the interventions implemented.

The energy simulation developed as part of the LEED certification process for Nuvola, the new Headquarters, is an-

other fundamental tool for overseeing energy consumption. The simulation calculated the expected consumption levels for the new organisational unit; consistency with these consumption levels is periodically assessed through an automatic monitoring system installed with the precise aim of ensuring informed, efficient energy management. The following chart provides an overview of the energy consumption of all organisational units within the reporting scope, in absolute terms and measured in Giga Joules.

The related total energy consumption index compared to overall tonnes of packaged coffee corresponds to 3.73 [GJ/t]. Data refer to the organisational units within the reporting scope, i.e., Luigi Lavazza S.p.A., Carte Noire Operations and Fresh&Honest.



Scope: Luigi Lavazza S.p.A.

Water consumption

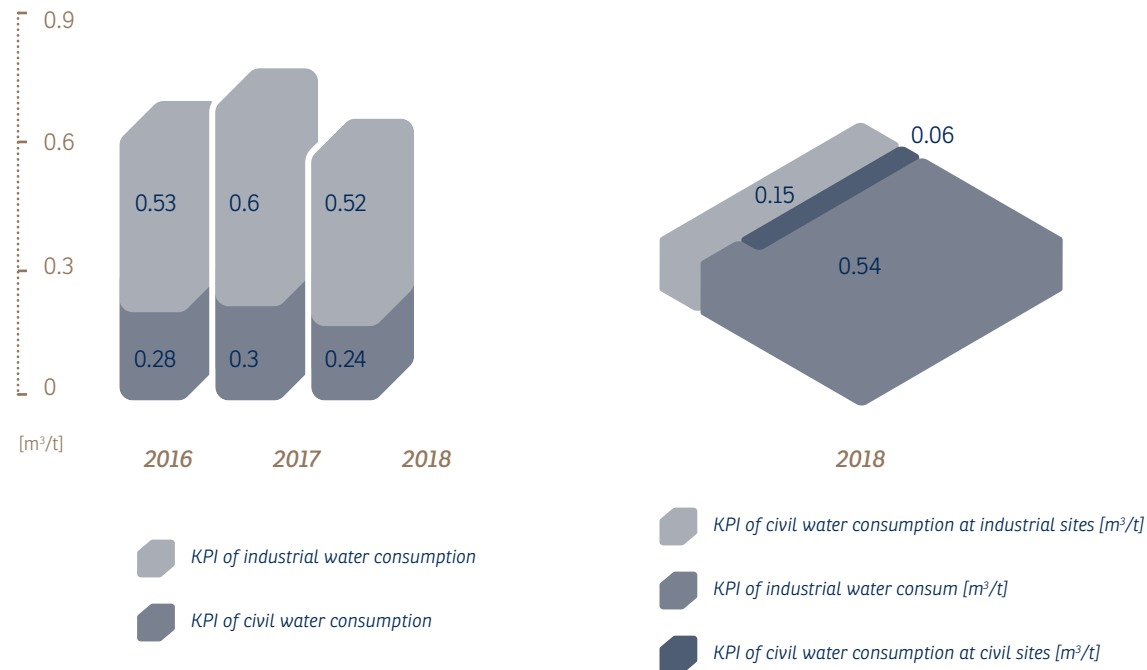
The water consumption reported by Luigi Lavazza S.p.A. is broken down into civil hygiene and sanitary use and use in production facilities, and in particular in coffee roasting and decaffeination processes and the cooling of compressed air machines.

The chart shows the specific water consumption of Luigi Lavazza S.p.A. expressed in m³ of water consumed (for civil and industrial use) compared to tonnes of packaged coffee.

Water consumption for civil and industrial use fell due to various water consumption containment and reuse

measures (e.g., installation of aerators on civil-use faucets and installation of a system for the evaporation and subsequent recovery of part of industrial-use water at the Turin plant).

The following chart shows the water consumption of Luigi Lavazza S.p.A., Carte Noire Operations and Fresh&Honest in m³ per tonne of packaged coffee. The water consumption index is 0.76 [m³/t].



Scope: Luigi Lavazza S.p.A.

Scope: Luigi Lavazza S.p.A. and Foreign subsidiaries



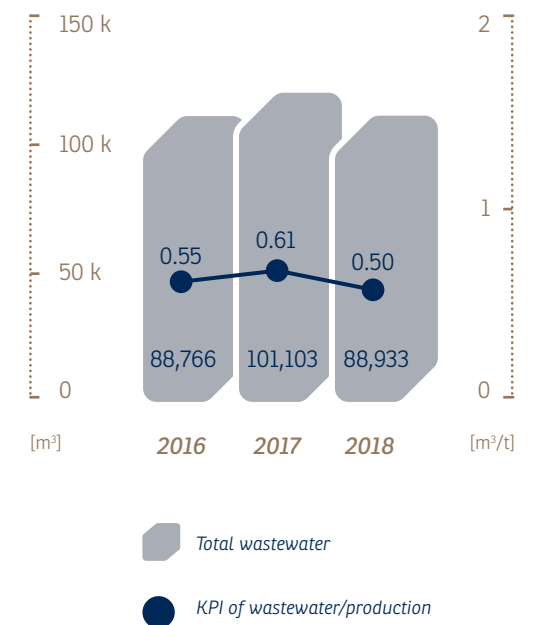
WASTEWATER

The chart shows the absolute value of wastewater volumes discharged by Luigi Lavazza S.p.A. into public sewage compared to tonnes of packaged coffee, expressed in m³.

The decrease in wastewater discharge in 2018 compared with 2017 was consistent with the decline in the volume of water withdrawals and the efforts to improve the distribution network.

WATER REUSE AND RECYCLING

In the production process, the reuse of water is supported by recirculation into cooling systems and recovery of water from evaporator systems.



Scope: Luigi Lavazza S.p.A.



Project to set the guidelines for calculating the environmental impacts of espresso

In view of effective, standardised external communication of the results of LCA analyses, the ISO 14025 standard has established principles and procedures for developing Environmental Product Declarations (EPDs). These environmental labels describe the quantification of the environmental impacts associated with the life cycle of a specific product, calculated through an LCA analysis. In order to prepare an EPD for a specific product, it is fundamental to define calculation rules (PCRs or Product Category Rules) that include the contents and operating methods to be adopted to ensure consistency in data collection and analysis. Lavazza also viewed it as important to commit to drafting PCRs for its main products — espresso and moka coffee — in order to permit a specific analysis of the beverages, to be assessed from the standpoint of the associated environmental impacts. Due to the lack of ad-hoc beverage guidelines capable of identifying the characteristics of the extraction system, preparation and the in-cup result, Lavazza worked on drafting ad-hoc specifications for espresso within the

Italian Coffee Committee (Comitato Italiano del Caffè) and together with the main industry stakeholders. This effort resulted in the identification of measurable and replicable minimum technical parameters. These guidelines were then adopted in the first espresso PCR, drafted along with other Italian companies within the framework of the Italian Coffee Committee, according to a pre-competitive approach.

IES! IMPACT EVALUATION SERVICE
In order to facilitate and promote the process of integrating the results of LCA studies into business activities and achieving the described advantages, in 2018 the Institutional Relations & Sustainability Department set up a service benefiting all company departments: IES! (Impact Evaluation Service!). IES can be used to obtain an analysis of the environmental impacts of processes, activities and initiatives that are ongoing or in the process of being defined, according to an integrated approach and in line with industry technical standards.



IF Design Award

In 2018, the IF DESIGN AWARD, one of the world's most valued design competitions, recognised the results achieved by Lavazza in the design of its semi-automatic coffee systems. The new models of the Firma range — Inovy/Inovy & Milk, Inovy Compact/Elogy, and Inovy Mini/Elogy Mini — specifically developed for the OCS (Office Coffee Service) channel, were awarded this prestigious prize within the "Kitchen" category.

The IF DESIGN AWARD is conferred each year by a group of internationally recognised, accredited designers at the competition organised by Germany's historical independent design organisation, the Hannover-based iF International Forum Design GmbH. The award is synonymous with global design excellence and is regarded as a seal of quality. It is the hallmark of fierce competition that this year involved more than 6,000 projects from 54 countries. The new models within the Firma range — Inovy/Inovy Milk, Inovy Compact and Inovy Mini — focus on compactness, quality performance and 100% Italian design.



¡Tierra! Bio: There is goodness on earth

In 2018, Lavazza launched ¡Tierra! Bio-Organic: the Company's first product for the domestic segment with organic certification, which ensures that production processes meet specific requirements for the processing of organically sourced raw materials, and UTZ certification, which guarantees high social and environmental standards in coffee production.

Sourced from plantations where organic agriculture is practised and social sustainability principles are respected, this new blend represents yet another case of innovation in the history of a Company that has always been committed to innovation and sustainability.



3.2 Continuous improvement

The Improvement Continues

The continuous improvement process begun at production facilities in recent years continued in 2018. Ad-hoc training activities were held for plant personnel, together with specific projects aimed at people development.

At Lavazza, the continuous improvement process represents an important factor of cultural change, which over time has involved a large number of personnel and resulted in a gradual shift in the working approach.

Continuous improvement training courses inspired by the World Class Manufacturing model were held at the Turin plant. In fact, the previously launched training and engagement programme continued, dealing with issues such as: the principles underlying the continuous improvement model in place, how to deal with problems and propose solutions, the importance of closely-knit working teams and the management of departments.

At the Gattinara plant, training continued on the subject of the importance of multi-skilling and multi-functionality, with specific regard to more efficient operation of production lines and, in general, continuous improvement inspired by the Kaizen model.

In September 2018, a follow-up event was organised with employees and their families to celebrate the results achieved.



Improving for growth

In July 2017, the Gattinara production plant was ranked among the top five large organisations in terms of the culture of continuous improvement, winning the Kaizen Award.

More than one year later, the plant celebrated those who contributed to reaching this milestone, in an event that involved over 800 individuals, between employees and their families.

On this occasion, the Company rewarded the working teams that came up with and implemented the best ideas for improving work, resulting in higher performance quality, lower processing costs and a reduced environmental impact.

Since the continuous improvement process was implemented at the Gattinara and Turin plants, productivity has increased, improving processing costs accordingly.

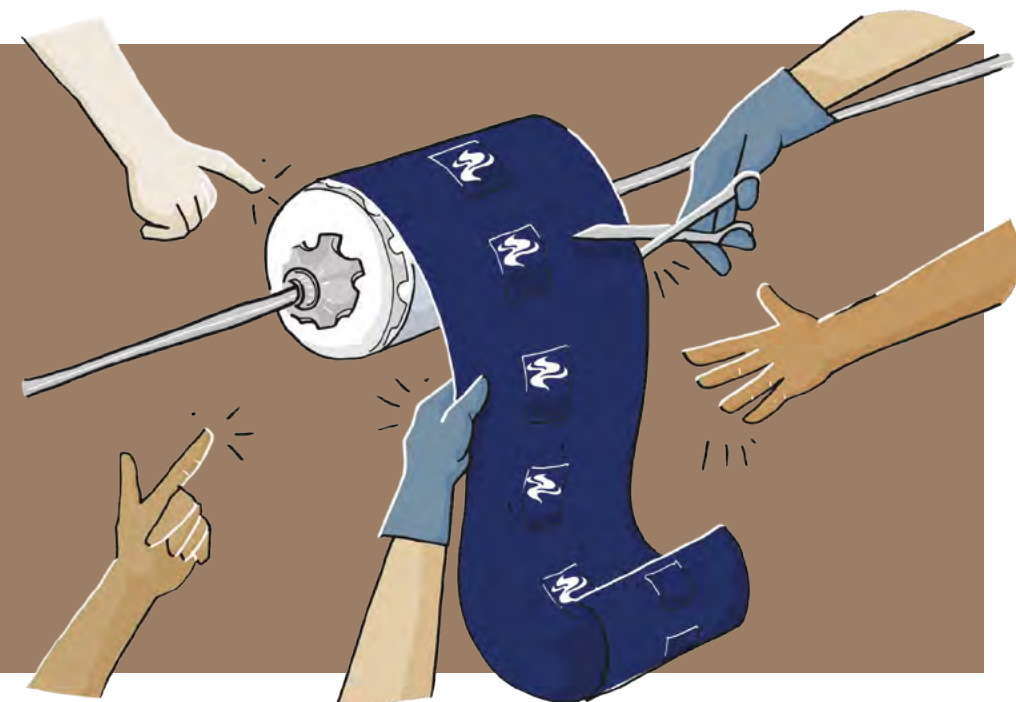
At the French plant in Lavérune, a process of changing the working model used was launched in 2018. This process involved negotiation of working conditions with trade unions and implementation of a communications plan focused on employees that describes the rationale underlying the change in working methods.

Project 1. Espresso Point

THE CHALLENGE
REDUCING DISCARDED
PACKAGING MATERIALS
DUE TO REEL CHANGES

The packaging machine wraps capsules in small pouches. The operator used to have to change the reel and stop the machine. Often, while the reel was being changed, the film would slip when passing the seam, and the reel would thus fail quality control. As a result, the pouches were often discarded.

THE SOLUTION
Aluminium guides with rings were added on rollers; the guides can be adjusted to prevent the film from slipping thus ensuring that it stays within the rings.



-25%
TIME SPENT CHANGING
REELS

IMPROVED
QUALITY OF WORK

-90%
REDUCTION IN
DISCARDED PACKAGING
DUE TO REEL CHANGES

Project 2. Rejected roasted coffee

THE CHALLENGE
REDUCING THE
PERCENTAGE OF ROASTED
COFFEE REJECTED

The percentage of roasted coffee that did not meet quality controls and was therefore rejected used to be approximately 2-3% of the total.

THE SOLUTION
After thorough analysis, it was determined that the cause of this problem was a delay in the arrival of the green coffee at the machines, which when they did not receive coffee to be roasted automatically entered into stand-by mode. When they were restarted, they took longer to reach the right temperature. Based on an analysis of the software system, it was possible to add two additional roasting phases, so that the machine no longer would go into stand-by.

>500
TONS OF COFFEE
NOT REJECTED
DURING THE YEAR

-44%
TOTAL ROASTED
COFFEE REJECTED



Lavazza's Health, Workplace Safety, Energy and Environment Management System

In compliance with the Corporate Policy for Health, Safety, Energy and Environment implemented through the adoption of the Occupational Health & Safety, Energy and Environment Group Guidelines, in 2018 Lavazza continued to develop and implement its Health, Safety, Energy and Environment Management System (SG-SSEA), in compliance with standards ISO 14001, ISO 50001 and OHSAS 18001.

The SG-SSEA scope includes the organisational units of Luigi Lavazza S.p.A., and in particular the Italian production plants of Turin, Gattinara and Pozzilli, the Nuvola Headquarters and the Innovation Center. In addition, the system provides the guiding principles to be applied at the Carte Noire Operations plant in Lavérune (France), already ISO 14001 and OHSAS 18001 certified.

The SG-SSEA system is managed through the SG-SSEA Portal, which makes it possible to archive and manage all the procedures, records and documents associated with the System. In 2018, the SG-SSEA system was subject to an internal audit by the Lavazza auditors, involving onsite inspections at all the organisational units of Luigi Lavazza S.p.A. and the French plant in Lavérune. The results of the internal au-

dit, along with the essential elements of the SG-SSEA system, were analysed during the review of the SG-SSEA by the management in November 2018.

The main results of the implementation of the SG-SSEA system in 2018 were:

- obtainment of ISO 14001 certification, according to the most recent revision of the standard dating to 2015, by the Carte Noire Operations plant in Lavérune;
- implementation of the register of applicable environmental provisions;
- completion of the environmental operating procedures regarding main environmental issues (e.g., noise, water discharge, waste, atmospheric emissions, etc.);
- completion of the analysis, identification and assessment of environmental aspects and impacts related to Lavazza's processes, including from an LCA perspective;
- integration into the SG-SSEA system of the process of collecting and disposing of waste electrical and electronic equipment (WEEE), essentially consisting of coffee-dispensing machines at the end of their life cycles;
- implementation of the Energy Team, the committee responsible for evaluating energy improvement projects;

- in workplace health and safety, the renewal of OHSAS 18001 certification for the Carte Noire Operations plant in Lavérune, and the extension to additional departments and the Lavérune plant of the Virtual Control Tour - Safety app used to verify the state of compliance of the main aspects relating to workplace safety and the reporting of any corrective measures necessary.





Lavazza and the Global Compact

The United Nations Global Compact (GC) 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 (GC) was launched. The GC requires companies and organisations involved to share, sustain and apply, within their remittance, a set of fundamental, universally shared principles regarding:

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

Lavazza adhered to the ten principles in 2017, undertaking to renew its commitment on a yearly basis.

With regard to the principles defined by the Global Compact, a description of the actions undertaken and the results achieved by Lavazza is given in the following paragraphs.



Implementation of ten principles within business strategies and operational management

Integration of sustainability in corporate functions and business units

Implementation of sustainability in the value chain

The Lavazza sustainability reporting process, coordinated by the Institutional Relations & Sustainability (IR&S) Department, entails the involvement of the entire organisational structure of the Group Companies.

As part of the revision process of the Group sustainability strategy, the Lavazza value chain was analysed in order to identify the specific value generation macro-areas. Thanks to the contribution from the various corporate Departments, current and future sustainability initiatives linked to the business were identified.

The IR&S Department, established in 2016, is tasked with the management, planning and programming of sustainability initiatives, promoting the adoption and integration of CSR principles within the corporate business strategies and processes among the various Group Units.

The Department's main activities include:

- management of the process for drafting the Sustainability Report and defining the Group sustainability strategy;
- coordination of the projects promoted by the Lavazza Foundation;
- definition and management of community engagement initiatives;
- management of supplier engagement initiatives with respect to sustainability issues;
- management of institutional relations;
- measurement and evaluation of the environmental impact and development of compensation mechanisms.

CRITERIA 3-5

Sound management of policies and procedures related to human rights

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.

COMMITMENTS, POLICIES AND OBJECTIVES

In order to share with its stakeholders the values and ethical and behavioural principles to which the Group aspires, Lavazza has prepared the following three documents:

- Code of Ethics;
- Supplier Code of Conduct;
- Employee Code of Conduct.

The first two documents can be consulted both on the Lavazza Intranet and on its corporate website, while the third is only available on the corporate Intranet. The Code of Ethics and the Supplier Code of Conduct contain explicit references to the principle of respect for human rights.

In greater detail:

- **Code of Ethics:** respecting the rights and dignity of the communities in which the Group operates means for Lavazza acting in compliance with local and international laws and regulations. Lavazza chooses to work with players who recognise and respect the principles expressed in the Code. The Company thus prefers to operate with players who, inter alia, protect human rights. Lavazza uses objective, impartial and comparable criteria, which reward those commercial partners whose activity is carried out in the full respect of internationally recognised human rights, labour and environmental principles;
- **Supplier Code of Conduct:** Chapter 4, dedicated to "Labour & Human Rights", is broken down into the following paragraphs: Legal Contracts for Workers, Health & Safety, Non-Discrimination, Prevention of Forced Labour, Child Labour, Working Hours, Wages and Benefits, Privacy,

Freedom of Association. As specified in the Code, Lavazza embraces the values expressed in the Universal Declaration of Human Rights and in the Fundamental Conventions of the International Labour Organization (ILO). Suppliers must always behave in such a manner so as to comply with these conventions and protect and promote human rights in all their relationships, and always consider their counterparts as professionals and — first and foremost — human beings.

Lavazza adheres to the UN Global Compact's Ten Principles that are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption and underlines, in particular, the importance of principle 1 and principle 2 referring to Human Rights.

If the Suppliers act in a country that has not ratified ILO standards (or any other above-mentioned convention), Lavazza may reserve the right to require those Suppliers to demonstrate that they substantially respect the ILO standards on Forced Labour, Freedom of Association, and Child Labour.

The Supplier Code of Conduct was prepared taking as a reference internationally recognised rules, such as the United Nations Universal Declaration of Human Rights, the ILO International Labour Standards, The Children's Rights and Business Principles developed by Save the Children, UNICEF and the UN Global Compact and the UN's Ten Principles of the Global Compact.

ACTIONS IMPLEMENTED

In 2018, Lavazza continued to collaborate with Save the Children on the Children's Rights and Business Principles project, launched in 2017. This project involves mapping the impacts of Lavazza's activities relating to children's rights and drawing up specific plans for the following corporate Areas:

- Lavazza Foundation
- Community Engagement
- Human Resources
- Purchasing
- Coffee Buying Department
- Marketing and Training Center
- PR and Events

This project aims to introduce CSR issues into operating and corporate business activities. In February 2017, a workshop was organised on themes relating to the Children's Rights and Business Principles and possible approaches to integrating the theme of human rights into company policies, codes, documents and practices, following which in 2018 Lavazza began to carry out projects within the functions involved.

For instance, Lavazza has established a programme aimed at raising awareness about CRBPs among its suppliers. In 2018, two projects were carried out in collaboration with Lavazza's suppliers: one in China, with a focus on coffee machines, and the other in Vietnam, devoted to the communities where Lavazza procures its green coffee.

In addition, a webinar was held together with Save the Children to raise awareness amongst Lavazza's suppliers of human rights issues. The purpose of this webinar was to share with its suppliers expectations regarding the sustainability strategy.

Lavazza also requires its suppliers and partners to read and accept the Group's Code of Ethics and Supplier Code of Conduct, undertaking to comply with

the values and principles set out therein. Within this framework, following the publication of its new Supplier Code of Conduct in 2017, Lavazza began a process of circulating the Code to all its suppliers, with the aim not only of establishing a dialogue with them on sustainability issues, but also of monitoring the entire supply chain with regard to respect for the values and principles enshrined in it.

In addition, the supplier CSR qualification criteria included in the questionnaire available on the dedicated portal were revised and updated in order to ensure greater integration of sustainability principles into supplier selection criteria. In order to register, in addition to accepting Lavazza's Code of Ethics and Supplier Code of Conduct, each supplier must also complete the various questionnaires present, including the CSR questionnaire, the themes of which are labour standards and human rights, salaries and working hours, business ethics, health and safety, management of environmental issues, responsible procurement and certification of management systems.

For further information, reference is made to the chapter of this document dedicated to suppliers entitled "People at the core".

MONITORING AND ASSESSMENT MECHANISMS

The goals of the projects carried out in Vietnam and China with the Company's suppliers in 2018 were to identify any critical issues relating to human rights. In Vietnam, an assessment was performed on various coffee-growing communities, the main focus of which was minors' rights. This activity involved 150 coffee-growing households, who completed a questionnaire analysing lifestyle and income, coffee production

and the impact of coffee cultivation on children's rights. In addition, various interviews were conducted and group discussions were organised, together with one-on-one interviews with individual workers.

The analysis conducted at the plant in China sought to assess and identify workers' needs, including in terms of work-life balance. To conduct this evaluation, workers took part in focus groups, interviews and online questionnaires regarding their working, personal, family and health conditions.

As indicated in Lavazza's Supplier Code of Conduct, the Company reserves the right to assess, with or without prior notice, Suppliers' compliance with the Code by availing of Lavazza personnel or organisations appointed by the Company.

Such controls may include inspections of the Supplier's facility and interviews with its workers. Lavazza requires collaboration from Suppliers during these auditing activities and expects Suppliers to promptly address any shortcoming with regard to the Supplier Code of Conduct through the implementation of targeted corrective measures and remedies.

Where any non-compliance is reported by Suppliers or assessed by Lavazza, the latter may ask the Supplier to plan and implement any necessary corrective actions.

Lavazza reserves the right to interrupt or terminate any relationship or agreement with Suppliers refusing to take corrective actions within a reasonable period of time, without any prejudice to any other rights and remedies set forth by the applicable law and consequential to such termination.

CRITERIA 6-8

Sound management of policies and procedures related to labour

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.*

COMMITMENTS, POLICIES AND OBJECTIVES

The tools possessed by Lavazza for sharing its ethical and behavioural values and principles with its stakeholders include specific references to employment policy and procedure management. In greater detail:

- **Code of Ethics:** respecting the rights and dignity of the communities in which the Group operates means for Lavazza acting in compliance with local and international laws and regulations. Lavazza chooses to work with players who recognise and respect the principles expressed in the Code. The Company thus prefers to operate with players who, inter alia, guarantee safe, secure, fair and dignified working conditions;
- **Employee Code of Conduct:** the Lavazza Group intends to create a dignified working environment, based on the protection of individual freedom, human dignity and inviolability, as well as the principles of integrity in interpersonal relations, which will allow all employees to work in peace and to the best of their abilities. Lawfulness, loyalty and fairness must guide the behaviour of all employees at every level. Because of this, the Lavazza Group condemns all form of discrimination and oppression in the workplace and demands that there should be no harassment or unfair conduct in internal and external work relations, requiring its employees to help keep the working environment respectful of the sensibility and dignity of others. The Lavazza Group selects and assesses candidates objectively during

the hiring process on the basis of their professional skills;

- **Supplier Code of Conduct:** Chapter 4, dedicated to "Labour & Human Rights", is broken down into the following paragraphs: Legal Contracts for Workers, Health & Safety, Non-Discrimination, Prevention of Forced Labour, Child Labour, Working Hours, Wages and Benefits, Privacy, Freedom of Association.

As specified in the Code, Suppliers should establish recognised employment relationships with their workers that are in accordance with their national law and good practice. Suppliers should not do anything to avoid providing workers with their legal or contractual rights. In hiring and employment practices, suppliers shall not discriminate on the basis of gender, race, colour, religion, sexual orientation, age, physical ability, political opinion, nationality, social or ethnic origin, union membership. Suppliers shall always treat their employees and workers with fairness, respect and dignity, guaranteeing equal opportunities to all. Lavazza requests Suppliers not to engage or take advantage in use of forced or bonded labour, involuntary prison labour, slavery, or trafficking of persons.

Lavazza is against using any form of child labour, and believes that completely eradicating child labour is ultimately in the best interests of children. Lavazza knows that the biggest driver of child labour is poverty, and therefore it requests that Suppliers engage effectively in developing or participating in contributing to policies and programmes to reduce extreme poverty in the best interest of every child, while engaging in the effective abolition of any illegal form of child labour.

Suppliers shall comply with the relevant rules set forth by the International Labour Organization (ILO), especially Convention 138 on the Minimum Age of Employment and Convention 182 on the Worst Forms of Child Labour. Suppliers shall not employ any person below the legal age of employment, as determined by ILO Conventions and in respect of the local, social and legal framework if it sets a higher minimum age. If local laws allow the legal employment of young workers, Suppliers shall protect young persons of legal working age, until the age of 18, ensuring that they are treated according to law; this includes measures to avoid hazardous and night jobs that could jeopardise their health, safety or morals.

Suppliers shall comply with all applicable national and international provisions of international labour standards and industry standards on working hours. They shall comply with all applicable laws and collective agreements regarding wages and benefits.

Suppliers shall recognise the right of workers to join labour organisations, as well as their right to collective bargaining, if they choose to adhere to such schemes. Likewise Suppliers shall understand the importance of direct engagement between workers and management and promote open communication regarding working conditions without fear by workers of harassment, intimidation or reprisal.

Suppliers shall acknowledge the right of freedom of speech to every worker.

ACTIONS IMPLEMENTED

The three above-mentioned documents describe how to report about violations or suspected violations of the principles contained in the Codes (e.g., dedicated email address).

The Parent company's HR Department includes a Unit that deals with handling trade union relations. The staff employed in this Unit periodically meet workers' trade union representatives and, in the event of specific issues (supplementary contract, unemployment benefit, unemployment insurance, etc.), the trade union organisations themselves.

The above-mentioned Unit periodically submits a summary of the disputes that have arisen in the handling of employment relations to the Head of the HR Department.

MONITORING AND ASSESSMENT MECHANISMS

As regards workplace health and safety (H&S), Lavazza:

- has implemented a Health, Workplace Safety, Energy and Environment Management System;
- provides for periodic audits to be carried out at its offices and plants;
- provides for its employees to receive specific workplace H&S training.

Lavazza has implemented a workplace health and safety system designed to define, monitor and improve all processes relating to workplace health and safety.

Accidents, for which frequency and severity indices are also calculated, are mapped and recorded within the framework of the management system.

CRITERIA 9-11

Sound management of policies and procedures related to environment

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.

*Commitments, strategies and/or policies;
Management systems;
Control/monitoring/assessment mechanisms (impact measurement/assessment)*

COMMITMENTS, POLICIES AND OBJECTIVES

Lavazza pays great attention to the impact generated by its business and measuring its environmental performance.

The tools possessed by Lavazza for sharing its ethical and behavioural values and principles with its stakeholders include specific references to environment protection. In greater detail:

- **Code of Ethics:** respecting the rights and dignity of the communities in which the Group operates means for Lavazza acting in compliance with local and international laws and regulations. Lavazza chooses to work with players who recognise and respect the principles expressed in the Code. The Company thus prefers to operate with players who, inter alia, protect the planet's natural resources and do not hamper the conservation of biodiversity;
- **Employee Code of Conduct:** the Lavazza Group aims to apply the principles of the Code of Ethics, encouraging its employees to act responsibly in their use of natural resources such as water, electricity and other resources including paper and products, adopting responsible forms of consumption and reducing waste and inappropriate use;
- **Supplier Code of Conduct:** Chapter 5, dedicated to "Foresightedness", is broken down into the following paragraphs: Compliance with environmental laws, Environmental Impacts and Hazardous Substances, Promotion of eco-innovation, Resource Conservation and Climate Protection, Biodiversity and Land rights and land grabbing as specified in the Code, Lavazza is commit-

ted to respecting the environment all throughout the value chain and expects the same from its Suppliers. In fact, they must comply with all applicable environmental laws and requirements including but not limited to: obtaining and maintaining environmental permits and approvals for the conduct of regulated activities; the management and disposal of hazardous materials; releases of contaminants to air, soil and water; the protection of natural resources and wildlife; the prohibition or restriction of specific substances and the recycling of materials and environmental rights.

Lavazza encourages Suppliers to collaborate in measuring the environmental impact of the entire production chain in order to minimise its negative impacts and work with Lavazza and local communities to further improve the environmental performance of products.

Lavazza expects Suppliers to design their production processes in order to reduce waste of natural resources (with particular attention to the safeguard of water and energy resources), while promoting their recycling and reuse. Therefore, Lavazza strongly recommends a pro-active approach towards innovative solutions and technologies aimed at proposing continuously improved and lower environmental impact products and services.

Suppliers shall have systems in place to prevent or mitigate accidental spills and releases into the environment. They shall also engage in the development and use of climate-friendly products and processes to reduce power consumption.



Lavazza has also established and officially implemented a Corporate Policy for Health, Workplace Safety, Energy and the Environment, as well as Group Occupational Health & Safety, Energy and Environment Guidelines.

ACTIONS IMPLEMENTED

Lavazza has established and implemented a Health, Workplace Safety, Energy and Environment Management System based on internationally recognised standards and has a specific IT portal, in accordance with standards ISO 14001, ISO 50001 and OHSAS 18001.

The portal:

- makes it possible to archive and manage all the procedures, records and documents associated with the aforementioned System;
- provides for a "common" area for every process — accessible to all employees for consultation and use of the respective documents — and a "private" area with limited access, where specifically appointed personnel can manage and amend documents.

For further details on the 2018 results of the application of the System, reference is made to the dedicated chapter of this Report.

MONITORING AND ASSESSMENT MECHANISMS

Lavazza measures and monitors its environmental performance as described in Chapter "Continuous improvement and commitment to environmental sustainability" of this Report.

CRITERIA 12-14

Sound management of policies and procedures related to anti-corruption

ANTI-CORRUPTION

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

*Commitments, strategies and/or policies;
Management systems;
Control/monitoring/assessment mechanisms (impact measurement/assessment)*

COMMITMENTS, POLICIES AND OBJECTIVES

Lavazza works in compliance with the highest professional and ethical standards, operating within an international context in keeping with all applicable laws and regulations on the subject. In Italy, issues associated with the fight against corruption are covered by Legislative Decree No. 231/2001, while in other countries they are covered by specific local regulations. The values and the ethical and behavioural principles that inspire the Group in carrying out and managing its activities are indicated in its Code of Ethics, its Employee Code of Conduct and its Supplier Code of Conduct. Lavazza shares these documents with its stakeholders. These documents make specific reference to the subject of corruption. In greater detail:

- **Code of Ethics:** Lavazza commits, toward its suppliers, to implementing all necessary measures to prevent risks of conflicts of interest, the use of forms of cronyism or favouritism and corruption attempts. Lavazza furthermore ensures it will never abuse the negotiation power which might derive from being a large industrial Group. With regard to coffee producers and communities, the Company chooses to work with players who recognise and respect the principles expressed in the Code. It thus prefers to operate with players who, inter alia, fight corruption;
- **Employee Code of Conduct (paragraphs 2.6 and 2.7):** Lavazza sets certain limits on its employees (or their family members) receiving gifts or other benefits from people with whom they undertake business dealings, which:

- are not in line with normal business practice;
- are in cash or cash equivalents;
- are of excessive value, or in any case worth more than €50.00;
- may compromise the independence of judgement in business matters, operating fairness, integrity and reputation of the employee;
- may, in any case, be reasonably interpreted by an impartial observer as intended to acquire advantages in an improper manner.

Employees are expressly forbidden to, directly or indirectly, offer gifts or benefits of any kind on a personal basis to directors, officials, client employees or suppliers with whom they conduct business, even as a result of unlawful pressure. Acts of business courtesy in keeping with normal business relations and commercial practices are permitted, which should in any case be such as not to affect the autonomy of judgement of the recipient or compromise operating fairness, and could not be reasonably interpreted, by an impartial observer, as intended to provide an unfair advantage. Lavazza does not tolerate any type of corruption with regard to public officials, or any other party associated with public officials or public authorities in any form or way. Employees must not offer freebies, gifts or other utilities which may breach any laws or regulations or which are contrary to the Code or may, if made public, harm the Group in any way, even if only with regard to its image.

- **Supplier Code of Conduct:** as indicated in Chapter 2 "Ethics", par-

agraph "Improper Advantage", in order to obtain or retain business or any advantage in the conduct of business, the Supplier shall not give, offer or promise direct or indirect payment, be it in monetary or any other form, thus obtaining an improper advantage against other potential Suppliers. Suppliers shall never try to influence Lavazza workers providing inappropriate gifts or entertainment.

ACTIONS IMPLEMENTED

The three above-mentioned documents describe how to report about violations or suspected violations of the principles contained in the Codes (e.g., dedicated email address).

In 2018, the Lavazza Group created the Compliance Function within the Legal and Corporate Affairs Department in order to ensure the regulatory compliance of business activities and strengthen company culture in compliance matters through training activities.

In addition to the antitrust programme, this function is responsible for managing various activities aimed at ensuring compliance with European Regulation 2016/679 (GDPR), further information on which is provided in the chapter of this document entitled "The Lavazza Group". Luigi Lavazza S.p.A. has an Organisation and Management Model pursuant to Legislative Decree No. 231/2001. The crimes for which the company could be held liable include those relating to active and passive corruption, both in the public and private sector.

With regard to activities related to Legislative Decree No. 231, in 2018 Lavazza continued to organise specific one-hour online training sessions on the theme for the 236 employees of Luigi Lavazza S.p.A.

MONITORING AND ASSESSMENT MECHANISMS

As indicated in Lavazza's Supplier Code of Conduct, the Company reserves the right to assess, with or without prior notice, Suppliers' compliance with the Code by availing of Lavazza personnel or organisations appointed by the Company.

Such controls may include inspections of the Supplier's facility and interviews with its workers. Lavazza requires collaboration from Suppliers during these auditing activities and expects Suppliers to promptly address any shortcoming with regard to the Supplier Code of Conduct through the implementation of targeted corrective measures and remedies.

Where any non-compliance is reported by Suppliers or assessed by Lavazza, the latter may ask the Supplier to plan and implement any necessary corrective actions. Lavazza reserves the right to interrupt or terminate any relationship or agreement with Suppliers refusing to take corrective actions within a reasonable period of time, without any prejudice to any other rights and remedies set forth by the applicable law and consequential to such termination.

CRITERIA 15-18
Actions to support the broader United Nations sustainable development objectives

Strategies, business activities, promotion and engagement actions with stakeholders to support Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Lavazza is committed to promoting the Global Goals and helping to achieve the objectives established by the United Nations in the 2030 Agenda for sustainable development. To this end, as part of the Lavazza Group Sustainability strategy revision process (started in 2016 and completed in 2017), Lavazza has analysed the SDGs, identifying those applicable to it. In 2018, Lavazza launched a process aimed at defining the goals that, among those applicable to the Company, are considered a priority. What is more, during 2018, with a view to playing an active part in raising awareness of the SDGs, Lavazza implemented a specific internal communication plan to this regard and identified the "Goal Zero" as a tool for raising awareness about and promoting the SDGs among its stakeholders (for further details, reference is made to Chapter "The Lavazza Group" of this Report).

CRITERIA 19-21
Sustainability governance and leadership

*Statement from the top management
 Involvement of the Board of Directors*

Involvement of the stakeholders

Lavazza's commitment to implementing, disclosing and supporting the ten principles of the Global Compact is set out in the letter from the Chief Executive Officer.
 For the purpose of drafting the Lavazza Sustainability Report and validating its content, both shareholders and the Chief Executive Officer are involved each year.

Dialogue with its stakeholders is a central issue for Lavazza. Because of this, there are several listening and communication channels dedicated to them and various stakeholder engagement initiatives have been implemented (for more details, reference is made to the Methodological Note).

Transparency and disclosure in reporting

Lavazza has communication channels and tools that help keep its dialogue with all its stakeholders active and effective. Lavazza reports on its sustainability performance on an annual basis thanks to the Sustainability Report that is shared with its various stakeholders.

Independent audit

The Lavazza Sustainability Report has been subjected to external assurance by a third party.





GRI Indicators

The table below lists the indicators that are reported in this Sustainability Report. Each GRI indicator is cross referenced to the chapter or section of this Report; if the data/information is not contained in this document, the table provides a description of the indicator in question.

UNIVERSAL STANDARDS	
Universal Standard	Reference or description
102-1: Name of the organization	See the Methodological Note
102-2: Activities, brands, products, and services	Below is a list of the brands under the management of the Lavazza Group in Italy and in the countries included in the extended reporting scope of the Sustainability Report 2018. SINGLE SERVE <ul style="list-style-type: none"> Lavazza Carte Noire FOOD SERVICE <ul style="list-style-type: none"> Lavazza Carte Noire Merrild Senseo ROAST & GROUND <ul style="list-style-type: none"> Lavazza Merrild <p>There are no Lavazza products and/or services banned in some markets/countries.</p>
102-3: Location of headquarters	See the Methodological Note
102-4: Location of operations	See the Methodological Note
102-5: Ownership and legal form	See the Methodological Note
102-6: Markets served	See the Methodological Note
102-7: Scale of the organization	See Chapter 2 (paragraph 2.3 "The People of the Lavazza Group")
102-8: Information on employees and other workers	See Chapter 2 "People at the core" (paragraph 2.3 "The People of the Lavazza Group")
102-9: Supply chain	See Chapter 2 (paragraph 2.2 "Suppliers and Customers: Valuable Partnerships")
102-10: Significant changes to the organization and its supply chain	See the description of new acquisitions of the Lavazza Group ("Blue Pod Coffee Co." and "Lavazza Professional") in Chapter 1
102-12: External initiatives	See Chapter 2 (paragraph 2.1 "Coffee-growing communities and the commitment of the Lavazza Foundation" which includes dedicated sections, e.g., "World Coffee Research")
102-13: Membership of associations	See the Methodological Note (section "Lavazza's stakeholders and major listening and communication tools")
102-14: Statement from senior decision-maker	See the Chairman's and Chief Executive Officer's opening letters
102-16: Values, principles, standards, and norms of behavior	See the Appendix "Lavazza and the Global Compact"
102-18: Governance structure	See Chapter 1 (section "Group Governance")
102-40: List of stakeholder groups	See the Methodological Note (section "Lavazza's stakeholders and major listening and communication tools")

102-42: Identifying and selecting stakeholders	See the Methodological Note (section "Lavazza's stakeholders and major listening and communication tools")
102-43: Approach to stakeholder engagement	See the Methodological Note (section "Materiality Matrix")
102-44: Key topics and concerns raised	See the Methodological Note (section "Materiality Matrix")
102-45: Entities included in the consolidated financial statements	See the Methodological Note (section "Reporting scope and period")
102-46: Defining report content and topic Boundaries	See the Methodological Note (section "Materiality Matrix")
102-47: List of material topics	See the Methodological Note (section "Materiality Matrix")
102-48: Restatements of information	There are no changes/restatements compared to the 2017 Sustainability Report
102-49: Changes in reporting	See the Methodological Note (section "Reporting scope and period")
102-50: Reporting period	See the Methodological Note (section "Reporting scope and period")
102-51: Date of most recent report	The latest edition of the Sustainability Report refers to 2017
102-52: Reporting cycle	See the Methodological Note (section "Document Objectives")
102-53: Contact point for questions regarding the report	See the Methodological Note (section "Drafting Principles and Reference Standards")
102-54: Claims of reporting in accordance with the GRI Standards	See the Methodological Note (section "Drafting Principles and Reference Standards")
102-55: GRI content index	Reference should be made to this table
102-56: External assurance	See the Methodological Note (section "Assurance")
Management Approach	
103-1: Explanation of the material topic and its Boundary	See the information given in the chapters of this document and in the Appendix "Lavazza and the Global Compact"
103-2: The management approach and its components	See the information given in the chapters of this document and in the Appendix "Lavazza and the Global Compact"
103-3: Evaluation of the management approach	See the information given in the chapters of this document and in the Appendix "Lavazza and the Global Compact"

SPECIFIC STANDARDS DISCLOSURE	
Specific Standards Disclosure	Reference or description
200: ECONOMIC TOPICS	
GRI 204: Procurement Practices	
204-1: Proportion of spending on local suppliers	See Chapter 2 (section "Purchases subdivided between national and international suppliers")
GRI 205: Anti-corruption	
205-2: Communication and training about anti-corruption policies and procedures	See the Appendix "Lavazza and the Global Compact" Among the requirements requested from the disclosure, it has not been accounted points "a", "b", "c", "d". With reference to point "e" it is provided only the total number of employees involved in training activities.
300: ENVIRONMENTAL TOPICS	
GRI 301: Materials	
301-1: Materials used by weight or volume	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance") Among the requirements requested from the disclosure, it is provided only the percentage breakdown of material weights and not their volume.
GRI 302: Energy	
302-1: Energy consumption within the organization	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance")
302-3: Energy intensity	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance")

GRI 303: Water	
303-1: Water withdrawal by source	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance") With respect to the Disclosure's reporting requirements, withdrawal data is broken down by type of consumption.
GRI 305: Emissions	
305-1: Direct (Scope 1) GHG emissions	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance")
305-2: Energy indirect (Scope 2) GHG emissions	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance")
305-3: Other indirect (Scope 3) GHG emissions	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance")
GRI 306: Effluents and Waste	
306-1: Water discharge by quality and destination	See Chapter 3 (paragraph 3.1 "Lavazza's environmental performance") Among the requirements requested from the disclosure it is not accounted point "a.ii". The figure provided refers to the company Luigi Lavazza S.p.A.
400: SOCIAL TOPICS	
GRI 401: Employment	
401-1: New employee hires and employee turnover	See Chapter 2 (paragraph 2.1 "The people of the Lavazza Group")
GRI 403: Occupational Health and Safety	
403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	See Chapter 2 (paragraph 2.1 "The people of the Lavazza Group") Among the requirements requested from the disclosure it is not accounted point "b". With reference to point "a" it is not accounted rate of absenteeism and rate of professional disease. Injuries rates are not accounted with a breakdown by gender
GRI 404: Training and Education	
404-1: Average hours of training per year per employee	See Chapter 2 (paragraph 2.1 "The people of the Lavazza Group")
404-3: Percentage of employees receiving regular performance and career development reviews	See Chapter 2 (paragraph 2.1 "The people of the Lavazza Group")
GRI 405: Diversity and Equal Opportunity	
405-1: Diversity of governance bodies and employees	See Chapter 2 (paragraph 2.1 "The people of the Lavazza Group") Among the requirements requested from the disclosure it is not accounted point "a" and point "b.ii"
405-2: Ratio of basic salary and remuneration of women to men	See Chapter 2 (paragraph 2.1 "The people of the Lavazza Group") Among the requirements requested from the disclosure it is not provided the average wage of women and men referred to base salary
GRI 412: Human Rights Assessment	
412-2: Employee training on human rights policies or procedures	See the Appendix "Lavazza and the Global Compact"
GRI 413: Local Communities	
413-1: Operations with local community engagement, impact assessments, and development programs	See Chapter 2 (section "Engagement of Local Communities")





Independent report on the limited assurance engagement of the sustainability report 2018

To the Board of Directors of
Luigi Lavazza S.p.A.

We have carried out a limited assurance engagement of the Sustainability Report as of 31 December 2018 (hereinafter the “Report”) of Lavazza (hereafter the “Company”). Lavazza identifies, only for Sustainability Report purposes, the following companies: Luigi Lavazza S.p.A., Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Premium Coffees Corp, Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, Lavazza France Sas and Fresh and Honest Café Limit.

Responsibility of the Directors for the Sustainability Report

The Directors are responsible for preparing the Report in compliance with the *Global Reporting Initiative Sustainability Reporting Standards* defined in 2016 by the *GRI - Global Reporting Initiative (GRI Standards)*, with reference to selected GRI Standards, as laid down in paragraph “Methodological Note” of the Report, and for that part of internal control that they consider necessary to prepare a sustainability report that is free from material misstatement, whether due to fraud or unintentional behaviours or events. The Directors are also responsible for defining the sustainability performance targets of Lavazza, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

Auditor’s responsibility

We are responsible for the preparation of this report on the basis of the work performed. We conducted our engagement in accordance with “*International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information*” (“*ISAE 3000*”), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement. The procedures consisted in interviews of Luigi Lavazza SpA personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other verification procedures.

PricewaterhouseCoopers Advisory SpA

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The procedures we performed on the Report consisted in verifying its compliance with the principles for defining the content and the quality of a sustainability report set out in the *GRI Standards*, and are summarised as follows:

- comparing the economic and financial information and data reported in paragraph “Operating and Financial Performance of the Group” of the Report with those included in the Group’s consolidated financial statements as of 31 December 2018 on which other auditors issued an audit opinion, in accordance with article 14 of legislative decree n° 39 of 27 January 2010, on 12 April 2019;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to Lavazza’s strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the processes underlying the generation, recording and management of quantitative data included in the Report. In detail, we carried out:
 - meetings and inquiries with Top Management of Luigi Lavazza S.p.A., Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Premium Coffees Corp, Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, Lavazza France Sas and and Fresh and Honest Café Limit, in order to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the Report preparation;
 - a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place underlying the treatment of the information relating to the objectives disclosed in the Report;
- analysing the internal consistency of the qualitative information described in the Report and its compliance with the guidelines identified in the preceding paragraph “Responsibility of the Directors for the Sustainability Report”;
- analysing the stakeholders engagement process with regard to the methods used and the analysis of the existing documentation concerning the significant matters arisen during the dialogue initiatives;
- obtaining a representation letter, signed by the Chief Executive Officer of Luigi Lavazza S.p.A., on the compliance of the Report with the guidelines identified in the paragraph “Responsibility of the Directors for the Sustainability Report”, as well as the reliability and completeness of the disclosed information.

Our limited assurance work was less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000 and, consequently, it does not provide us with a sufficient level of assurance necessary to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that Lavazza Sustainability Report as of 31 December 2018 has not been prepared, in all material respects, in compliance with *Global Reporting Initiative Sustainability Reporting Standards* defined in 2016 by the *GRI - Global Reporting Initiative (GRI Standards)*, with reference to selected GRI Standards, as laid down in paragraph “Methodological Note” of the Report.

Other aspects

We point out the following aspect that Lavazza should consider in the next years for a continuous improvement: we suggest to strengthen the reporting and control system, also in view of a future extension of the reporting perimeter to other Group companies, in order to facilitate the availability and verifiability of quantitative data.

Turin, 7 June 2019

PricewaterhouseCoopers Advisory SpA

Signed by

Paolo Bersani
(Partner)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2018 translation.



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LAVAZZA
TORINO, ITALIA, 1895



LAVAZZA
TORINO, ITALIA, 1895

01 / 2019
**GOOD
NEWS**

GOAL 5

**Street art
delle dame**

The street art
of ladies

GOAL 12

**Leggera come
una nuvola**

Nuvola's light
footprint





“Mi affascina l’assonanza tra le parole *earth* e *heart*, terra e cuore. Il Calendario 2019 avrebbe potuto chiamarsi anche Good to Heart, perché fa bene al cuore ricevere buone notizie e conoscere queste storie emozionanti, tutte con un lieto fine.”

FRANCESCA LAVAZZA

“I am fascinated by the assonance between the words earth and heart. The 2019 Calendar could also have been called Good to Heart, because it is good for the heart receiving good news and hearing about these exciting stories, all of which have a happy ending.”



#04

STREET ART DELLE DAME *THE STREET ART OF LADIES*

Sommario *Contents*

#18

LEGGERA COME UNA NUVOLETTA *NUVOLETTA'S LIGHT FOOTPRINT*

A.A.A.
ACCOGLIE AVVICINA ASSUME

#10

ACCOGLIE, AVVICINA E ACCOMPAGNA *WELCOMING, BRINGING TOGETHER AND ASSISTING*

#22



IL MIGLIORE CLIMA PER IL MIGLIOR CAFFÈ *THE BEST CLIMATE FOR THE BEST COFFEE*

“Quando sono in una piantagione di caffè [...] capisco la missione della mia azienda, ma anche quello che gli altri si aspettano da noi, non solo un prodotto, ma sicuramente una cultura e la conoscenza di un mondo spesso lontano”.

(F. LAZZARINI)

Pensiamo al viaggio chilometrico di uno dei nostri chicchi di caffè. E non solamente alle migliaia di chilometri che compie, ma anche ai numerosi Paesi ed ecosistemi che attraversa. Ebbene, quel chicco non è mai solo. Mentre si sposta, anche il **MONDO LAZZARINI** viaggia con lui, dall'inizio alla fine, e si intreccia a sua volta con altre culture, persone e storie uniche.

Come azienda aperta al mondo e volta al futuro, non possiamo ignorare il **VALORE PROFONDO** di questo 'viaggio'. Anzi, il nostro compito dev'essere proprio quello di valorizzarlo, per essere attori consapevoli e propositivi nello sviluppo sostenibile del Pianeta.

Good News nasce con l'intento di raccontare quanto per noi siano importanti le relazioni umane e le interazioni tra le persone e i loro ecosistemi e vuole essere un omaggio alle storie a **LIETO FINE**, utile a chi ha piacere di 'viaggiare' con noi.

Editoriale

Editorial

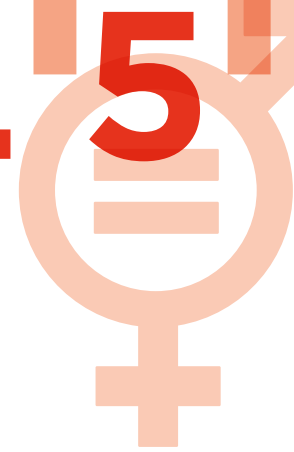
“When I am at a coffee plantation [...] I understand my company's mission, but also what others expect of us: not just a product, but, clearly, culture and knowledge of what is often a far-away world.”

(F. LAZZARINI)

Let us imagine the long journey of one of our coffee beans. Not just the thousands of kilometres it travels, but also the various countries and ecosystems it passes through. Yet, that bean is never alone. The **WORLD OF LAZZARINI** travels with it on its voyage, from beginning to end, in turn interweaving with other unique cultures, individuals and stories. As a company that is open to the world and has its eyes on the future, we cannot ignore the **PROFOUND VALUE** of this 'journey'. Indeed, our task must be to emphasise this value — to be informed, pro-active players in the sustainable development of the Planet. Good News was created with the aim of sharing how important human relations and interactions between people and their ecosystems are to us and is intended as an homage to stories with a **HAPPY ENDING** — an inspiration for those who enjoy 'travelling' with us.



GENDER EQUALITY GOAL 5



Street art delle dame

Con il progetto “TOward 2030. What Are You Doing?” l’arte incontra la sostenibilità: muri di Torino si colorano di messaggi importanti, uno di questi parla di uguaglianza di genere.

The street art of ladies

Thanks to the “TOward2030. What Are You Doing?” project, art meets sustainability: walls turn colorful and convey important messages, one of them talks about gender equality.

TOWARD 2030

Il progetto TOward 2030 sposa l'arte con la sostenibilità e prosegue l'impegno di Lavazza nel raccontare ai cittadini, ai passanti e ai turisti quali siano le azioni, i doveri e gli obiettivi per perseguire uno sviluppo sostenibile del pianeta.

Una delle 17 opere di arte urbana è dedicata all'uguaglianza di genere ed è stata realizzata da Camilla Falsini.

Il soggetto del Murales è **CHRISTINE DE PIZAN**: la prima scrittrice di professione nella storia Europea.

Autrice di un capolavoro letterario intitolato "La Città delle Dame", pubblicato nel 1404, De Pizan pone l'accento sulla disparità culturale, sul diritto all'istruzione e sulla violenza sessuale e di genere. Grazie al coraggio e alla volontà espressa in ogni riga dei suoi scritti, diventa un'icona immortale della parità di genere, simbolo di coscienza e conoscenza.

Camilla Falsini sceglie di rappresentare un personaggio tanto importante quanto poco conosciuto e, grazie a Lavazza, lo raffigura immenso, imponente e pertanto incapace di restare inosservato.

UN MONITO PER L'UGUAGLIANZA DI GENERE,

che Camilla Falsini descrive come "la conquista di alcuni diritti fondamentali e il ricambio di alcuni aspetti culturali della società, che spesso raffigurano la donna come un bel corpo, procreatrice e accuditrice di figli".

Per parlare di uguaglianza, di maggiore forza, di autostima e di consapevolezza di tutte le donne (e di tutti gli uomini naturalmente), Lavazza si concentra sulla storia e bilancia l'invisibilità con un'opera destinata ad essere vista e guardata ripetutamente. Perché è nella sensibilità, nell'attenzione, e nella cultura che Lavazza visualizza l'opportunità per il raggiungimento dell'uguaglianza di genere.

Lavazza fa un passo in avanti verso la visibilità dell'obiettivo.

The TOward 2030 project brings art and sustainability together, continuing Lavazza's commitment to showing local people, passers-by and tourists what they can and should do to help achieve sustainable development for the planet.

One of the 17 pieces of street art is by Camilla Falsini and is dedicated to gender equality.

The mural depicts Christine De Pizan, the first professional female writer in European history. She wrote a literary masterpiece called The Book of the City of Ladies, published in 1404 and focused on cultural disparity, the right to education, and sexual and gender-based violence. Thanks to the courage and strong will expressed in every line of her writing, she became a timeless icon of gender equality, a symbol of consciousness and knowledge.

Camilla Falsini decided to portray this highly important yet little known figure. Thanks to the Lavazza project, she has depicted her on a huge, imposing scale, which is therefore impossible to ignore.

*Her work is **A REMINDER OF THE IMPORTANCE OF GENDER EQUALITY**, which Camilla Falsini describes as "the conquest of certain fundamental rights and a change in certain cultural aspects of society, which often show women as beautiful bodies, procreators and child carers." In order to talk about equality, greater empowerment, self-esteem and awareness for all women (and men, naturally), Lavazza concentrates on history and balances out invisibility with a work designed to be seen and looked at over and over again, as the Company considers awareness, attention and culture as an opportunity for achieving gender equality.*

Lavazza has thus made a step forward towards increasing the visibility of this objective.

CAMILLA FALSINI

Camilla Falsini è nata a Roma, dove vive e lavora.

Il suo lavoro è caratterizzato da linee nette, forme stilizzate e minimali e colori forti e va dall'illustrazione editoriale alle grandi pitture murali, da oggetti di design a libri. Dopo studi classici e il diploma in illustrazione presso lo IED di Roma, ha iniziato a lavorare come illustratrice collaborando con agenzie, case editrici italiane e straniere (Erickson Edizioni, Rizzoli, Salani, Victionary/Honk Kong, Amaterra/Francia, QED/Regno Unito), aziende (Europ Assistance, Gabs, Miho, RCS, Rai, ILIAD, Michelin, Nike, Adidas/NSS Magazine, Lavazza e altre) quotidiani e riviste (Corriere della Sera, Rolling Stone Magazine, IoDonna).

Come artista ha realizzato installazioni, grandi quadri, pitture murali o sculture per Fidenza Village, ILIAD, Lavazza, Città di Torino, Manifesta/Regione Sicilia, Michelin, NIKE, Eni, Comune di Roma, RCS, Pitti Immagine Uomo, PFIZER, Anas.

Tra il 2016 e il 2019 ha pubblicato tre libri illustrati: "100 CHEVALIERS" in Francia per le Edizioni Amaterra; "ZOOM: The biggest circle ever", per Victionary, Honk Kong; "5 WILD SHAPES", uscito in 5 lingue: inglese (UK, USA e Canada) per QUARTO GROUP, in francese per GALLIMARD, spagnolo e catalano per EDEBE e olandese per Standaard Uitgeverij NV.

Fa parte degli illustratori selezionati alla Fiera del Libro di Bologna 2017. Ha preso parte a molte mostre collettive (tra cui una alla Triennale di Milano, due al MACRO di Roma, una al MADRE di Napoli,) e tra il 2015 e il 2019 ha esposto in tre mostre personali a Ravenna, Firenze e Bologna.

Ha partecipato ai festival di street-art: Pangrel, Murali, Subsidenze, Pop-up, ArtConventional, FRA, Arteinattesa, Pittura Viva, Influzioni, Local Art Walls, Premio Antonio Giordano, Stelvio Fest, LINK Urban Art Festival e ha preso parte al progetto MURo, Museo Urban di Roma e dipinto un grande muro per il progetto GRAArt a cura di MURo e Anas.

Le sue opere murali in esterno si trovano a Roma, Torino, Palermo, Padova, Bormio, Milano, Brescia, Monza, Ravenna, Bologna, in Toscana, in Molise, a Itri, nelle Marche, in Basilicata, Calcata, Viterbo. Ma ha realizzato pitture murali anche in ambienti interni, come ad esempio un'intera stanza del Madama Hostel di Milano, in aziende e uffici a Roma e Milano ma anche per associazioni o all'interno di scuole e ludoteche.



Camilla Falsini was born in Rome, where she currently lives and works. Her work is characterised by sharp lines, stylised and minimalistic shapes, as well as bright colours, and it ranges from editorial illustrations to books. After doing classical studies and obtaining a diploma as an illustrator from the Institute of European Design (IED) in Rome, she started to work as an illustrator working with agencies, Italian and international publishers (Erickson Edizioni, Rizzoli, Salani, Victionary/Hong Kong, Amaterra/France, QED/UK), companies (Europ Assistance, Gabs, Miho, RCS, Rai, ILIAD, Michelin, Nike, Adidas/NSS Magazine, Lavazza and more) newspapers and magazines (Corriere della Sera, Rolling Stone Magazine, IoDonna). As an artist she produced installations, large paintings, wall paintings or sculptures for Fidenza Village, ILIAD, Lavazza, the City of Turin, Manifesta/the Region of Sicily, Mi-

chelin, NIKE, Eni, the City of Rome, RCS, Pitti Immagine Uomo, Pfizer, ANAS. Between 2016 and 2019 she published three illustrated books: "100 CHEVALIERS" in France for Amaterra Publisher; "ZOOM: The biggest circle ever", for Victionary, Honk Kong; "5 WILD SHAPES", published in 5 languages: English (UK, USA and Canada) for QUARTO GROUP, French for GALLIMARD, Spanish and Catalan for EDEBE and Dutch for Standaard Uitgeverij NV. She is one of the illustrators that were selected by the 2017 Bologna Children's Book Fair. She took part in many group exhibitions (including the Triennale in Milan, twice in the MACRO museum in Rome, once in the MADRE museum in Naples) and between 2015 and 2019 she put on three solo exhibitions in Ravenna, Florence and Bologna. She took part in street art festivals: Pangrel, Murali, Subsidenze, Pop-up, ArtConventional, FRA, Arteinattesa, Pittura Viva, Influzioni, Local Art Walls, Antonio Giordano

Award, Stelvio Fest, LINK Urban Art Festival and she also took part in the MURo project, Urban Art Museum of Rome, and painted a large wall as part of the GRAArt project sponsored by MURo and ANAS. Her outdoor murals are located in Rome, Turin, Palermo, Padua, Bormio, Milan, Brescia, Monza, Ravenna, Bologna, as well as Tuscany and Molise. Others are in the Marche and Basilicata regions, and in the towns of Calcata and Viterbo. She also painted indoors murals, such as an entire room of the Madama Hostel in Milan, or inside company premises and offices in Rome and Milan, as well as those of associations, schools or toy libraries.

DECENT WORK
AND ECONOMIC
GROWTH

GOAL 8

Accoglie, avvicina e accompagna

Un caffè per l'integrazione. Diciotto ragazzi appartenenti a fasce deboli della società vanno a scuola di caffè per qualche settimana. Poi dalla teoria si passa alla pratica.

Welcoming, bringing together and assisting

A coffee for integration. Eighteen young people from disadvantaged social background attend coffee classes for some weeks. Then they move from theory to practice.





CREARE UN'OCCASIONE.

Un'opportunità per dimostrare fiducia e determinazione verso l'inclusione, la crescita economica e la sostenibilità. Uno sguardo attento e produttivo sulle opportunità e sulle condizioni di lavoro, che devono essere dignitose e capaci di stimolare l'economia in modo sostenibile. A.A.A. è l'impegno di Lavazza, il suo progetto di Community Engagement che ha l'obiettivo di Accogliere, Avvicinare e Accompagnare 18 ragazzi tra richiedenti asilo e italiani appartenenti a fasce deboli della società.

Grazie al supporto dell'expertise dei trainer Lavazza, presso la sede torinese del Training Center, ragazzi e ragazze hanno ottenuto delle competenze per diventare baristi, acquisendo la professionalità necessaria per trovare uno sbocco lavorativo nel settore.

Endurance è una delle storie appartenenti a questo progetto di cura della comunità.

Classe 1991, nigeriano, appassionato di calcio e con la predilezione per il paesaggio della Val di Susa, Endurance ha seguito il tirocinio con entusiasmo ed energia, acquisendo e personalizzando su di sé ogni competenza necessaria per essere un ottimo barista.

9 DONNE 9 UOMINI

hanno partecipato al Training.

9 WOMEN

9 MEN

took part to the training

CREATING AN OPPORTUNITY.

An opportunity to show confidence and determination towards inclusion, economic growth and sustainability. A close and productive look upon opportunities and working conditions, which have to be fair and capable of stimulating the economy sustainably.

A.A.A. — Accogliere, Avvicinare, Accompagnare is Lavazza's Community Engagement project that embodies the Company's commitment to welcoming, bringing together and assisting 18 young people including asylum seekers and Italians from disadvantaged social backgrounds. Thanks to the support and expertise of Lavazza trainers from the Turin-based Training Center, these boys and girls have acquired the skills needed to become baristas, gaining the necessary professional competence to find a job in the industry.

The story of Endurance is one example of the young people included in this community project.

Born in 1991 in Nigeria, with a passion for football and a soft spot for the landscapes of the Val di Susa area, Endurance has undertaken the training with great enthusiasm and energy, acquiring and giving a personal touch to every skill required of a good barista.

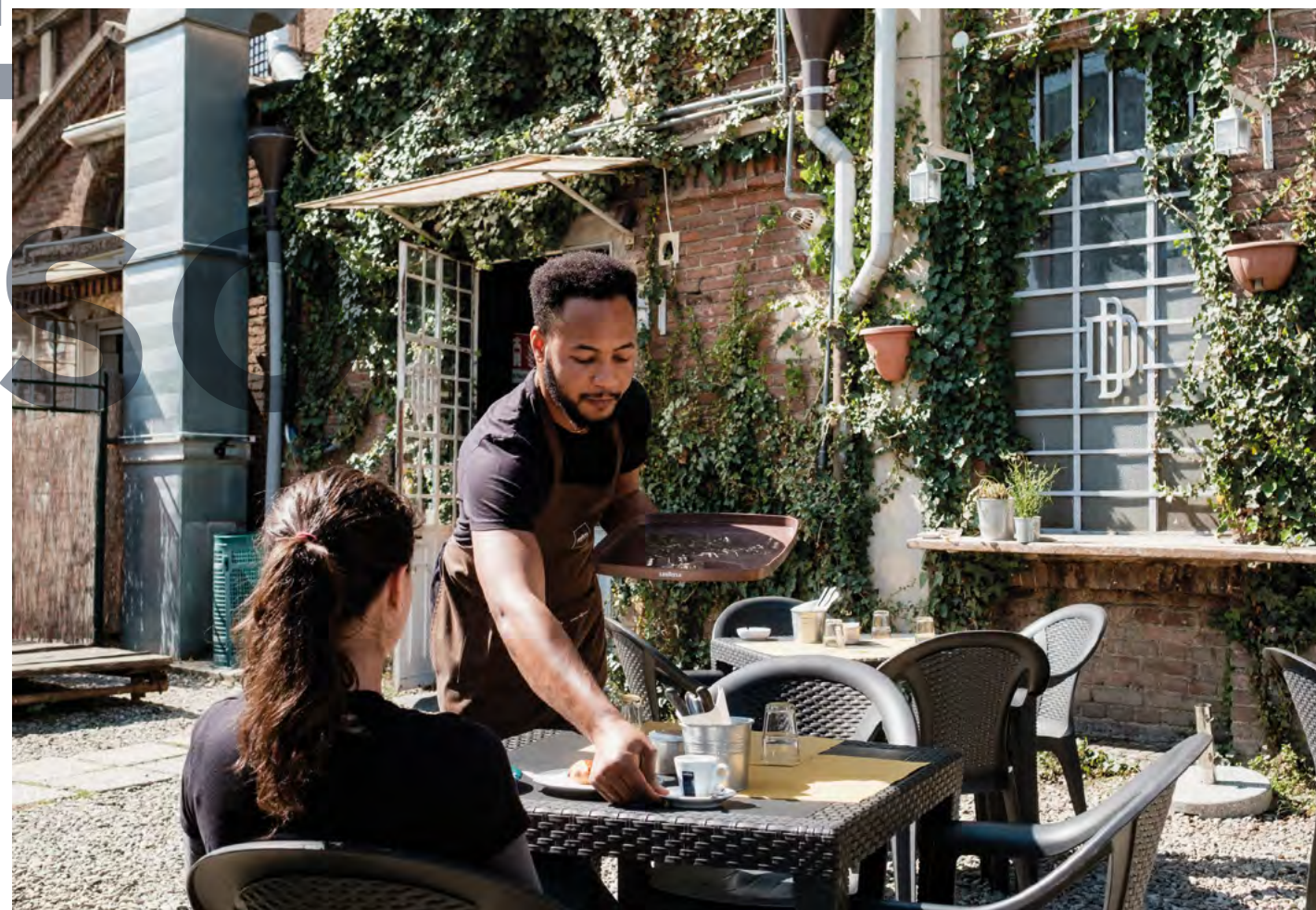
UGUALE E DIVERSO

SAME AND DIFFERENT

Ama ripetere che il suo futuro è nel caffè e che il disegno sul cappuccino è un suo modo per esprimere artisticamente la sua idea di integrazione:

“Ogni cuore che faccio sarà sempre uguale e al contempo diverso dal successivo. Come le persone. Ma credo che questo sia un nostro vantaggio, perché ci permette di essere personali e di imparare l’uno dall’altro”.

Grazie alla forza vendita di Lavazza, che ha individuato il bar su misura per lui tra i propri acquirenti, Endurance oggi ha un’opportunità di occupazione presso l’Amen Bar, dove sta finalizzando la sua esperienza di tirocinio e dove ha potuto instaurare ottimi rapporti di conoscenza e collaborazione con i suoi datori di lavoro e i suoi colleghi. Lavazza riconosce la responsabilità della cultura, dell’istruzione e della conoscenza, ed è consapevole che questo sia il primo passo verso un principio di crescita atto a ridare dignità al singolo e forza alla collettività. Ogni storia, ogni disegno, sarà quindi sempre uguale e diverso dal successivo. Ma è proprio questo che renderà ogni percorso unico, proprio come un cappuccino.



He never tires to say that his future is in coffee and that the drawings on top of a cappuccino are his way to give artistic expression to his idea of integration: “Every heart I draw is always the same yet somehow different from the next. Just like people. But I believe that this is one of our advantages, because it allows us to be personal and to learn from one another.”

Thanks to Lavazza’s sales force, who have identified a café that is perfect for him among those of their clients, Endurance has now an employment opportunity at the Amen Bar, where he is completing his internship and where he has been able to establish excellent working and personal relations with his employers and colleagues.

Lavazza recognises the role of culture, education and knowledge, and is well aware that they constitute the first step of a growth process aimed at restoring the dignity of individuals and building strong communities.

Every story, every drawing will therefore always be similar yet different from the next. But this is precisely what will make every path unique, just like a cappuccino.

GISELLE

“Sono nata a Xanxerê, in Brasile. All’inizio del secolo scorso, i miei bisnonni sono emigrati dal Veneto fino al Sud del Brasile, quasi al confine con l’Argentina. Per questo incontro di luoghi e di culture, mi sentivo cittadina del mondo già da piccola!

Poi ho vissuto in diverse regioni del Brasile, mio padre si spostava per lavoro e tutta la famiglia lo seguiva. Questi continui trasferimenti facevano crescere in me la voglia di scoprire il mondo...

Quando da grande mi sono laureata in architettura, ho partecipato a un progetto dell’UNESCO per neolaureati e mi sono trasferita in Olanda, dove ho lavorato per un anno. In seguito, ho deciso di continuare il mio percorso formativo, in Exhibition Design e Art Management, in Inghilterra, in Irlanda e, infine, a Torino. Qui sono rimasta fino a oggi e qui si chiude il cerchio: i miei nonni erano molto fieri che un membro della famiglia fosse ritornato in Italia!

Il progetto Amen nasce insieme a mio marito, anche lui architetto. Ci siamo innamorati dei Docks, un

luogo davvero affascinante, non solo dal punto di vista architettonico, ma anche umano. È, infatti, frequentato da personaggi creativi, in vari campi: musica, arte, moda, ecc... Ci siamo dedicati all’Amen perché nelle nostre vite professionali, molto impegnative, mancava un contatto diretto con le persone... In particolare, pensavamo che il cibo rappresenta un momento importante nella quotidianità delle persone, una pausa rigenerante per mangiare qualcosa di buono e farsi del bene.

Ci siamo lanciati nella nuova avventura con un pizzico d’incoscienza, ma ci siamo messi a studiare tanto. Grazie a un percorso di affiancamento con un Executive Chef, abbiamo imparato come gestire un ristorante, mantenendo alto il livello qualitativo dell’offerta. La nostra squadra è composta dalla nostra pasticceria Precious, una rifugiata nigeriana, persona di fiducia con molte doti. Larissa, mia cugina brasiliana: un avvocato dal sorriso contagioso che si occupa della parte amministrativa. Andrea, fotografo, vegano e inventore di cocktail. Infine, c’è il nostro bravissimo chef, Stefano Suppo, giovane e con una sensibilità unica per il cibo. Insieme siamo come una famiglia e desideriamo che chi viene all’Amen si senta a casa, una casa piena di allegria e naturalmente aperta a chiunque porti con sé nuove esperienze, utili ad arricchire la nostra quotidianità.”



“I was born in Xanxerê, in Brazil. At the beginning of last century my great-grandparents emigrated from the Italian region of Veneto to the Southern part of Brazil, just by the Argentine border. Because of this cultural melting pot, already at a very young age I was feeling like a citizen of the world! I then spent time living in various areas of Brazil, as my father moved around for work and the whole family followed suit. These constant moves made my desire to discover the world grow bigger and bigger. When — as an adult — I got a degree in architecture, I took part in a UNESCO-sponsored project for newly graduated and I moved to the Netherlands, where I worked for a year. Thereafter, I decided to continue my educational path and picked Exhibition Design e Art Management, first in England, then Ireland and finally Turin. I ended up staying here to this day, and this is where we come full circle: my grandparents were very proud that a family member had

gone back to Italy! Project Amen started together with my husband, also an architect. We fell in love with the Docks, a truly fascinating place, not only from an architectural angle, but also from a human standpoint. It is a meeting point for creative people from a variety of fields: music, art, fashion, etc. We decided to open Amen because in our professional lives we lacked the opportunity to come into direct contact with people. More specifically, we thought that food constitutes an important event in people’s daily lives, a relaxing break when you can eat something tasty and indulge yourself. We dove into this new adventure with a hint of recklessness, but we got stuck in, studying hard. Through a programme of coaching and shadowing by an Executive Chef, we learnt how to run a restaurant, whilst maintaining high quality standards. Our team consists of our pastry chef Precious, a Nigerian refugee, who’s trustworthy and multitalented. Larissa, my

Brazilian cousin: a lawyer with an infectious smile who looks after the admin side. Andrea, vegan photographer and cocktail creator. Finally, there’s our amazing chef, Stefano Suppo, who is young and incredibly talented with food. Together we’re like a family, and our wish is that people who come to Amen feel at home, a home filled with joy and of course open to anyone bringing in new experiences capable of brightening our daily routine.”

GOAL 12

Leggera come una nuvola

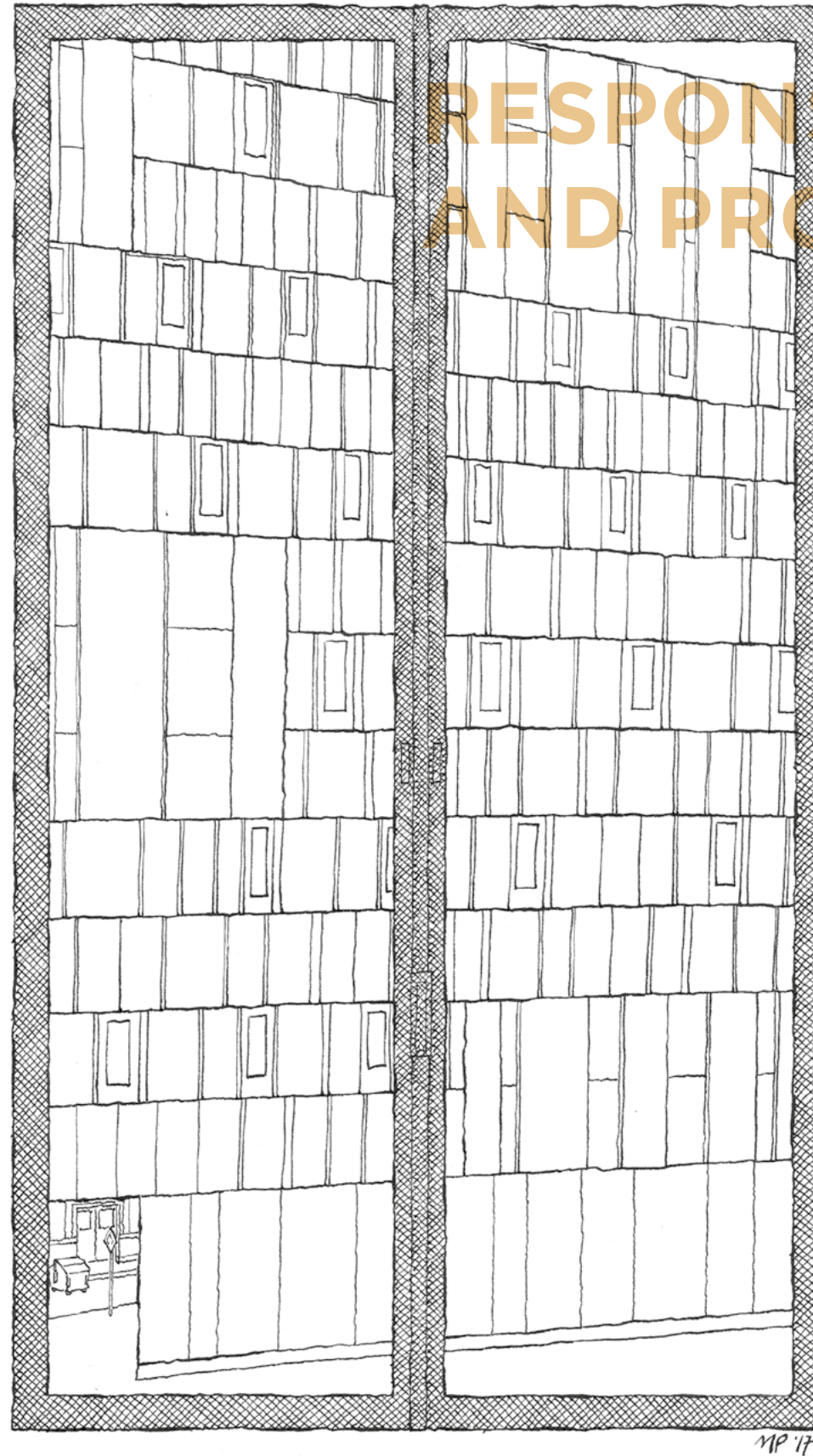
La frontiera dell'industria sostenibile

Nuvola Lavazza: un progetto contemporaneo e tecnologico per un luogo di lavoro collaborativo, che abbraccia i valori di sostenibilità, rispetto dell'ambiente e valorizzazione delle persone.

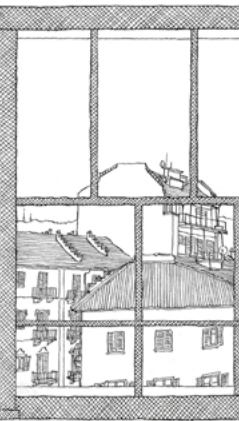
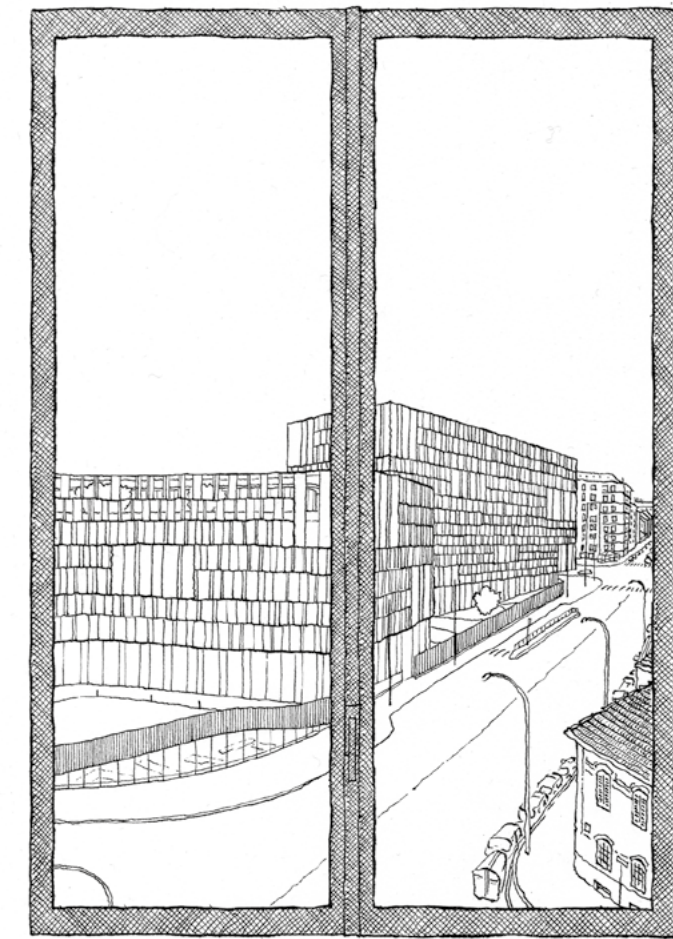
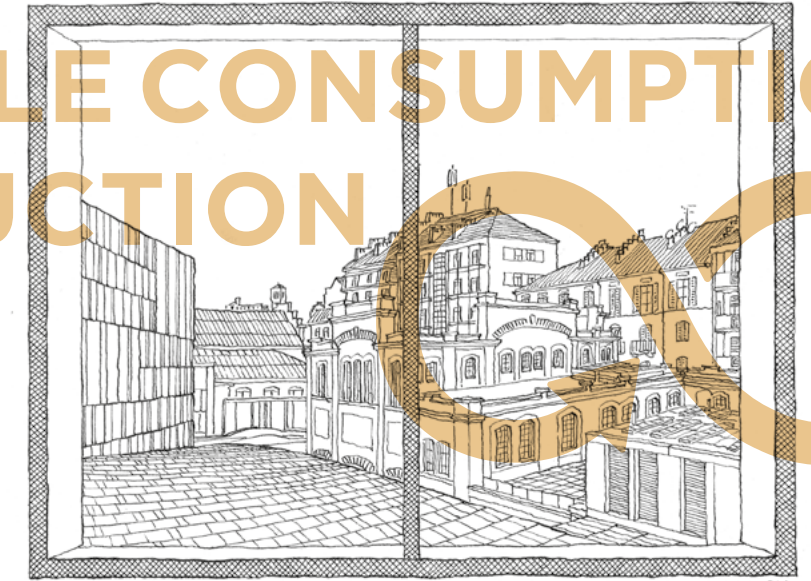
Nuvola's light footprint

Cutting-edge sustainable industry

Nuvola Lavazza: a modern and technological project for a collaborative workspace, that embraces values of sustainability, respect for the environment and people empowerment.



RESPONSIBLE CONSUMPTION AND PRODUCTION



IL PROGETTO NUVOLA,

dal 2017, ha dimostrato come sia possibile costruire una struttura capace di coniugare il dialogo con la propria città e la sua riqualifica, con l'attenzione verso l'equilibrio globale e il futuro della sostenibilità.

La riduzione dei consumi idrici, grazie a strategie di risparmio e di riciclo dell'acqua potabile, è lo specchio di una sensibilità sempre maggiore verso il rispetto delle risorse primarie.

Infatti, come le nuvole attuano il ciclo dell'acqua, così il Centro Direzionale Lavazza ne attua il ri-ciclo, attraverso il massimo delle performance di gestione. Le acque piovane vengono raccolte in un serbatoio interrato dotato di opportuni sistemi di filtraggio e, tramite sistemi di irrigazione ad alta efficienza, sono irrigate tutte le aree verdi esterne.

Il rivestimento della Nuvola rappresenta un unicum all'interno dell'architettura italiana. È progettato per il risparmio energetico e per garantire un elevato comfort termico, visivo e acustico. L'illuminazione privilegia l'uso della luce naturale, grazie all'ampia disponibilità di superfici vetrate che permettono anche un'adeguata visione dell'esterno.

Proprio grazie all'elevata vivibilità nell'ambiente lavorativo, i dipendenti hanno sviluppato un forte legame con il Gruppo, con un senso di appartenenza che li porta ad essere, giorno dopo giorno, loro stessi ambasciatori di qualità e rispetto del prossimo.

Lavazza è i suoi dipendenti. Essi incarnano perfettamente gli ideali e i valori dell'azienda, quali l'attenzione verso l'ambiente, il riconnettersi con le nuove generazioni e guidarle attraverso un processo di riqualificazione dell'industria sostenibile.

Nuvola è quindi la misura del peso che Lavazza vuole ed intende avere sul territorio: quello, appunto, di una Nuvola.

Nuvola Lavazza, un ambiente di oltre

30 MILA M²

, oltre il 90% open space.

Nuvola Lavazza, an environment of around 30.000 M², more than 90% of which open space.



Ever since 2017, **THE NUVOLA PROJECT** has been demonstrating that building a structure capable of forging a constructive dialogue with the surrounding city and its regeneration, whilst caring for global balance and the future of sustainability, is possible.

The reduction of water consumption, thanks to savings and drinking water recycling strategies, reflects an ever-increasing awareness towards greater respect for primary resources.

Therefore, in the same way that clouds power the water cycle, the Lavazza Headquarters — whose name, Nuvola, means cloud — carries out its re-cycling, by applying state-of-the-art water management and achieving top-level performance. Rainwater is collected in an underground tank equipped with suitable filtering systems, and is then used to irrigate all outdoor green areas through high-efficiency irrigation systems.

Nuvola's cladding is a one of a kind within the universe of Italian architecture. It is designed to save energy and provide a high degree of thermal, visual and acoustic comfort. The lighting system facilitates natural light usage, due to the wide availability of glazed surfaces that also provide an adequate view of outdoors. Thanks to the exceptional quality of the working environment, employees have developed a strong bond with the Group, characterised by a sense of belonging which, day by day, turns them into ambassadors of quality and the respect of others. Lavazza is its employees. They are the perfect embodiment of the Company's ideals and values, such as the care for the environment, the rekindling of relations with the new generations to lead them towards a process of recasting the concept of sustainable industry.

Nuvola is therefore the measure of the footprint which Lavazza intends to leave on the local environment — a footprint as light as a cloud.

CLIMATE ACTION GOAL 13



Il miglior clima per il miglior caffè

Grazie al programma di formazione Coffee&Climate, Doña Rina, in Honduras sta imparando a preservare la qualità del caffè e a tutelarlo dagli effetti del cambiamento climatico.

The best climate for the best coffee

Thanks to the training program Coffee&Climate, Doña Rina, in Honduras is learning to preserve coffee quality and to protect it from the negative effects of climate change.

CAMBIARE L'APPROCCIO PER MANTENERE LA QUALITÀ.

Prima ancora delle peculiarità di un chicco di caffè, si deve pensare agli strumenti e alle mani che lo raccoglieranno. A quali scelte e a quali attenzioni saranno riservate alla terra e all'ambiente.

Perché la produzione del caffè mondiale è anche e soprattutto in mano ai coltivatori locali, che devono poter essere messi nelle condizioni di preservarne la qualità.

Lavazza risponde all'instabilità climatica con la formazione, la collaborazione e la sensibilizzazione degli agricoltori, promuovendo buone pratiche agricole, contribuendo ad uno sviluppo sociale sostenibile e impegnandosi a garantire gli strumenti adatti ad affrontare gli effetti del cambiamento climatico.

In Honduras Doña Rina, coltivatrice di caffè, partecipa alla formazione sostenuta da Lavazza attraverso l'iniziativa Coffee&Climate. Grazie ad essa ha rinnovato il proprio modo di coltivare il caffè.

A CHANGE IN APPROACH TO PRESERVE QUALITY.

Even before you think about its distinctive qualities, you have to think about the tools and hands that will harvest the coffee and about the choices to be made and the care taken for the land and the environment.

In fact, worldwide coffee production is also and above all in the hands of local growers, who must be placed in a position to preserve its quality.

Lavazza responds to climate instability by training, collaborating with and raising awareness of farmers, promoting good farming practices, contributing to sustainable social development and undertaking to provide the right tools to tackle the effects of climate change.

In Honduras, Doña Rina, a coffee grower, takes part to the training supported by Lavazza through the Coffee&Climate initiative. Thanks to this training, she has changed the way she cultivates coffee.



In Honduras si riporta la più alta percentuale di beneficiari con una percezione positiva dell'impatto del progetto sulla qualità del caffè

(98%)

Honduras reported the highest percentage of beneficiaries with a good perception of the project's impact on coffee quality (98%).

*Thanks to the renovation program, it has been possible **TO RENOVA** with rust resistant variety of coffee, **57 HECTARES IN HONDURAS** (201,000 plants)*

Grazie al programma di restauro ambientale è stato possibile

RIQUALIFICARE 57 ETTARI IN HONDURAS

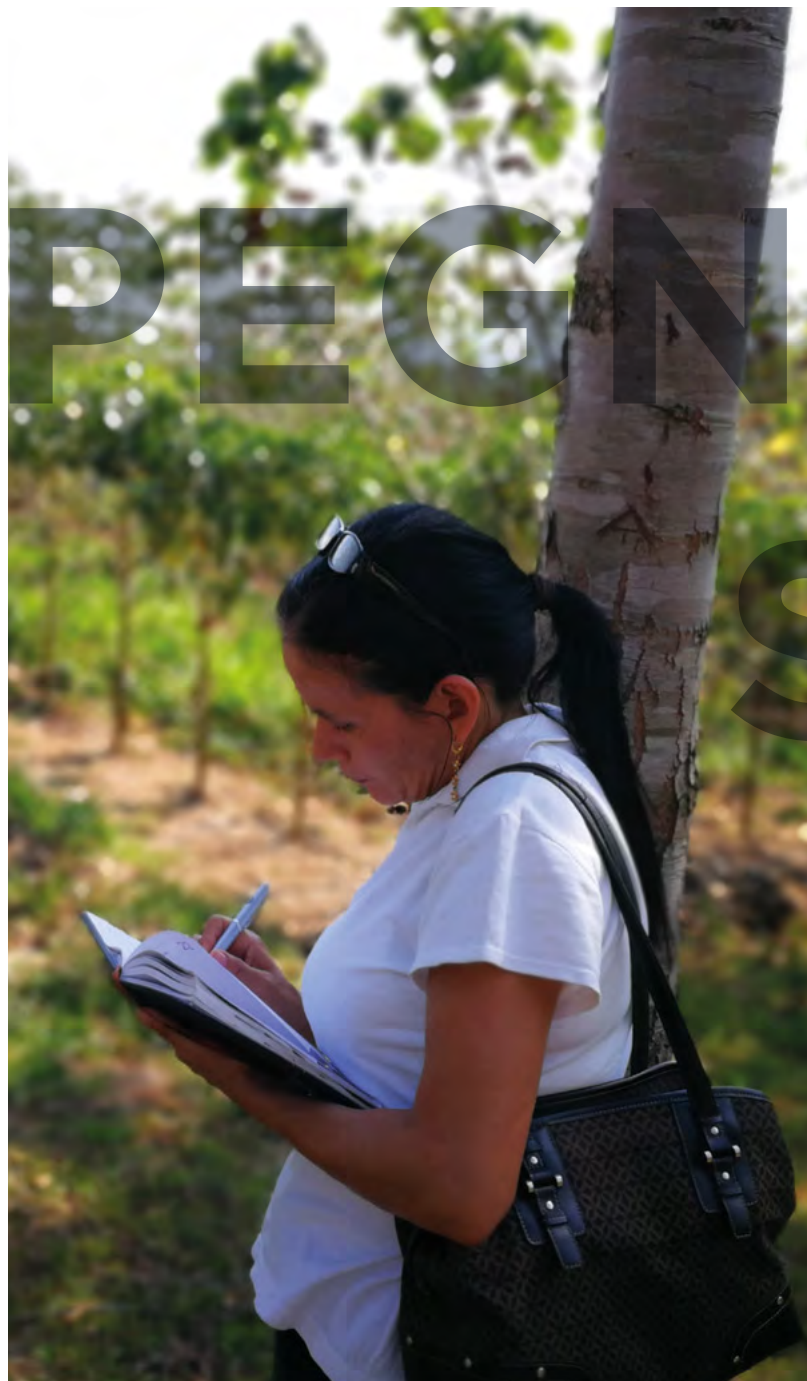
(201.000 piante) di una varietà resistente alla ruggine parassitaria.

IMPEGNO PER LO SVILUPPO

COMMITMENT FOR DEVELOPMENT

Doña Rina ha chiara l'importanza della formazione sulle buone pratiche agricole:

“Ha cambiato il modo in cui sto coltivando il caffè; uso le colture di copertura e l'ombra provvisoria, diminuendo l'uso di pesticidi e altre pratiche per proteggere l'ambiente. Attualmente faccio parte del comitato per l'uguaglianza di genere e conduco una microimpresa che promuove un tipo di agricoltura smart per il clima. Grazie a lezioni, formazione sul campo e visite di istruzione, ho imparato che è molto importante prendersi cura dell'ambiente.



Sono felice e grata di prendere parte a questo progetto, che rappresenta un'opportunità per me e per le mie colleghe che coltivano caffè in un modo sostenibile”

Lavazza risponde alle sfide del settore con la tecnica, la consapevolezza ed un impegno verso lo sviluppo economico e sociale di tutte le comunità coltivatrici di caffè. Perché un agricoltore consapevole sarà sempre un agricoltore attento, che conosce e padroneggia tutti gli strumenti necessari per difendere la qualità del caffè dagli effetti del cambiamento climatico.

Doña Rina has no doubt on the importance of training in good agricultural practices:

“The way I'm growing coffee has changed; I use cover crops and temporary shade, reducing the use of pesticides, along with other practices to protect the environment. I currently belong to the committee for gender equality and I run a micro-enterprise that promotes a type of climate-smart agriculture. Thanks to lessons, training in the field and educational visits, I have learned that it is very important to look after the environment. I'm happy and grateful to be part of this project, which represents an opportunity for me and for my female colleagues to grow coffee in a sustainable way.”

Lavazza meets the sector's challenges with technology, awareness and a commitment to the economic and social development of all the coffee growing communities. Because an informed farmer will always be a careful farmer, who understands and has mastered all the tools required to defend coffee quality against the effects of climate change.

L' Honduras è il maggiore produttore di caffè in America Centrale. I bassi costi di produzione, il ricambio generazionale e il supporto istituzionale fanno sì che vi sia una

CRESCITA DELLA PRODUZIONE ANNUA DEL 5%

CIRCA 100.000 FAMIGLIE

hanno il caffè come prima fonte di reddito. Il 95% di queste sono piccoli produttori, con terreni che sono più piccoli di

7 ETTARI

Il caffè è una fonte di guadagno per circa

1 MILIONE

di persone.



Honduras is now the largest coffee producer in Central America.

Low cost of production, generational change and institutional support resulted in an average

ANNUAL PRODUCTION GROWTH OF 5%.

ABOUT 100,000 FAMILIES have coffee as a primary income.

95% of these are smallholders with less than **7HA**. Coffee provides employment to an estimated **1 MILLION** people.

