



2020 SUSTAINABILITY REPORT

LAVAZZA
GROUP



A GOAL IN EVERY CUP

Leaving no one behind



Contents

Methodological Note	6
Lavazza's 2020	20
Goal 8 Decent Work and Economic Growth	42
Goal 5 Gender Equality	92
Goal 12 Responsible Consumption and Production	122
Goal 13 Climate Action	156
Our Commitment to Coffee-producing Countries: the Lavazza Foundation	178
Appendix	206

Opening letters

[Global Compact Communication on Progress | GRI 102-14]



In 2020, the Lavazza Group took an informed, responsible approach to the emergency situation, focusing above all on the protection of the health and work of its people — its most precious resource.

Yet, we cannot and do not want to limit our sphere of action to our Company. As entrepreneurs, we are all called upon to perform a broader task: working together to start up our economic engine again and do our part to usher in a new recovery scenario. This goal is receiving the full attention of the entire Lavazza Group and Family, whose approach to adversity is based on a powerful idea: hard times are overcome by looking past obstacles and opening the door to ideas, innovations and the future.

In the course of our history, we have made it through two world wars, the 1929 stock market collapse, the 1973 oil shock and the 2008 financial crisis. All while continuing to move forwards and always keeping an eye on what would come next. In 1947, when industrial reconstruction had just begun, Lavazza was already testing out a brand identity that anticipated today's branding concepts. After the difficult days of the financial crisis, we celebrated our 120th anniversary by sending espresso into space: a small yet significant undertaking that passed into history, and we with it. This is the same tenacious, creative spirit with which we faced 2020 and are facing the year that has just begun, 2021. The pandemic brought us up against a situation that, regardless of the current emergency, will have profound, far-reaching consequences. Therefore, we need to pursue a twofold objective: maintaining business continuity today and imagining the business of tomorrow.

We regard Legacy and Innovation as a form of culture and ethics: they represent a spirit of initiative, an approach to work and a love for the product without which Lavazza today would not be what it is. These values are now, more than ever before, the measure of our initiatives. Lavazza is a major global coffee group but also a company founded by a family. Those who lead the Group feel a duty to leave an even better and more solid company to those who will come next. This is why our decisions are always inspired by a clear focus on projects that generate development and value for the individuals, families, communities and companies that are a part of our supply chain.

Our business culture allows us to have visions and goals that extend beyond immediate financial results and focus on the wellbeing of communities, spreading value throughout the supply chain and protecting the environment. Our company vision has always been founded on values that transcend age and generations. Each Lavazza generation is aware that it is a part of a bigger story and knows that it must contribute to continuing and, at the same time, developing that story. We have 125 years of history and we are thinking about how to write the next 125.

*Alberto Lavazza,
Chairman*

With 2.3 million cups of coffee consumed globally every minute, coffee is the fourth most popular beverage in the world, according to the World Economic Forum. The International Coffee Organization estimates that global coffee consumption in 2020/2021 will be equal to 166.62 million bags, with a 1.3% increase compared to the previous year.

These figures show us that coffee has a great present, and an even greater future. It was precisely to the future that we looked in 2020, because Lavazza has always pushed its vision beyond the near term, beyond immediate obstacles and serious situations, such as that which we are currently experiencing.

Covid-19 has not changed anything in all this. Our Group has faced, and is continuing to face, an unprecedented emergency adopting a proactive, concrete approach. We are able to do so because we can rely on a great business culture, a solid financial structure and increasingly strong global roots.

As the Lavazza Group, we responded to the emergency without losing sight of our strategy and development programmes. Yet, above all, we sought to focus on people, the true competitive factor for our Company. As Lavazza, we want to continue our value-based journey towards development and success without leaving anyone behind.

During this emergency period, we continued production, while remaining true to the three priorities indicated to us by our Chairman, Alberto Lavazza: protecting individual health, safeguarding jobs and planning the Group's next 125 years together.

The challenge posed to us by 2020 was twofold: on the one hand, we had to adapt our plans to a constantly changing situation. On the other, we had to prepare ourselves to resume our growth process at full speed, continuing to integrate sustainability into our business strategy gradually and constantly. Therefore, in line with previous years, we renew our support to the 2030 Agenda for Sustainable Development and the Ten Principles of the UN Global Compact. We are firmly convinced that post-pandemic industrial development cannot but be founded on principles of economic, social and environmental sustainability.

*Antonio Baravalle,
Chief Executive Officer*



Methodological Note

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

Document objectives and reference standards

The Sustainability Report represents the tool that Lavazza uses for disclosing to its stakeholders the Company's annual results about sustainability.

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

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

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

- the 2018 version has been adopted with regard to the GRI Standards 403 (Occupational Health and Safety) and 303 (Water and Effluents);
- the 2019 version has been adopted with regard to the GRI Standard 207 (Tax);
- the 2020 version has been adopted with regard to the GRI Standard 306 (Waste).

References to GRI Standards are provided both in the Report and in the final GRI Content Index table.

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

Lastly, this Report is also the tool used to report Lavazza's commitment to the United Nations Global Goals, to which four chapters are devoted, each of which explains the Company's efforts in achieving specific targets relating to the four priority Goals chosen by Lavazza as part of its sustainability strategy. The paragraph in this section "Lavazza and the Global Goals" details the approach that Lavazza has taken to identifying its priority Goals.

Reporting Scope and Period

Lavazza is present on five continents, in more than 140 countries worldwide, and operates through both direct subsidiaries and a broad network of distributors. Lavazza's industrial system consists of nine manufacturing plants: three in Italy; the Carte Noire plant in France and that of Kicking Horse Coffee in Canada; the Lavazza Professional plants (two in the United Kingdom and one in the United States); and one production hub in India, which serves the local market. The Lavazza Group workforce is composed of over 4,000 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 data contained in this Report refer to Luigi Lavazza S.p.A. and some commercial and manufacturing foreign subsidiaries of the Lavazza Group. In greater detail:

- **Luigi Lavazza S.p.A.**, parent company headquartered in Turin (data reported refer to the Headquarters, the Innovation Center, the Italian Commercial Areas and the Italian production plants in Turin, Gattinara and Pozzilli);
- **Lavazza France Sas**, a Paris-based French commercial subsidiary, part of the Lavazza Group since 1982;
- **Luigi Lavazza Deutschland GmbH**, a Frankfurt-based German commercial subsidiary, part of the Lavazza Group since 1987;
- **Lavazza Kaffe GmbH**, a Vienna-based Austrian commercial subsidiary, part of the Lavazza Group since 1988;
- **Lavazza Premium Coffees Corp.**, a New York-based American commercial subsidiary, part of the Lavazza Group since 1989;
- **Lavazza Coffee UK Ltd**, a London-based British commercial subsidiary, part of the Lavazza Group since 1990;
- **Fresh and Honest Café Ltd**, a Chennai-based Indian manufacturing subsidiary, part of the Lavazza Group since 2007;
- **Lavazza Sweden AB**, previously Lavazza Nordics AB, a Stockholm-based Swedish commercial subsidiary, part of the Lavazza Group since 2009;
- **Merrild Kaffe ApS**, a Fredericia-based Danish commercial subsidiary, part of the Lavazza Group since 2015;
- **Lavazza Australia Pty Ltd**, a Melbourne-based Australian commercial subsidiary, part of the Lavazza Group since 2015;
- **Carte Noire Sas**, a Paris-based French commercial subsidiary, part of the Lavazza Group since 2016;
- **Carte Noire Operations SaS**, a French manufacturing subsidiary, part of the Lavazza Group since 2016;
- **Kicking Horse Coffee Co. Ltd**, an Invermere-based Canadian manufacturing subsidiary, part of the Lavazza Group since 2018;
- **Lavazza Professional France SaS**, a Roissy-based French commercial subsidiary, part of the Lavazza Group since 2019;
- **Lavazza Professional North America LLC**, a manufacturing subsidiary based in Wilmington, Delaware (US), part of the Lavazza Group since 2019;
- **Lavazza Professional UK Ltd**, a Basingstoke-based UK manufacturing subsidiary, part of the Lavazza Group since 2019;
- **Lavazza Professional Germany GmbH**, a Verden-based German commercial subsidiary, part of the Lavazza Group since 2019.

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

- financial years 2018, 2019 and 2020 with regard to Luigi Lavazza S.p.A. and its foreign subsidiaries included in the scope of the Sustainability Report 2018¹;
- financial years 2019 and 2020 with regard to the Canadian subsidiary Kicking Horse Coffee Co. Ltd., included for the first time in the scope of the Sustainability Report 2019;
- financial year 2020 only with regard to Lavazza Professional subsidiaries, included for the first time in the scope of the Sustainability Report 2020.

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

¹ The subsidiary that has been included for the first time in the scope of the Sustainability Report 2018, besides those listed in the previous Sustainability Reports, is the Indian foreign subsidiary Fresh & Honest.

9
production plants
present in over
140
countries



over
50
Training Centers
worldwide

over
4000
employees

	Retail	Food Service	Vending
	●	●	●
	●		
	●		
	●		
			●

Lavazza and the Global Goals

The Lavazza Group has always been committed to ensuring the economic, social and environmental sustainability of its business.

A focus on its people and on the places and communities where it operates and a minimal environmental impact of its activities are pillars of Lavazza's approach to doing business. This approach has allowed the Company to organise a programme of coordinated initiatives in Italy and in the countries where it operates, in order to promote the integration of sustainability in all areas of the business.

In 2017, to better focus on and address its sustainability activities, Lavazza decided to join the United Nations Global Compact and adopt the 2030 Agenda Sustainable Development Objectives. The challenges posed by the UN are addressed to everyone, businesses included. This is why Lavazza has decided to accept this challenge by adopting the Goals as guidelines for its approach to sustainability and setting a further objective for itself: Goal Zero, i.e., to use its strong communications to spread the United Nations' messages, engaging its stakeholders in a shared commitment to a sustainable future. Goal Zero represents the set of initiatives designed to spread the messages of the 2030 Agenda to stakeholders.

The four priority Goals

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

The analysis conducted involved a study of the 169 targets with which the material topics identified for the Group were associated. Lavazza was thus able to select the Goals and targets applicable to its business. Of the 17 Goals, 14 were considered applicable to Lavazza's business and the mission of the non-profit Giuseppe and Pericle Lavazza Foundation.

This analysis was followed by intensive internal and external stakeholder engagement activity performed throughout 2018 — a process known as "Goal Zero" — which was designed to engage stakeholders as fully as possible in awareness of the importance of the Global Goals, thereby helping the Company to determine their order of priority.



In 2019, following the conclusion of the analysis and stakeholder engagement phase, the Company identified the four sustainable development Goals that are a priority for the Group:

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

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

The 14 applicable Goals identified in the first phase of the analysis have been classified into three levels, as follows:

- **Priority Goals:** the four Goals to which Lavazza may commit at a strategic level and towards which it may take action through both its business and the Foundation’s work;
- **Goals Impacted:** those within Lavazza’s sphere of influence. The Company may have a good impact by achieving them, but they are not necessarily to be regarded as strategic priorities. For example, Lavazza’s decision to use electrical energy from a renewable source may have a positive impact in achieving Goal 7, but this decision also influences the more strategic Goals 12 and 13. Goal 1 may also be considered a Goal impacted by the Lavazza Foundation’s work, which has however the priority

of promoting better living conditions for coffee producers — an objective better viewed within the framework of Goal 8, a priority for the Group;

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

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

The purpose of this Report is to illustrate how the Group is pursuing these objectives, which form the subject of the following chapters. Starting this year, an introductory table at the beginning of each chapter illustrates the goals and priority targets laid down in the Manifesto.

A GOAL IN EVERY CUP

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

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

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

UN SUSTAINABLE DEVELOPMENT GOALS

THEY ARE A GLOBAL BUSINESS IMPERATIVE AND GUIDE OUR WORK.

THE GLOBAL GOALS ALIGN WITH A LAVAZZA GROUP CORE VALUE:

RESPONSIBILITY.

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

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

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

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

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

WE ARE COMMITTED TO ADVANCING THE GLOBAL GOALS.

OUR GLOBAL GOALS APPROACH



GOALS IMPACTED

Goals indirectly impacted by the Lavazza Priority Goals.



Global Compact Communication on Progress

The United Nations Global Compact is the world's largest voluntary corporate citizenship initiative, which requires participating companies to adhere to a number of principles that promote the integration of sustainability in business. It was established as a result of the wish to promote a sustainable global economy that respects human and labour rights, safeguards the environment and fights corruption. The idea was first put forward in 1999 at the World Economic Forum in Davos, by Kofi Annan, former Secretary-General of the United Nations. He invited world economic leaders to sign a "Global Compact" with the United Nations, in order to work together to tackle the most critical aspects of globalisation.

In July 2000, the United Nations Global Compact was launched. It requires the companies and organisations that adhered to it to share, sustain and apply, within their remittance, a set of fundamental, universally shared principles in the areas of human rights, labour, environment and anti-corruption.

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



Human rights

Principle 1

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

Principle 2

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



Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

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



Labour

Principle 3

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

Principle 4

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

Principle 5

Businesses should uphold the effective abolition of child labour.

Principle 6

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



Anti-corruption

Principle 10

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

COMMUNICATION
ON PROGRESS



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

We welcome feedback on its contents.

Stakeholder Engagement and Materiality Analysis

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

Goal Zero: why we started at zero

In order to be able to make progress on the journey towards the Global Goals and the integration of sustainability into the Group's activities, it is essential to Lavazza that everyone understands the value of the Sustainable Development Goals, why they are important and how to contribute to achieving them.

This is why Goal Zero was developed: to spread awareness, inform and engage reference stakeholders regarding the Global Goals and the sustainability issues that they promote. Goal Zero calls for the adoption of a different approach for each group of stakeholders, combining a series of targeted strategies and tools such as art, training and communications campaigns to inform and engage all those who come into contact with Lavazza in some way.

Lavazza is aware of the central value that stakeholders play in being able to ensure "A Goal in Every Cup" and also the responsibility that it has to them.

This is why in 2020 — a year that had very strong impacts on all of our lives — the Company devoted special attention to the people with whom it works.

In 2020, Lavazza analysed its business (through an analysis of the sustainability context) and its stakeholders' interests and expectations.

To identify the most relevant topics eligible for inclusion in the 2020 Report, necessarily taking into account the emergency context in which it had to operate, the Company has:

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

In order to survey and assess its stakeholders' expectations, with specific regard to 2020, Lavazza has:

- conducted a specific internal stakeholder engagement activity through interviews with Top Managers and Shareholders;
- continued with local community engagement initiatives, which this year chiefly aimed at addressing the health and social emergency;
- organised the second meeting dedicated to Lavazza's suppliers, in digital format;
- held a cycle of meetings with the Global Sustainability Network, a working group in which the points of contact for the sustainability initiatives of over ten foreign companies of the Group participate. The

network meets monthly and is intended to coordinate the Group's sustainability activities and promote constant dialogue with regard to the priority areas of the sustainability strategy;

- prepared a survey reserved to its internal and external stakeholders to investigate expectations and perception of Lavazza's sustainability commitment and the level of satisfaction in the relationship with the Company. Through the survey, the participants were asked to express an assessment of the material topics, communication and degree of engagement obtained. In addition, each participant was able to make suggestions and requests regarding the Group's sustainability approach.

The survey involved suppliers, clients, consumers, journalists, youth networks, local communities, NGOs and national institutions;

- reinforced internal communications tools in view of the exceptional nature of the emergency situation. In fact, in order to communicate promptly with its people, the Group availed of: a dedicated e-mail account, periodic e-mails, live meetings, training sessions and a dedicated page within the company Intranet in order to provide specific instructions to the entire company population regarding the Covid-19 emergency.

The Lavazza Group in the media

During the year, the Group's corporate communications strategy developed the themes of sustainability and social responsibility through a plan in which these subjects were integrated significantly into both the communications plans of corporate social platforms (Group's Twitter and LinkedIn) and media relations. This strategy generated a significant increase of the Group's engagement with its stakeholders:

- In 2020, of the total articles generated by media relations activity, nearly one out of five was dedicated to sustainability issues, a significant increase on the average coverage obtained in the previous year.
- Sustainability featured as a fundamental, transversal theme at the level of key messages in the over 470 tweets of the Group's corporate channel, 50% of which related to Lavazza's commitment to social responsibility and environmental sustainability issues.



Lavazza according to consumers

According to an international survey conducted in 2020 by Boston Consulting Group², the pandemic crisis contributed to increasing the level of awareness of sustainability issues amongst consumers. Of those interviewed, 70% stated that they were more attentive and aware than in the previous year of the importance of these issues and 87% of them believe that companies must integrate sustainability into their products and services with greater conviction.

Out of the awareness of this, in 2020 Lavazza's customer service introduced a dedicated system of filters regarding sustainability requests, to be used to classify and analyse the expectations of Lavazza's customers regarding sustainability. In fact, in 2020, in Italy alone Lavazza received over 180 requests regarding sustainability, 44% of which saw interactions on the Facebook and Instagram channels and 56% of which took place through activation of customer service with telephone calls, e-mail messages and chat messages from the site. Most of requests and comments referred to the disposal of coffee capsules and packages, and information about compostable capsules.

² <https://www.bcg.com/it-it/publications/2020/pandemic-is-heightening-environmental-awareness>

Lavazza's stakeholders and communication tools in 2020



Methods of communication

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



SHAREHOLDERS AND TOP MANAGEMENT

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



GOVERNANCE BODIES

- Regular meetings



GROUP'S HUMAN RESOURCES

- Internal communications activities centred on health and safety topics for managing the Covid-19 emergency: live meetings, newsletters, training sessions, listening tools, dedicated e-mail account
- Performance management process
- Focus groups and coaching activities
- Live meetings centred on sustainability topics: projects supported by the Lavazza Foundation and cycles of newsletters on Circular Economy
- Sharing of Group's values
- Training courses on sustainability topics
- Regular meetings of the Network with sustainability points of contact



PRESS & DIGITAL MEDIA

- Relations with the local and international press
- Social networks



UNIVERSITIES AND YOUTH NETWORKS

- Partnerships with universities and research centres for the production of academic publications, implementation of experimental research projects, scholarships, etc.
- Sponsorship of competitions to promote a sustainability culture among young people



UNION REPRESENTATIVES

- Regular briefings on the Group's situation
- Negotiation meetings about corporate and production plant issues



CUSTOMERS AND CONSUMERS

- Customer service
- Social networks
- Sales network as a listening, mediation and communication tool
- Specific presentations on sustainability topics to customers



LOCAL COMMUNITIES

- Community care programme – relationships with local civil society associations with interventions to support communities hit by the Covid-19
- Ongoing updates from communities of coffee growers benefiting from the Lavazza Foundation's projects



SUPPLIERS

- Regular meetings with suppliers and on-site visits
- Sharing of the Supplier Code of Conduct
- Suppliers portal
- Suppliers convention
- Audits on sustainability topics with suppliers



INTERNATIONAL, NATIONAL AND LOCAL INSTITUTIONS

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



NON-GOVERNMENTAL ORGANISATIONS

- Implementation of projects in partnership with NGOs to support the communities hit by the Covid-19, both those of coffee growers and the communities where Lavazza operates through its activities

Analysis and materiality matrix

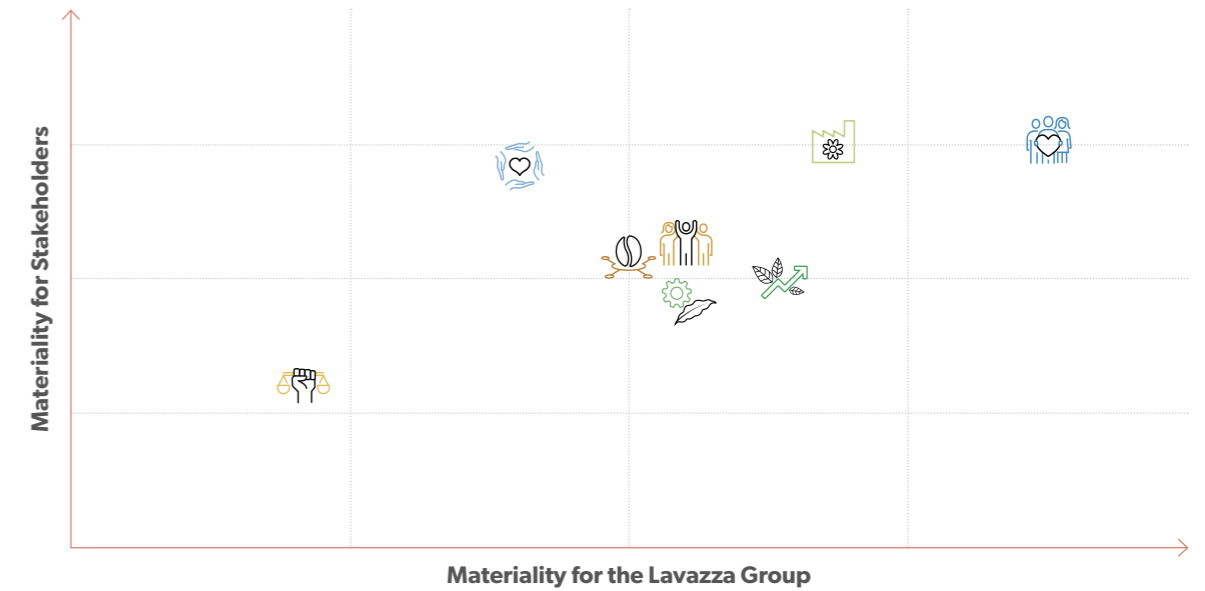
Stakeholder engagement activities allowed Lavazza to update its materiality matrix, while also taking account of the principles of the United Nations Global Compact.

The material topics have been rationalised and updated to reflect the changes in the Company and the context in which it operates. In 2020, the Group found itself operating in an emergency situation caused by the Covid-19 pandemic and immediately strove to protect the wellbeing of its employees, customers and all those who are part of Lavazza's supply chain.

Accordingly, the material topic "health and safety" was added; almost all stakeholders identify it as the most important topic in accordance with the year's peculiar circumstances.

In addition, environmental sustainability has a higher level of priority than in previous years, since topics relating to climate change have a strong influence on the availability of the raw material, as well as on the choices of consumers and customers, who request that companies increase their commitment to these topics. In this regard, another topic that has assumed greater relevance is innovation, viewed as fundamental to progress in the area of the environmental sustainability of products and the organisation. It is also interesting to note that the issue of support for local communities was recognised by stakeholders as a higher priority than indicated in 2019: this was due to the stakeholders' recognition of the Lavazza Group's strong commitment to supporting the communities affected by Covid-19 in 2020.

Materiality Matrix



Material Topics

 **Support to local communities**

 **Responsible economic growth**

 **Anticorruption**

 **Innovation**

 **Enhancing people, inclusion and diversity**

 **Health and safety of employees**

 **Environmental sustainability**

 **Respect and promotion of human rights**



The Sustainability Governance

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

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

During the Managers' Meeting involving the participation of the Chief Executive Officer and those reporting directly to the latter, the Head of the IR&S Department periodically presents the activities undertaken and the relative progress.

The IR&S Department's main responsibilities include:

- preparing the Sustainability Report;
- managing the community engagement programme;
- managing corporate relations, representing Lavazza in the different national and international trade associations;
- assessing the organisation's environmental impact and designing containment mechanisms;
- managing, together with the different corporate Departments, the supplier engagement and monitoring process for sustainability issues;
- conceiving, managing and monitoring sustainability projects funded by the Lavazza Foundation.

Assurance process

In accordance with GRI guidelines, Lavazza defines the content of its Sustainability Report based on the following reporting principles: stakeholder inclusiveness, sustainability context, materiality and completeness. A third-party company has been tasked

with verifying the compliance of the Report with these standards. Lavazza's Sustainability Report is in fact subject to a limited audit. The results of the audit conducted are contained in the Independent Auditors' Report attached at the end of this document.

*“Il caffè è sempre l'inizio di qualcosa:
un incontro, una pausa, un momento di condivisione.
Ecco perché questo è solo un arrivederci.”*

*“Coffee is always the beginning of something:
a meeting, a break, a moment of sharing.
This is why we're simply saying see you later.”*





LAVAZZA'S 2020

Covid-19 emergency

Over

1,000

humanitarian
organisations
supported

Product and cash
donations for
an amount
exceeding

€1 million

The Group's goal
is to move forward
and build its future
without leaving
anyone behind.

Over

1,000

Lavazza coffee
machines donated

Over

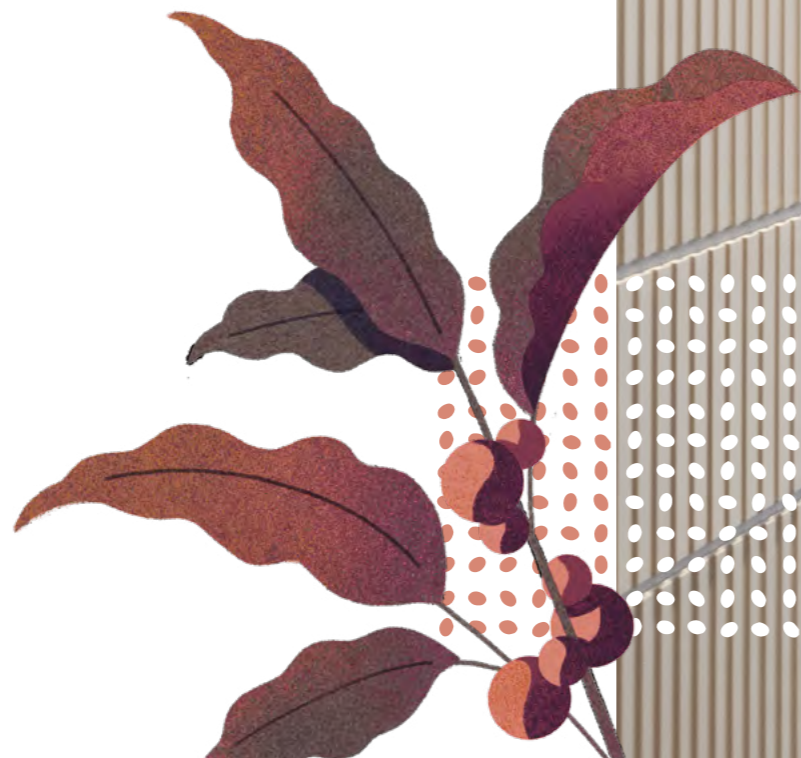
8.5

million cups of
coffee donated

At 12:00 noon on 27 March 2020, Antonio Baravalle, CEO of the Lavazza Group, addresses the Group's 4000 employees through a live-streamed speech from the Turin Nuvola Headquarters. Baravalle speaks to the employees as parents, children, grandparents and grandchildren, some separated for work or study reasons, assuring the Company's solidarity as a "community of people, individuals and workers". The CEO tells of a phone call from the Chairman Alberto Lavazza in the first few days of the emergency, during which the Chairman wanted to convey the lines of action that should guide the Group's response to the Covid-19 emergency:

1. protect the health of employees;
2. safeguard jobs;
3. plan together the Company's next 125 years.

These were, in fact, the hallmarks of the Group's operations during 2020. The huge investments made in applying the safety measures for employees, which exceeded €1.3 million, the implementation of forms of job protection in every Group company, as well as the commitment to business development, which led to the inauguration of the new "1895 Coffee Design by Lavazza" plant and the opening of the Lavazza Flagship Stores in China, bear witness to how the Group took literally the guidance that the Chairman wanted to provide in that telephone call in early March.





€1 million
to the benefit of
143 SMEs

€3 million
to the La Stampa
— Specchio dei
tempi Foundation

€6 million
to the Piedmont
Region — Coronavirus
emergency support

Lavazza's commitment during the Covid-19 emergency was not limited only to protecting its employees, but also involved initiatives to support local communities, both in Italy and worldwide, affected by the consequences of the pandemic.

Just as stated in its Sustainability Manifesto, the Lavazza Group wanted to take care of the communities in which it operates, driven by a profound sense of responsibility, one of the Company's fundamental values, in line with the Global Goals of the UN 2030 Agenda. The serious difficulties caused by the spread of the pandemic led the Group to take prompt action since the outbreak of the emergency to provide practical help to the local communities where it operates, working in close contact with the institutional and third-sector partners.

In March 2020, Lavazza donated **€10 million** to organisations committed to carry out projects supporting healthcare, schools and vulnerable groups in the communities in which it operates in Italy, with a particular focus on the Piedmont Region. The funds were split as follows:

- €6 million was allocated to the **Piedmont Region — Coronavirus emergency support**, responding to the fundraising initiative #IOCISONO organised to buy what was necessary to support the healthcare facilities and all the front-line staff working hard to tackle the situation;

- €3 million was donated to the **La Stampa – Specchio dei tempi Foundation** which immediately got involved in providing hospitals with new equipment and healthcare material, supplying free sanitising kits to Turin schools and delivering basic necessities to elderly people in physical and economic difficulty;
- €1 million was given to **143 small and medium-sized businesses** operating mainly in the communities in which Lavazza operates in Italy, namely **Gattinara and Settimo Torinese in Piedmont and Pozzilli in Molise**. **60%** of the €1 million donation was distributed in the form of **charitable donations**, whilst **35% in the form of healthcare materials**, through the donation of **76,000 face masks**. Most donations were directed to bodies engaged in combating the economic and social crisis (distribution of meals, grants to families and people in difficulty) and supported the healthcare sector by allowing the purchase of medical equipment such as pulmonary ventilators and contributing to the opening of Covid-19 wards in the hospitals. The education sector has been supported through the donation of IT devices and help with setting up initiatives to give continuity to vocational training and counter early school leaving.

Blending a brighter future together

Among the various initiatives supported, Lavazza bore, together with the Specchio dei tempi Foundation, the travel costs of the 38 healthcare workers of the Henry Reeve Brigade that the Cuban Health Ministry sent to Piedmont to support Italian doctors. In addition, Lavazza also started and continued throughout 2020 a collaboration project with the Turin Caritas to distribute 150 meals a day to people in difficulty. The Group's different entities also took action to support their own respective communities in the various countries demonstrating, beyond any cultural or geographical distance, that they are part of one great team that believes in and is guided by the same values. In general, all the Group companies supported approximately 1,000 humanitarian organisations worldwide. The equivalent of about 8.5 million cups of coffee were donated.

One example is the United Kingdom, where the Lavazza Professional employees, thanks to the use of 3D printers, produced components for masks which were then donated to hospitals; or the United States, which supported front-line workers in hospitals through donations of coffee and coffee machines for medical staff.

Moreover, the Lavazza Foundation decided to allocate a €500,000 Covid-19 Emergency Fund to support coffee-producing communities in four main areas: food safety, health protection, education support and income support. The dialogue with third-sector organisations revealed the urgent need for action, both in urban and the more remote rural areas. The Covid-19 Emergency Fund was distributed to 13 NGOs in 13 countries in Africa, Asia and Latin America for a total of over 10,000 direct beneficiaries. Further details on this operation are provided in the section on the Lavazza Foundation.

USA

50,000 coffee packs donated to **23 New York clinics and hospitals, 106 Los Angeles fire stations, 21 Los Angeles police precincts, 2 clinics in Los Angeles and Santa Monica.**

4,500 coffee packs donated to the **#HealthCareHeroes Hospital** in partnership with the show "Jimmy Kimmel Live! From his House".

Poland

6 tonnes of coffee donated to **250 hospitals.**

United Kingdom

Samples of coffee and whole-bean coffee packs donated to **12 hospitals** and **42 hotels** accommodating healthcare professionals and people in difficulty. Free supply of capsules and 29 coffee machines donated to **16 hospitals and ambulances.**

Lithuania, Estonia and Latvia

2,082 coffee packs donated and 46 distribution centres supplied.

Bulgaria, Greece, Romania, Albania and Malta

4.4 tonnes of coffee donated and 5,582 points of consumption reached and supplied.

Russia

2 tonnes of coffee and 250,000 cups of coffee donated to **2 foundations**, 56,000 capsules and 56 coffee machines donated to **3 hospitals.**

India

7,000 cups of coffee donated to the **Greater Chennai Corporation**, 8,000 cups of coffee donated to the **Stanley Hospital.**

France

450,000 cups of coffee donated to **80 hospitals** and 50 coffee packs donated to **50 retirement homes for the elderly.**

Gattinara

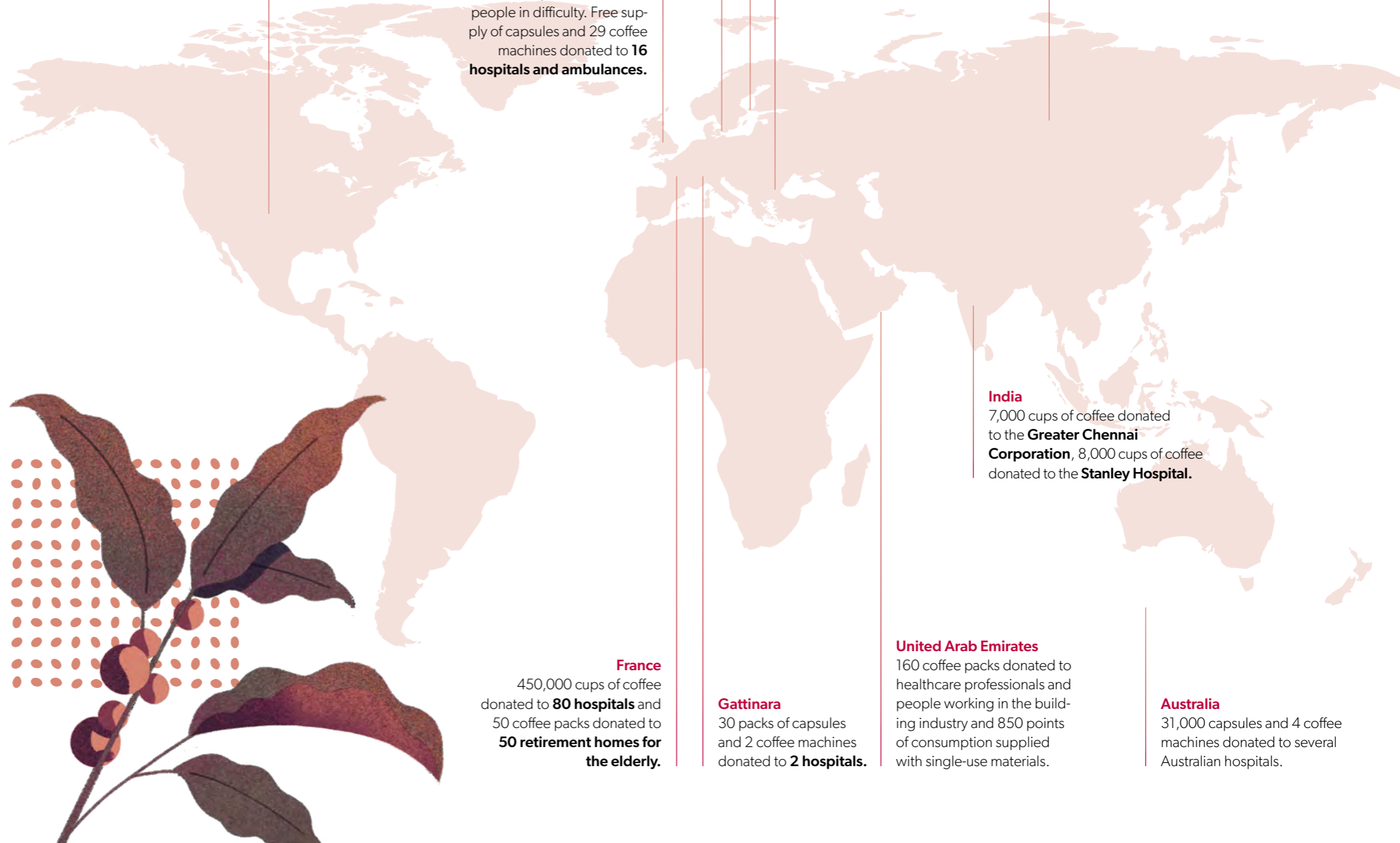
30 packs of capsules and 2 coffee machines donated to **2 hospitals.**

United Arab Emirates

160 coffee packs donated to healthcare professionals and people working in the building industry and 850 points of consumption supplied with single-use materials.

Australia

31,000 capsules and 4 coffee machines donated to several Australian hospitals.





Over
1,000
humanitarian
organisations
supported

Product and cash
donations for
an amount
exceeding

€1 million



Over
1,000
Lavazza coffee
machines donated



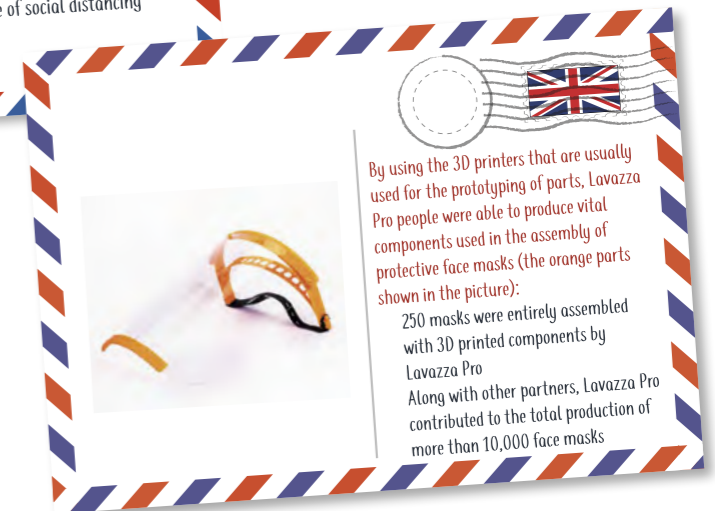
Our colleagues at Merrill managed to deliver significant coffee donations for Emergency Medical Service workers of
Latvia, 930 coffee packs
Lithuania, 576 coffee packs
Estonia, 576 coffee packs



POSTCARD
Coffee donations:
450.000 cups of coffee donated to 80 different Hospitals located all over the country
50 free packs of coffee delivered to 50 EPHAD, accommodation facilities for dependent elderly
CHU de Bordeaux Hospital



POSTCARD
More than 200 POS of the Netherlands supplied with a re-activation package that included:
More than 500 branded aprons
More than 400 "On the Go" posters
More than 200 packs of paper cups
Visibility installations to remind the importance of social distancing



By using the 3D printers that are usually used for the prototyping of parts, Lavazza Pro people were able to produce vital components used in the assembly of protective face masks (the orange parts shown in the picture):
250 masks were entirely assembled with 3D printed components by Lavazza Pro
Along with other partners, Lavazza Pro contributed to the total production of more than 10,000 face masks

Over
8.5
million cups of
coffee donated





The Lavazza Group Purpose

[GRI 102-16]

Over 120 years of history. A long history of passion for coffee and love for the communities in which we operate; a history of respecting traditions, while always staying focused on the future.

The history of the Lavazza Group is that of a family, now in its fourth generation, that has turned a cup of coffee into a unique experience and created a Group with a global vision — an independent leading player in the global coffee market, across all segments and distribution channels.

In recent years, we have embarked on an international development process designed to further strengthen the Group's competitiveness at the global level, with the mission of being a premium pure coffee company, i.e., focusing just on high-quality coffee, by leveraging the value of our brands and our presence and penetration in all channels: At-Home, Ho.Re.Ca., Offices, E-commerce, Vending and Retailing.

The Lavazza Group's brands are now present in over 140 countries through its subsidiaries, distribution partners and 9 production plants worldwide: three in Italy, one in France, one in Canada, one in the United States, two in the UK, and a production hub in India.

In 2020, the main brand Lavazza Torino Italia 1895 ranked 33rd among the 100 brands with the best reputation in the world according to the Global RepTrak 100, a ranking published by The RepTrak Company. In the same institution's research focused on corporate social responsibility, 2019 saw our Group ranked among the top 10 companies globally and first in the world in the food sector.

As a Group, Lavazza seeks to create **sustainable value** for its shareholders, personnel, consumers and the communities in which it operates, in accordance with the **ethical principles** that characterise its business approach.



AWAKENING A BETTER WORLD EVERY MORNING

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



AUTHENTICITY

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

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

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



PASSION FOR EXCELLENCE

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

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



RESPONSIBILITY

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



INVENTIVENESS

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

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

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

Communicating our engagement: The New Humanity and Blend for Better

The spring of 2020 marked the beginning of a period of uncertainty, during which people experienced a situation of both physical and social isolation due to the lockdown. In this context, where everything seemed to be trapped inside a static present, the Group became the mouthpiece for a universal message of hope for a different future: the call for a “New Humanity”, able to reawaken fundamental values such as solidarity, inclusion, tolerance and sustainability in society.

This process of “rebirth” was launched in May 2020 with the international television campaign “Good Morning Humanity”, in which the Company aimed at people’s hearts through the words of Charlie Chaplin pronounced in his masterpiece “The Great Dictator”: this is the good morning of a rediscovered humanity, a message from the past but a message that looks to the future, creating a bridge between people and bringing them closer to one another through a language that promotes universal values, an integral part of the Lavazza Group’s vision.

The New Humanity project has also been translated into the Lavazza 2021 Calendar that assembles a series of works from different artistic universes, but all united by the desire to offer their point of view on the New Humanity concept through the same tool: art. In fact, the Lavazza 2021 Calendar saw the participation of as many as 13 artists and masters of photography, who have offered their vision of humanity today in 13 shots, in which man has a leading role. The artists who took part in the Lavazza Calendar are: Christy Lee Rogers, Denis Rouvre, Carolyn Drake, Steve McCurry, Charlie Davoli, Ami Vitale, Martha Cooper, David LaChapelle, Martin Schoeller, Joey L., Eugenio Recuenco, Simone Bramante and TOILETPAPER.

In addition, Lavazza organised the sale of 1,000 calendars in 2020, and 12 original photos were auctioned. The proceeds of these operations supported New Horizons, a project promoted by the NGO Save the Children in Kolkata, which the Lavazza Foundation has supported for many years, and whose aim is to help disadvantaged and marginalised young people, offering vocational training and placements.

“The reflection of a world in danger”

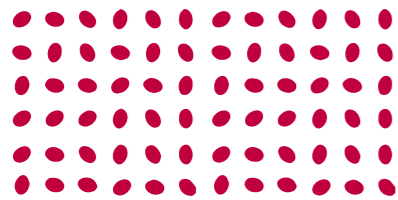
National Geographic photographer Ami Vitale chooses a place where people are still very much in touch with nature, since they know that their lives depend on Nature’s wellbeing. Ami hopes that this moment in history can once again teach humanity to recreate a relationship between human beings and nature. Capturing the feet of the Samburu, the photographer wants to send a profound message: seeing ourselves as an integral part of the landscape and nature itself, only then will we understand that saving nature means saving ourselves. In fact, the shot of the feet, or rather the reflection of the feet on the water, tells how the actions (steps) we have taken are a reflection of our past but, at the same time, these actions will also guide us towards our future.



**We need to value
the collective over
the individual and
build inclusive
societies that respect
and protect everyone.**

— Ami Vitale





“Looks that unite us”

The German photographer Martin Schoeller invites people to try to understand one another beyond words, in a historic period, where the pandemic has allowed us to express our emotions through the eyes, the only features not covered on our face.



Perhaps in a visceral way, through eye contact, we can achieve a greater understanding of each other.

— Martin Schoeller

“Loneliness in hope”

The Spanish artist Eugenio Recuenco recreates the scene of a bar, which features two women: the woman on the left symbolises the past, in other words the pre-pandemic world. The woman is alone, sophisticated, depicted with her back to the window, to other people, to the rest of the world. Focused only on herself, the woman is surrounded by plastic objects. The woman on the right represents the present, she is looking towards the window, or to the future, from which another shadow emerges, with which she seems poised to start a conversation. The objects around her also have a symbolic meaning: the cup symbolises calm, the sugar bowl sharing and the radio represents an interest in communicating. The shadow of the word “UNION” can be seen on the wall, where the O is depicted with the symbols that distinguish the male and female gender. The message is to promote a universal union, irrespective of gender and the type of each individual’s personal relationship. Whilst the words “Yes, we are open” is the photographer’s invitation to build a better world together.



Every day, people can transform into angelic creatures with a minimum change of perspective, using the tools in a different way and allowing our mistakes lead us to new truths.

—Christy Lee Rogers

“Baroque angels”

The Hawaiian photographer Christy Lee Rogers uses water as the main tool in her works, through which she creates plays of light, chiaroscuro effects, colours and movements similar to those reproduced in Baroque paintings.

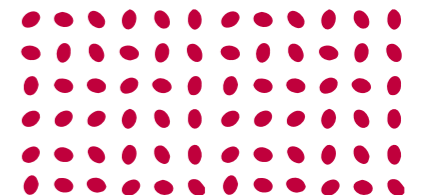


During the many months of shelter at home, I photographed a constant parade of people of all ages in masks walking, running, rolling, and sitting on my bench.

—Martha Cooper

“The discrete window of the park”

The American photographer Martha Cooper creates a photo that is the result of a collage of different shots taken from a window of her home, overlooking Riverside Park, New York. In particular, the shots were taken around a park bench, adopted by the photographer in 2018 on the occasion of her 75th birthday.





Beyond Walls

The aim of the Beyond Walls project, started in June 2019, is to create, symbolically, the planet's largest human chain. The gigantic paintings created on the grass with biodegradable paints are made of hands: hands that are intertwined, clasped and joined in a common effort, surmounting the walls that separate human beings. The project stems from an idea of the Franco-Swiss artist Saype and it stopped over in Turin in 2020 becoming part of the "The New Humanity" programme thanks to the contribution of Lavazza, the Municipality of Turin and Turin's Royal Museums.

Painted on the grass of the Archaeological Park of Porta Palatina, the work depicts two hands that are clasped, ideally connecting the city of Turin with the rest of the world. In fact, Turin represents the seventh piece in the "largest human chain in history", which has already "coloured" places such as the Eiffel Tower, Berlin Wall and the Ouagadougou memorial in Burkina Faso. Saype's message is powerful: it is an invitation to people to surmount the geographical and mental walls and undertake a collective effort to feel an integral part of a unique ecosystem, a sole humanity, an ambassador of universal values such as tolerance, inclusion and solidarity.

Blend for Better

In 2020, Lavazza published its Sustainability Manifesto, which illustrates the Group's commitment to contributing to the achievement of the UN 2030 Agenda. For all Group companies to take part in the creation of shared value with stakeholders, the Lavazza Group has conceived Blend for Better, the tool through which all brands will convey their commitment to sustainability: not only to produce excellent quality coffee, but also to do so responsibly, integrating sustainability principles into all processes.



Coffee Defenders, a Path from Coca to Coffee

On the occasion of World Environment Day, Lavazza launched the docu-film “Coffee Defenders, a Path from Coca to Coffee” directed by Colombian director Oscar Ruiz Navia on the Amazon Prime platform. The documentary forms part of Lavazza’s “Coffee Defenders” project, which takes its inspiration from the stories of coffee producers supported by the Lavazza Foundation.

The documentary stars Johana, a young Colombian girl who has lived through the difficult period of armed conflict. Despite the dramatic situation, Johana and her children resist tenaciously remaining in the Meta coffee region, where in 2013 the Colombian government had granted local farmers, including Johana, land used previously for illegal crops. Johana takes her life back into her own hands by growing coffee and it will be precisely a coffee plant — a symbol of rebirth for herself and her country — that accompanies her throughout the journey from her native land to Costa Rica, where it will be looked after in the Cartago Agronomic Centre (Catie, Colección Internacional de Café).

During her adventure, Johana is followed by reporter Alexandra Roca, who has already worked previously on various themes on the rights of women and indigenous communities, who will give a voice to her story, obstacles and hopes through the physical journey — passing through the marvels of South America — but, above all, a path of rebirth, after a long period of conflict.

In 2015, the Lavazza Foundation launched a sustainable development project in Meta, which supported more than one hundred of the region's farming families in the process of socio-economic regrowth. These families, including Johana's, were helped to grow coffee through:

- the planting of more than 1 million new coffee plants;
- training courses on good farming and technical practices to tackle climate change;
- the planting of 13,000 fruit trees, to provide farming families with an additional source of income to coffee and preserve the area's biodiversity.

There have been numerous benefits for these small communities of farmers including increased productivity, which rose from 700 kg per hectare in 2015 to 1300 Kg per hectare in 2020 and the production of top-quality coffee, used in the ¡Tierra! Colombia blend and Rainforest Alliance certified.



Lavazza in China: first Flagship Store opened in Shanghai

In recent years, the Lavazza Group has embarked on a path of international development to explore new markets and meet the growing demand for premium coffee. In this context, 2020 saw the Group enter into a joint venture with Yum China, a retail giant in China: this is a partnership created with the aim of developing the Lavazza Coffee Shop concept in China. The project was launched by opening the new Lavazza Flagship Store in Shanghai in 2020, the first outside Italy.

The new Flagship Store is located in Jing'an, one of the historic districts in the centre of modern Shanghai. A combination of innovation and tradition that will allow customers to experience first-hand all facets of the Lavazza world within an Italian-style unique and iconic environment.

Four points of sale were inaugurated in 2020. For 2021, our ambition is to penetrate further the Chinese market by opening other coffee shops during the year.



For us, this is the starting point of a journey with huge potential as we have entered the world's largest market and we do not want to stop there.

— Antonio Baravalle





GOAL

8

Decent Work and Economic Growth

8 DECENT WORK AND ECONOMIC GROWTH



Lavazza wanted to stay close to the many local organisations with which it collaborates, trying to give them relief following the serious consequences of the pandemic.



“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”: this is the description of the Sustainable Development Goal 8 of the UN 2030 Agenda. It has been chosen as the priority goal for Lavazza as it represents its approach to both being a business and doing business. 2020 was a year in which Lavazza’s commitment to safeguarding jobs was even more important, because it saw the Group at the forefront of protecting its people from the social consequences generated by the Covid-19 pandemic. The United Nations has detailed Goal 8 through various targets, and this chapter describes the initiatives, projects and structures that Lavazza has implemented accordingly in order to contribute to reaching them.

In particular, the chapter discusses the following subjects:

- how the goal of responsible economic growth is supported by an effective governance structure and solid economic and financial development and how Lavazza was able to confirm this uptrend with respect to the market in 2020 as well;
- how the Company is committed to safeguarding its workers, both protecting their health and safety during the emergency and promoting constant training and development;
- initiatives and projects to protect and promote human rights in the supply chain, throughout which Lavazza stands with its suppliers;
- local community support programmes, through which Lavazza contributes to helping vulnerable segments of society gain access to quality jobs in the coffee sector.



Material Topics



Health and safety of employees



Responsible economic growth



Respect and promotion of human rights



Support to local communities



UN Targets

Long-term commitment

Main Actions 2020

8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.

Supporting business projects in the coffee growing communities, to encourage increased productivity and provide access to technology through the Lavazza Foundation.

Projects supported by the Lavazza Foundation

8.6 Substantially reduce the proportion of youth not in employment, education or training.

Supporting the engagement and work of young people in the coffee industry, through targeted training programmes.

- A Cup of Learning
- Partnerships with universities

8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of child labour in all its forms.

Promoting fair working conditions, respect for human rights and the abolition of child labour throughout the supply chain, developing partnerships and projects that actively involve suppliers.

- Save the Children and Oxfam projects
- ECOVADIS
- Assessment of the whole supply chain on ethical, social and environmental topics.

8.8 Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.

Ensuring a healthy and safe working environment, in which workers’ rights are respected and the values of sustainability are promoted and disseminated.

- Strengthened protection during the Covid-19 emergency
- €1.3 million investment for personal protection equipment and sanitisation of environments.

Responsible growth: Lavazza Group's 2020 results

The impact of Covid-19 on the Lavazza business

In 2020, Lavazza continued to generate cash (€91 million compared to €125 million in 2019), although less than the previous year, proving that it is a solid Company able to generate profit and cash and gain market share. Commercial investment was reduced during 2020, whilst investment in IT systems was enhanced to allow people to work remotely with ease. Confirming

the focus on its own people, during the year an extra €5 million was spent on personnel-related expenditure compared to the previous year. This sum, used to supplement the unemployment insurance of some employees, made it possible to avoid redundancies and to maintain the salary review, albeit with a partial decrease in bonuses.



Growth rate of
the Retail channel
+17.3%
compared to 2019

Consolidated net
revenues
€2.1 billion

Operating and financial performance of the Lavazza Group

[GRI 201-1]

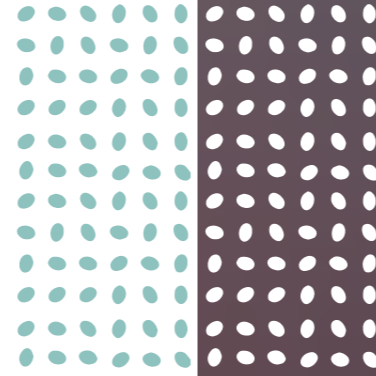
Group's operating and financial highlights at 31 December 2020
compared with the previous year:

€ million	2020	Ratio %	2019	Ratio %
Net revenues	2,085.3	100.0%	2,199.7	100.0%
EBIT	107.7	5.2%	156.0	7.1%
EBITDA	252.8	12.1%	290.6	13.2%
EBITDA ADJUSTED (before non-recurring items)	266.4	12.8%	300.7	13.7%
Profit for the year	72.9	3.5%	127.4	5.8%
CAPEX	111.1		157.0	
Net financial position	(102)		(82)	
Equity attributable to the Group	2,347.0		2,391.2	
Headcount at 31/12	4,172 ³		4,022	

In 2020, within a highly complex economic and social scenario which saw the global markets severely hit by the Covid-19 health emergency, the Group reached robust results, outperforming the market average both in the retail channel and in the main geographical areas. P&L indicators showed a slight decrease in revenues, a positive net financial position and cash generation virtually in line with 2019. The results confirmed the effectiveness of the business model and the strategy that have allowed the Company to grow even in a shrinking market context and that look to the future by investing in and focusing on innovation and sustainability.

Consolidated net revenues amounted to €2.1 billion, down 5.2% from €2.2 billion for the previous year. Following a very positive performance in the first two months of the year, beginning from March sales were impacted by the effects of the pandemic, to a particularly dramatic extent between March and May and during the last quarter. The sharp decline in the Away From Home business (Food Service -40%; Office Coffee Service -30%) caused by travel restrictions, the closure of cafés and restaurants and the lower consumption at offices due to remote working, was partially offset by the rise of the Retail channel, which closed 2020 with a +17.3% growth rate compared to 2019.

³ This figure refers to the aggregate number of employees of the Lavazza Group, and therefore it differs from the total number of employees included in the reporting scope of the Sustainability Report.



The downtrend of the Away From Home sector is attributable to an extraordinary and unpredictable situation, which did not impact the Group's growth strategies within this sector.

The Retail channel's revenues grew by +17.3%, well above the market average in key markets and across all segments (Roast&Ground, Capsule, Beans). In particular, the Beans segment — the most dynamic one within the sector — confirmed its positive performance, with a +30.1% increase, 10 points above the reference market figure (+20.1%). Considering the Group's 15 key markets, the Lavazza Group positioned itself as a leader in said segment, with a 15.1% share by value.

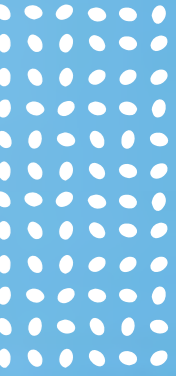
At geographical level as well, the Group reported excellent growth rates in the Retail channel, with Germany at +35%, the United States at +22%, the United Kingdom at +15%, Russia at +30%, Poland at +10%, and the key Group markets — Italy and France — up by over +7%.

The Lavazza Group's **EBITDA** was €252.8 million, down 13% compared to €290.6 million for the previous year; EBITDA margin was 12.1% (13.2% in 2019).

Excluding the costs relating to donations made within the context of the Covid-19 health emergency (€12.5 million), EBITDA amounted to €265.3 million, down 8.7% compared to the EBITDA reported in the previous year (€290.6 million).

EBIT amounted to €107.7 million, down by 31% compared to €156.0 million for 2019, with EBIT margin at 7.1% (5.9% in 2018).

Profit for the year amounted to €72.9 million, down 42.8 % compared to €127.4 million for 2019.



Performance in the
Beans segment

+30.1%

Profit for the year

€72.9

million

Direct economic value generated and distributed

The economic value generated by the Lavazza Group in 2020 totalled **€2,092 million** of which:

- net revenues amounted to €2,085 million;
- interest and dividends collected amounted to €7 million.

The economic value distributed by the Group in the year was **€2,049 million**, broken down as follows:

- cost of sales was €1,265 million, of which €55 million personnel costs;
- promotional and advertising costs amounted to €185 million;
- selling costs amounted to €178 million, of which €120 million personnel costs;
- other structure costs amounted to €335 million, of which €163 million personnel costs;
- the previous costs include staff salaries and benefits totalling €338 million, donations and gifts amounting to €5 million and indirect taxes paid to the Public Administration of €7 million;
- payments to providers of capital totalling €64 million, including dividends paid to shareholders amounting to €50 million and interest expense paid against loans of €14 million;
- income taxes paid amounted to €22 million.

Excluding amortisation, depreciation and write-downs of €152 million and provisions net of utilisations of €21 million from the above economic value distributed, and including the extraordinary donations of €13 million made during the year to help the community deal with the Covid-19 pandemic, the economic value retained for 2020 amounted to **€203 million**.

During the three-year period 2018-2020, the Lavazza Group was able to generate a positive economic value thanks to a business model and a strategy that looks to the future, based on growth, innovation and sustainability.

The economic value generated decreased in 2020 due to a reduction in turnover. The economic value distributed also recorded a reduction in 2020 due to a decrease in operating costs, partly offset by higher payments to providers of capital.

The economic value retained was positive and showed a growing trend in the three-year period under review. It represents the difference between the economic value generated and the economic value distributed, adjusted by the typically non-monetary items of amortisation, depreciation and write-downs, as well as provisions. In 2020, it also included non-recurring charges arising from donations made in support of the health emergency for projects supporting healthcare system, schools and vulnerable groups.

⁴ The figures for 2018 do not include the amounts regarding the Lavazza Professional Division, acquired at the end of the year and fully integrated in 2019.

Details of economic value retained expressed in thousands of Euro compared with the two previous years.

	2020	2019	2018 ⁴
a. Net revenues	2,085,258	2,199,690	1,870,003
b. Interest and dividends collected	7,265	2,745	8,083
A - ECONOMIC VALUE GENERATED (a+b)	2,092,523	2,202,435	1,878,041
c. Operating costs	1,963,049	2,033,534	1,750,160
c1. Cost of sales	1,264,881	1,299,210	1,138,308
c2. Promotional and advertising costs	185,251	205,025	197,660
c3. Selling costs	177,945	192,566	177,334
c4. Other structure costs	334,972	336,733	236,858
• General and administrative expenses	275,858	284,536	200,896
• Research and development costs	15,041	17,358	9,019
• Other operating expense and income	44,073	34,839	26,943
d. Payments to providers of capital	64,462	47,350	82,443
d1. Dividends paid	50,551	35,657	77,157
d2. Interest expense paid	13,911	11,693	5,286
e. Income taxes paid	22,046	25,131	10,183
B - ECONOMIC VALUE DISTRIBUTED (c+d+e)	2,049,557	2,106,015	1,842,786
f. Extraordinary community investments (Covid-19)	12,471	-	-
g. Amortisation, depreciation and write-downs	151,885	144,559	87,237
h. Provisions and use of funds	21,056	21,964	30,424
ECONOMIC VALUE RETAINED (A - B - f+g+h)	203,436	262,943	152,916
Included in operating costs			
Staff salaries and benefits	337,557	334,967	248,968
• of which in the costs of sales	54,637	55,261	49,170
• of which in selling costs	119,503	119,772	93,947
• of which in other structure costs	163,417	159,934	105,851
Donations and gifts	4,757	5,033	6,859
Indirect taxes paid to the Public Administration	6,846	6,878	6,061



Lavazza's approach to taxation

[GRI 207-1 | GRI 207-3]

The approach to taxation adopted by the Group is consistent with the principles set out in Lavazza's Code of Ethics and Code of Conduct. This approach is based on the principles of prudence, responsibility, consistency and transparency towards the Company's stakeholders, including the Tax Authorities. All activities carried out by the Group comply with the relevant tax legislation and tax planning is always aligned with commercial activities.

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

- responsible management of the tax variable based on trust, transparency and collaboration with the institutions and inspired by the principles set out in the Code of Ethics;
- containment of fiscal risk;

- dissemination of the tax culture and compliance with all legal provisions and tax regulations applicable in the various jurisdictions in which the Group operates;
- dissemination across the Group of the general principles of conduct in tax matters, based on values of responsibility;
- compliance of the organisation and related processes (Fiscal Governance) in accordance with the goals defined;
- constant dialogue with the Tax Authorities managed in a professional, transparent and timely manner.

In 2020, Lavazza started an integrated process of voluntary compliance in the customs and tax field aimed at implementing a system for monitoring, managing and controlling fiscal risk with ensuing formalisation of the tax strategy

and definition of the related governance that will end during 2021.

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

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

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

Responsible business management

Governance

[GRI 102-16 | GRI 102-18]

In Lavazza, sound family governance provides effective support to an industrial approach aimed at responsible economic growth and value creation, not only in the short-term, but also over a 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 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 an administrative body, the Board of Directors, and a control body, the Board of Statutory Auditors. The Board of Directors is vested with full powers to set strategic policy to ensure that the Group is managed properly and efficiently. The Board of Statutory Auditors is responsible for overseeing

compliance with the law and the Articles of Association, respect for correct administration principles and, within its remit, adequacy of the internal control system.

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

- the **Supervisory Board**, vested with autonomous powers of initiative and control, delegated to oversee the implementation of and compliance with Lavazza's Organisational, Management and Control Model as per Legislative Decree No. 231/2001, as well as to keep it up to date;
- the Internal Audit Function, reporting directly to the Board of Directors, delegated to implement an effective Internal Control System;

- the **Risk Management Function**, created at the end of 2016 within the Finance Department. It is responsible for managing and assessing the risks associated with company activities, in order to ensure that the organisation is capable of minimising losses and maximising opportunities;
- the **Compliance Function**, created at the end of 2018 within the Legal and Corporate Affairs Department, in order to ensure the regulatory compliance of business activities and the compliance of internal procedures with specific statutes enacted by lawmakers and internal rules. In 2020, the Compliance function was separated from Luigi Lavazza S.p.A.'s Corporate Affairs function, with the aim in 2021 of starting integrated compliance management in all Group companies through a reorganisation of the present structures.



BOARD OF DIRECTORS

CHAIRMAN

Alberto Lavazza

VICE CHAIRMEN

Giuseppe and Marco Lavazza

CHIEF EXECUTIVE OFFICER

Antonio Baravalle

DIRECTORS

Antonella Lavazza

Francesca Lavazza

Manuela Lavazza

Pietro Boroli

Enrico Cavatorta

Leonardo Ferragamo

Gabriele Galateri di Genola e Suniglia

Robert Kunze-Concewitz

Antonio Marcegaglia

Nunzio Pulvirenti

Roberto Spada

BOARD OF STATUTORY AUDITORS

Gianluca Ferrero

Angelo Giliardi

Lucio Paquini

SUPERVISORY BOARD

INTERNAL AUDIT



To facilitate the implementation and management of Integrated Compliance, a single platform will be used for all the Group companies; in addition, special training for the entire Group will be provided on the compliance aspects.

In 2020, a corporate governance analysis of the new model was started. Whilst Lavazza is not subject to legal obligations regarding corporate governance compliance with the new model, it decided to follow best practice and set up a model that abides by the aspects considered to be a priority and most important. This analysis compared Luigi Lavazza S.p.A.'s current governance model with

the new requirements. In light of the outcome of this analysis, some changes will be made to the current model, which may relate in particular to:

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

Code of Ethics, Employee Code of Conduct and Supplier Code of Conduct

Lavazza sets out its own values regarding the workforce through a series of formal policies and documents, but also through constant dialogue with stakeholders. In particular, Lavazza establishes the principles concerning ethics and conduct for the topics considered to be a priority in documents such as: the Code of Ethics, the Employee Code of Conduct, the Supplier Code of Conduct, the Modern Slavery and Human Trafficking Policy (applicable to British and Australian laws). The key principles of Lavazza's commitment regard:

- the guarantee of safe and dignified working conditions and fair pay;
- freedom of association;
- protection of workplace health and safety;
- protection of personal freedom, dignity and integrity;
- rejection of any form of discrimination or oppression in the workplace;
- rejection of any form of child exploitation;
- rejection of any form of forced labour;
- protection of the environment.



Business Ethics and Compliance

[GRI 205-2]

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

The issues within the Function's purview include the prevention of corruption, also considered relevant in view of the provisions of the United Nations Global Compact, which Lavazza adheres to. Lavazza rejects and combats all forms of corruption, taking a zero-tolerance approach and acting in accordance with the highest professional and ethical standards in the international environment within which it operates. Lavazza has implemented documents such as the Employee Code of Conduct, the Code of Ethics and the Supplier Code of Conduct to better formulate the

principles adopted in the fight against active and passive corruption. These documents are divided into specific sections that govern all anti-corruption aspects.

The aforementioned documents are valid at the Group level and, in Italy, are integrated with the provisions of Legislative Decree No. 231/01. In fact, in Italy Luigi Lavazza S.p.A. has adopted an Organisational, Management and Control Model pursuant to Legislative Decree No. 231/2001 that defines the crimes for which the Company could be held liable, including those relating to active and passive corruption, both in the public and private sector. Lavazza also organised training sessions for its employees on the subject, in which 52 people (out of 1,728 employees) participated in 2020; 2019 had seen

21 people out of 1,700 employees take part, and 2018 a total of 236 out of 1,660. Executives, Managers and Middle Managers are offered "The Lavazza Group's Legislative Decree 231 Model" course, which explores in depth Legislative Decree No. 231/2001, the main predicate offences and sanctions provided for, Luigi Lavazza S.p.A.'s Organisational, Management and Control Model and the duties of Lavazza's Supervisory Board.

In 2021, a new training course on the Legislative Decree No. 231/2001 intended for all employees in Italy will be launched. Up to 2020, this training was gradually extended to employees who had achieved the grade of Executive, Manager and Middle Manager. It is for this reason that the participation rate recorded an uneven trend.

Privacy

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

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

In addition to managing the health emergency regarding the repercussions for data protection, it was also possible in 2020 to:

- integrate Lavazza Professional into the Privacy Organisational Model;
- continue the personal data preservation and deletion project, with the aim of making the Group compliant with GDPR requirements;
- start the Binding corporate rules project, to manage the transfer of personal data within Group companies in non-EU countries. This activity will continue in 2021;
- complete online training of the privacy modules for the entire Lavazza Group;
- carry out audit activities on suppliers and Group companies to assess the procedures implemented to protect personal data.

Antitrust

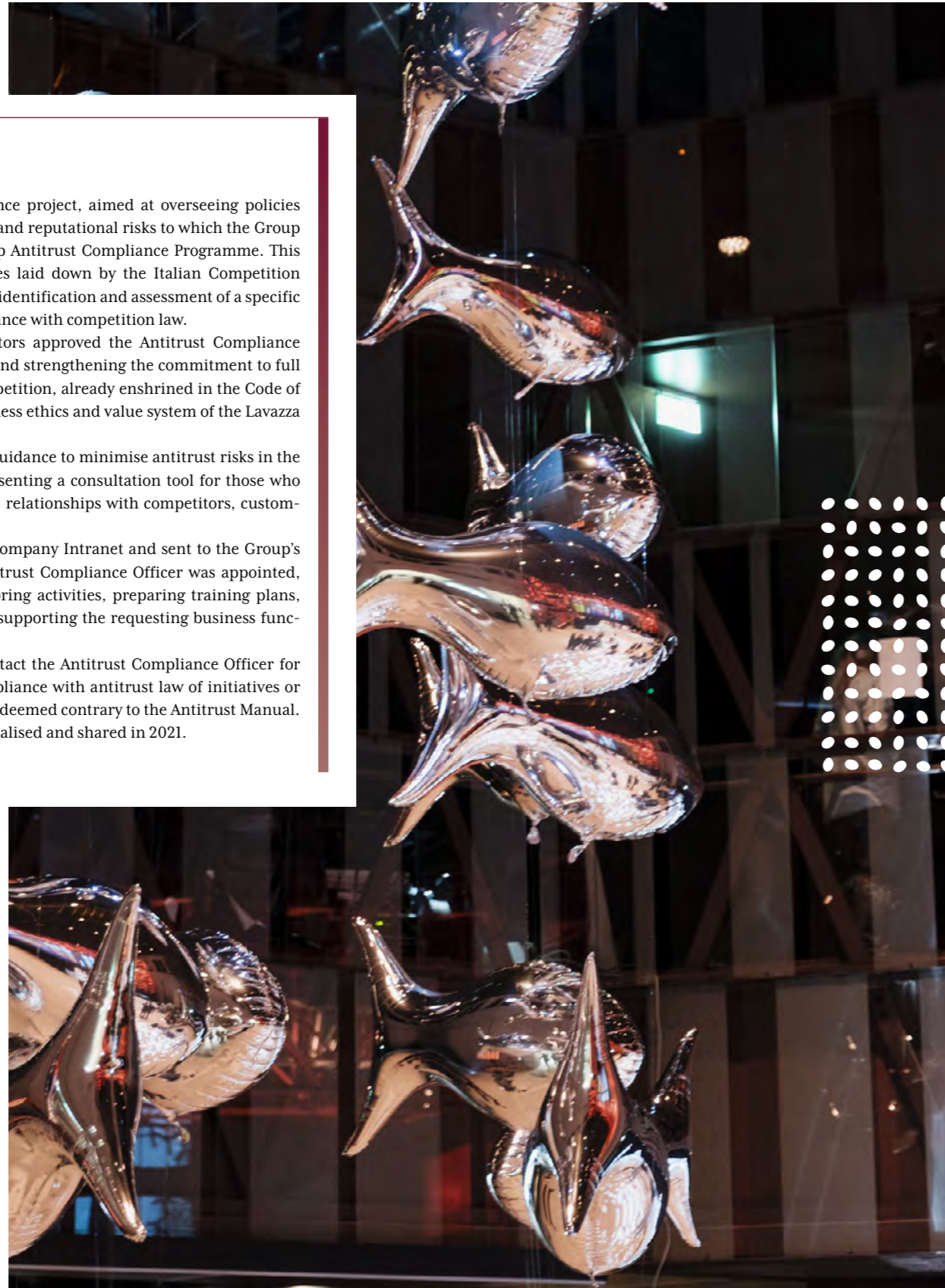
As part of a broader integrated compliance project, aimed at overseeing policies and processes to control the greater legal and reputational risks to which the Group is exposed, Lavazza has launched a Group Antitrust Compliance Programme. This programme complies with the Guidelines laid down by the Italian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

In 2020, the Company's Board of Directors approved the Antitrust Compliance Manual, a document aimed at renewing and strengthening the commitment to full compliance with the rules to protect competition, already enshrined in the Code of Ethics as a founding principle of the business ethics and value system of the Lavazza Group.

The Manual aims to provide operational guidance to minimise antitrust risks in the specific areas of Group operations, representing a consultation tool for those who maintain, on behalf of Group companies, relationships with competitors, customers, suppliers and other stakeholders.

This Manual has been published on the company Intranet and sent to the Group's various subsidiaries. In parallel, the Antitrust Compliance Officer was appointed, who is responsible for regulatory monitoring activities, preparing training plans, pre-checking conduct and contracts and supporting the requesting business functions (e.g., Commercial Department).

An email address was also created to contact the Antitrust Compliance Officer for any doubts and questions about the compliance with antitrust law of initiatives or activities and for the reporting of conduct deemed contrary to the Antitrust Manual. An e-learning training course will be formalised and shared in 2021.



Lavazza's Risk Management

[GRI 102-11]

In 2017, Lavazza began the process of adopting a structured risk management system, which resulted in the adoption of an integrated risk management system at the Group level (Enterprise Risk Management or ERM).

Since the ERM model's launch, the approach taken has involved focusing on the main risks that could undermine the pursuit of the Company's strategic objectives and actively engaging the top management in identifying, analysing and addressing the main risks for the business.

This approach, consolidated in recent years, has been recently reflected in the ERM framework and formalised in the ERM Policy, which outlines both the governance and operational aspects of the model.

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

In its role as Risk Management Committee, the Management Team acts in an advisory capacity, ensuring that action priorities are appropriately identified. At the operational level, an annual risk analysis is planned, together with half-yearly monitoring of the evolution of the risk exposure and the progress of mitigation measures. The Risk Management Function periodically

reports the results of these activities to the top management and the Board of Directors.

In 2020, the Risk Management function assessed and measured the risks related to the Covid-19 pandemic, updating the Group's risk profile. At the beginning of the emergency, following the preventive measures taken by different countries around the world, which involved the slowdown, or in some cases the halting of production, three future scenarios were analysed, predicting the resumption of operations at different times of the year. For each scenario, 21 risk factors belonging to the following categories were identified:

- risks to the supply of coffee and other raw materials;
- risks to distribution, for example due to customs delays;
- risks to production, for example due to possible contagion situations in the workplace;
- risks to the development of new products, for example due to the slowdown in research in this area.

During the year, the analysis was refined and updated in view of market developments and preventive measures adopted by countries, which also consisted in closing businesses that could lead to gatherings in public places, such as cafés and restaurants.

Finally, a risk analysis was carried out on the 2021 budget in order to identify and evaluate the main budget-related risks, as well as any significant risks with effects beyond 2021.

Employee Health and Safety: how Lavazza has tackled the Covid-19 emergency

Despite having become a large international Group in recent years, Lavazza is first and foremost a community of people.

From the first moment of the emergency, the Company has taken steps to be guided by responsibility, commitment and a constructive spirit, putting the protection of employee health at the centre of its priorities, together with safeguarding jobs and planning the Group's future.

In fact, the Lavazza Group acted promptly to protect the safety of its people, customers and all those forming part of the supply chain through the establishment of a Crisis Management Team composed of: Chief Executive Officer, Chief Corporate Communication Director,

Chief Human Resources Officer, Treasury and Risk Management Director and other on-call members. These persons, with the support of company medical officers and a virologist, were entrusted with a high level of functional autonomy so that they could take decisions requiring prompt action.

In addition, strong coordination was established with Group offices around the world so that the same guidance could be given to all structures and uniform precautionary measures adopted in all workplaces.

This section is dedicated to a detailed description of the measures adopted in offices and production plants.

Remote working: cyber security at home

The Covid-19 emergency did not find Lavazza completely unprepared, since, having already experienced the remote working mode for over a year — it was allowed one day a week —, the Company was able to easily convert the way of working of its people. 2020 saw an average of 150 agile working employees a day increase to 1,800, with peaks of 2,000.

The increase in remote working required the IT team to introduce a monitoring system to track technical problems related to the instrumentation needed for remote working.

A constant assistance service was set up in the event of technical problems with the instrumentation, managed by a dedicated team. Cyber security levels were also raised and the monitoring and protection systems enhanced.





Office safety

The Lavazza Group has as its primary interest the health, safety and wellbeing of its workers and all those who in various ways access the workplaces and plants. It has therefore undertaken to apply and responsibly promote all the measures necessary for the protection of health and prevention. Guided by this objective, since the beginning of the emergency, it has adopted various prevention measures, including the replacement of face-to-face meetings with virtual ones, the cancellation of all business trips, an increase in hygiene-health treatments and the provision of full information on the prevention methods to be implemented both within and outside the Company. To improve and facilitate communication with its people, an e-mail box dedicated to requests for information and

clarifications was activated, and for the whole year the Company engaged in the prompt dissemination of the content of all national regulations to the company population. A special section dedicated to the emergency was created within the company Intranet, consisting of: Ministry FAQs, videos and prevention tips, useful documents and details about the management of the emergency situation. After the initial Italian lockdown, during which the Company closed the offices in the Headquarters and gradually also those of the foreign companies, Guidelines and Rules of Conduct to be followed for Covid-19 Emergency Management were developed, illustrating the application of the rules in the work spaces, the personal behaviour required, the operating procedures to

be adopted depending on the contexts and information on prevention. Prior to the office return, several online meetings, held by the Chief Human Resources Officer and open to all employees, were organised to illustrate the content of the documentation in detail. These guidelines contain instructions concerning: access to offices and maximum permissible occupation, remote working, permitted movements, rules and behaviours in work spaces, prevention rules and various details concerning body temperature measurements, actual and planned sanitisation and ventilation of work environments, personal protective equipment, personal hygiene-health measures, health surveillance, and useful numbers and information in the event of need.

Serological tests

A number of company initiatives for further prevention and workplace safety were proposed, in addition to the careful application of safety protocols. For example, during the year two serological and nasopharyngeal testing campaigns were activated at company sites, allowing all potential risk situations to be managed proactively. For all people at the Nuvola Headquarters, it was possible, on returning from the Christmas holidays, to undergo a new diagnostic test protocol, the so-called "rapid swab test" and in the event of a positive Covid-19 infection result, the oropharyngeal molecular swab test was immediately carried out to confirm the positive result. Participation in the initiative was voluntary and the related costs were borne entirely by the Group.

Production plant safety

[GRI 102-11]

Coffee is part of people's daily habits. Lavazza has done everything possible to ensure that, despite the pandemic, coffee was available on supermarket shelves and inside homes.

In order to ensure continuous manufacturing at the production sites, all the necessary procedures were put in place promptly and it was possible to keep the plants operating normally and the products regularly distributed, all in agreement with the trade unions.

To demonstrate the central emphasis placed on employee safety by the Group, preventive measures were taken from the beginning of the emergency, making it mandatory to adopt all those measures that initially were merely suggested by the Ministry of Health. With regard to these measures, masks were provided to all employees immediately and the use of masks was made mandatory for all other external parties such as suppliers and hauliers.

A maximum number was set for on-site employees in the production sites, organised into fixed shifts, so as to avoid contact between different people as far as possible.

Maximum precaution principles were implemented, so that employees with mild Covid-19-related symptoms were promptly asked to stay away from work and everyone was invited at the entrance to have their temperature taken using thermal scanners.

The canteens were also equipped with all the necessary safety measures: Plexiglas partitions, sanitisers and staggered shift access.

To keep its people safe, the cost incurred by Lavazza in Italy alone for the purchase of personal protective equipment was approximately €1,300,000.

This figure included the purchase and preparation of sanitisation and hygienisation systems, personal protective equipment, swabs, and serological and molecular tests.

€1,300,000

spent for personal protective equipment in Italy alone

The Bonuses for Lavazza employees

As a further sign of its attention and care for its people, in 2020 Luigi Lavazza S.p.A. paid two bonuses worth €250 gross each to all the workforce in its production plants in Italy: Turin, Gattinara and Pozzilli, which employ more than 650 employees. At the end of the year, a further bonus was also paid, amounting to €3,500 per person for plant staff, marking a record in Lavazza's history.



Lavazza is putting all its forces into play to ensure the continuity of its activities and processes, so that consumers can count on the availability of the Group's products. This goal is being achieved thanks to the contribution of all the employees, and in particular thanks to the commitment of production plant personnel, who go into work every day and ensure product quality and availability. This bonus is a testament to this commitment.





Lavazza Professional: one of the safest companies in America

Lavazza Professional was nominated one of the safest companies in America in 2020 by EHS Today, the leading US magazine for environmental, health and safety management professionals. After an EHS Today jury assessment, which verified the Company's safety practices, procedures, innovations and workplace impact, Lavazza Professional stood out not only for its exceptional safety levels, but also for its results, recording below-average accident, sickness and injury rates for its sector.

Work-related injuries

[GRI 403-9]

	2018 ⁵	2019	2020
Number of recordable work-related injuries (including high-consequence work-related injuries and fatalities) ⁶	9	19	23
Number of high-consequence work-related injuries (excluding fatalities) ⁷	0	0	1
Number of fatalities as a result of work-related injury	0	0	0
Rate of recordable work-related injuries ⁸	3.22	3.57	3.55
Rate of high-consequence work-related injuries ⁹	0	0	0.15
Rate of fatalities as a result of work-related injuries ¹⁰	0	0	0

⁵ Data refer exclusively to Luigi Lavazza S.p.A.

⁶ Work-related injuries that entailed at least one day away from work.

⁷ Injuries entailing over 6 months away from work.

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

⁹ Rate of high consequence work-related injuries = No. of recordable high-consequence work-related injuries / No. of hours worked * 1,000,000.

¹⁰ Rate of fatalities as a result of recordable work-related injuries = No. of recordable work-related injuries / No. of hours worked * 1,000,000.

Responsible supply chain: on the suppliers' side to protect human rights

[GRI 102-9 | GRI 412-2]

The promotion and protection of human rights, environmental safeguarding and business ethics are fundamental principles that have always guided the Lavazza Group's procurement policy.

To give concrete shape to its commitment to these issues, the Group operates both through programmes to assess and monitor suppliers on sustainability issues, and through specific projects carried out along the supply chain in close collaboration with suppliers. To implement this action programme, the IR&S Department of Luigi Lavazza S.p.A. has established a special unit that works to support the Departments responsible for purchasing with regard to all social and environmental issues concerning the supply chain.

Supplier engagement includes a number of activities. First of all, new supplier accreditation requires acceptance of the Code of Ethics and Code of Conduct, as well as, starting from 2018, completion of a questionnaire dedicated to sustainability. In 2020, important changes were also made to purchasing policies and procedures, which saw the sustainability criteria formalised as a fundamental parameter for assessing Lavazza's suppliers.

In the same year, Lavazza has also decided to use an external system for monitoring the sustainability performance of indirect suppliers: the EcoVadis platform. This allows companies to monitor the sustainability performance of their

suppliers, manage supply chain risks and propose improvement plans to the suppliers themselves. EcoVadis sends customised questionnaires to suppliers based on specific indicators, such as the number of workers, country of origin and commodity sector. Once received, the questionnaire is completed by the supplier, whose answers must be supported by documentation. Based on the responses, suppliers are assigned both a general score on the company's performance, as well as a specific score on sustainability issues. In 2020, about 700 suppliers of Luigi Lavazza S.p.A., Carte Noire S.a.S. and Lavazza France S.a.S., selected based on turnover, were invited to take part in this assessment.

Assessment on the EcoVadis platform is always required for Lavazza's strategic and recurring suppliers. New suppliers are encouraged to register on the platform for the relevant assessment, which is repeated at different intervals depending on the scores obtained.

The importance for the Group of monitoring the sustainability performance of its suppliers is also demonstrated by the implementation of training courses on sustainability issues for staff belonging to the Purchasing Department: in 2020, about 40 colleagues in both Italy and France participated in technical training on the use of the platform and training sessions on sustainable purchasing issues.



Lavazza featured on the EcoVadis platform

In 2020 Luigi Lavazza increased its score by 5 points compared to the previous year, achieving a score of 65/100, placing it in the 94th percentile, and receiving the EcoVadis Silver recognition for the second year.

Of the four pillars on which the assessment by the EcoVadis experts is based, the sections dedicated to Environment and Sustainable Procurement were crucial for the positive end result, further confirming the great joint commitment by the Operations, Purchasing, Procurement and Institutional Relations & Sustainability Departments on these issues.

Lavazza alongside young workers in China

In 2018, Lavazza embarked on a project in China focused on the rights of young workers, involving the supplier Providence, a coffee machine manufacturer, in collaboration with the CRB Centre – The Centre for Child Rights and Business, a specialist centre in Hong Kong affiliated to Save the Children. The project ended in July 2020 with the first results of the implementation of the remedial measures introduced following the results of the 2018 assessment. The project provided encouraging data highlighting how young workers, after the training received and the introduction of new HR policies dedicated to the young worker category, expressed their intention to continue working in the Company for several years, in contrast with the high worker turnover rate found during the assessment phase. This project brought structural improvements in the Company's HR policies and programmes through the implementation of targeted training and development plans, as well as tangible benefits in the daily lives of all workers, from canteens to dormitories. The project lasted two years and consisted of three phases:

1. Needs Assessment

During the first phase of the Lavazza supply chain programme, a comprehensive assessment was carried out on the issues of children's rights and workers' needs at the supplier Providence. The analysis carried out on young workers identified a number of critical issues:

- the turnover rate was high compared to the older workers;
- they did not have clear, long-term career goals;
- the absence of training opportunities to be able to dynamise their careers;
- the long distance from home together with job-related stress had exposed them to a negative emotional load.

2. Remedial Activities

The main objective of the second phase — officially launched in October 2019 — was to act on the critical issues found during the first phase of analysis in order to promote long-term benefits for the young workers. This phase focused on an important training activity (for young workers, their trainers and their line managers) and on a discussion activity, carried out through a joint workshop between young workers, human



resources staff and line managers. In addition, a regular monitoring activity was integrated within the Company.

The young workers were involved in a 21-hour training programme which covered topics such as motivation, conflict management, professional development, health and safety and the issue of fair pay.

Line managers also participated in a 55-hour programme that focused on topics such as managing their people's motivation and conflict management.

The main objective of these activities was to ensure that the plant's in-house trainers could themselves provide training in the future and that the Human Resources Department could also incorporate the training courses into the plant's annual training plan.

3. Results

Thanks to the training programme, it was possible to:

- train 285 young workers between the age of 18 and 25;
- train 100 line managers on how to manage young workers responsibly;

- train 30 plant trainers, who will be responsible for the training of young workers and line managers.

The analysis of the results showed significant improvements in the overall satisfaction of young workers. In particular, the percentage of young workers who were willing to work in the Company for more than two years increased by 11 points. The number of workers who were satisfied with the plant's health and safety conditions rose by 13%. The assessment of the quality of the canteen food — a source of discontent among young workers — improved, as did the quality of the dormitories which was another cause for discontent. New HR policies and various activities have also been adopted by the plant in order to respond to the concerns of young workers, which regarded, for example, the introduction of a free health check, improved communication thanks to the creation of a complaints and feedback system, or the establishment of a professional development programme for young employees.

The green coffee suppliers: assessment in the field for human rights protection

[GRI 412-1]

With reference to green coffee suppliers, an analysis was started in 2020 to understand how sustainability issues are addressed by the players involved in the coffee supply chain: starting with the large traders and hauliers right through to the coffee growers. An assessment was carried out on the supply chain with regard to ethical-social and environmental issues, sending the main traders a targeted questionnaire.

In addition, two projects have progressed, involving two important traders.

The first is a project in Vietnam in collaboration with Olam and Save the Children, focused on children's rights, which is in line with the Lavazza Group's commitment to the adoption of children's rights and business principles¹¹. The project, started in 2019, focused on six coffee-producing communities belonging to Lavazza's supply chain. It involved an initial Needs Assessment phase, with interviews with community members and evaluation of the social sustainability of coffee growing practices. With the support of Save the Children, the supplier Olam and local authorities, improvement areas were

then identified and the resulting remedial action plan outlined, which will begin to be implemented in 2021.

The second project, focused on human rights and male and female workers' rights, took place in Colombia thanks to the collaboration with ECOM, a Lavazza supplier, and Oxfam. The project involves the application of the HRIA (Human Rights Impact Assessment)¹². In the initial phase, a preliminary assessment was carried out on the policies and practices implemented by the company, which included targeted interviews with the Lavazza staff and ECOM staff, as well as an analysis of the socio-political and economic context related to the areas from which Lavazza buys coffee. Unfortunately, the restrictions resulting from the Covid-19 pandemic prevented field interviews with players in the supply chain, including coffee growers, and people employed on the harvest. The interviews will hopefully be carried out in 2021 and will provide the basis for organising the second phase of the project that involves identifying any gaps and implementing remedial actions.

¹¹ <https://resourcecentre.savethechildren.net/library/childrens-rights-and-business-principles-cr-bp>

¹² <https://policy-practice.oxfamamerica.org/work/private-sector-engagement/community-based-human-rights-impact-assessment-initiative/>



We have asked suppliers to follow us and together tread a path towards the fundamental sustainability themes such as the environment, employment, human rights, ethics, sustainable procurement, also through the EcoVadis programme. Some of the suppliers have distinguished themselves with their positive approach in accepting the challenge, demonstrating that the goal for a more sustainable world is not only indispensable, but is also the life-blood for energising the work of every one of us.

Supplier Coffee Links 2020. So many innovations and one constant: excellence.

In 2020, the annual supplier convention was held: Supplier Coffee Links.

In line with the previous year, it was an important opportunity to take stock of the results achieved in 2020 and share the market's new challenges with partners, continuing along the path to Excellence and Value generation together.

This year's event saw two innovations: one related to the new film-style format, which allowed the speakers to "Open the doors" of Lavazza's world with an engaging storytelling session set in the Company's main sites.

The second innovation was represented by the first Supplier Coffee Links Awards, which saw awards presented to the eight best suppliers in four categories corresponding to the Group's four key values: Competitiveness, Quality, Innovation and Sustainability.



Lavazza's commitment to local communities and the younger generation

Lavazza Community Care

[GRI 413-1]

In 2020, Lavazza wanted to stay close to the many local organisations with which it collaborates, trying to give them relief following the serious difficulties they have faced due to the Covid-19 pandemic.

To help with the emergency situation, the Group allocated €1 million to support small local organisations engaged in the direct management of the Covid-19 emergency in the area.

In detail, the Group supported:

- the healthcare sector;
- entities engaged in combating the economic and social crisis;

- the education sector, for which initiatives have been set up to give continuity to vocational training and combat pupils dropping out of school. With reference to the latter, Lavazza wanted to fully integrate into the educational community, which sees schools as not being solely responsible for the wellbeing of their students, but also recognises the responsibility of all those entities that inhabit and influence the local area.

The welfare approach during the Covid-19 emergency was also an opportunity for Lavazza to deepen its

knowledge of the local area by coming into contact with virtuous third-sector organisations. By listening daily to the needs of the organisations engaged on the frontline on the health and social emergency, it tried to respond to the needs that were reported and that changed during the crisis.

During the emergency, Lavazza's subsidiaries also helped to support their local communities with donations and solidarity initiatives. Worldwide, Lavazza Group companies have supported more than 1,000 organisations. For further information, reference is made to Chapter "Lavazza's 2020".

Bistrot solidarity meals in collaboration with Caritas Torino

From May and throughout 2020, in collaboration with Caritas di Torino, Luigi Lavazza S.p.A. distributed 150 meals a day, prepared by the Bistrot staff in the Nuvola Headquarters. The meals were destined for households in difficulty and marginalised and homeless people, all assisted by local organisations in the City of Turin.





TOward2030: street art for sustainable development

Promoted by Lavazza and the City of Turin to spread a culture of sustainability through the language of street art, the project TOward 2030 involved the creation of 18 murals dedicated to the 17 Sustainable Development Goals and Goal Zero. Turin thus became the first city in the world to act as ambassador of the Global Goals, turning itself into a workshop in which urban art conveys a powerful message tied to the planet's future. The works, created by well-known

international urban artists, have been designed to engage citizens, and in particular the youngest members of society, and encourage them to act. The provocative question underlying the project, "What are you doing?", urges us to remember that we all have a duty to protect the planet. Through the styles adopted by the various artists, street art is a way of regenerating urban spaces and using an alternative language to engage citizens.

TOward Tomorrow: a digital module in response to the Covid-19 emergency

In 2020, the TOward project was reconverted in digital form. In fact, TOward Tomorrow was created: a digital contest on the Instagram platform that invited artists, divided into over-18 and under-18 categories, to interpret creatively one of the 17 Sustainable Development Goals. The contest saw the involvement of 17 NGOs that used art in their sustainability activities, each one asked to nominate, based on its own reference SDG, one of the 17 over-18 finalists. The aim of the contest was to judge not only the artistic work, but also how the artist interacted with the work itself. The two winners (over-18 and under-18) were later selected by a jury made up of representatives working in the art and sustainability world.

The digital contest offered an economic opportunity and visibility to the artists, who like others have suffered the negative effects of the lockdown. In addition, relationships were started with new partners, particularly non-profit organisations that use art as a key element in their work and communication. Finally, a hub was created through the project's Instagram channel to establish relationships and dialogue with the street art community.



The future of sustainability is in children's hands: TOWard2030 is also for them

As proof of the fact that TOWard is an all-round project aimed at every member of the community, Lavazza has launched a children's book that includes photos of the 17+1 murals dedicated to SDGs scattered around the walls of the City of Turin. Created by Franco Cosimo Panini Editore, the book aims to speak children's language, involving and raising awareness of the importance of sustainability. The invitation is to reflect, but also and above all to act, because anyone can make the world a better place, also through small daily actions. The book saw the contribution of boys and girls in primary and middle schools in Turin who provided creative ideas and inspiration for the texts.

The Lavazza Group receives the UNHCR Welcome - Working for Refugee Integration award

In 2020, the Group received an award from the UNHCR, the UN Refugee Agency, for the continual commitment demonstrated in its support for the community through the A.A.A. - Accoglie Accompagna Avvicina social responsibility project.

The A.A.A. project was developed in 2018 with the aim of making it easier to match job supply and demand for Italian young people and asylum seekers belonging to the most vulnerable social groups. These people are offered the opportunity to participate in a highly specialist training for aspiring professional baristas, at the Settimo Torinese Innovation Center. During the training, participants have the opportunity to receive the Espresso Specialist Diploma, so they can acquire the professional skills required — also through paid internships in the cafés involved in the project — and increase the chances of finding a permanent job.

In recognition of the generous commitment made through this project, the Group was awarded the Welcome - Working for Refugee Integration logo, conferred on all those companies that have distinguished themselves by helping the professional inclusion of refugees and supporting their process of integration in Italy. With this certificate, the UNHCR certifies the Company's contribution to a more inclusive society for those forced to flee war, violence and persecution.



A CUP OF LEARNING

A Cup of Learning: coffee as an opportunity for the future

A Cup of Learning is a coffee training programme, free of charge, established by Lavazza in 2017, with the direct participation of Lavazza's trainers, focused on people in search of new business opportunities in the coffee market. These are not only beneficiaries of the projects supported by the Lavazza Foundation, but also people in vulnerable situations, seeking an opportunity in the coffee industry world.

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 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 actively committed to transferring their passion and professionalism to others. In 2020, due to the Covid-19 emergency, it was possible to carry out only one training programme, in India, at the start of the year, in which 16 youngsters took part, selected by Save the Children from the suburbs of Kolkata in search of a job. At the end of 2019, it had been possible to run a special edition of the programme: in fact, 8 young people belonging to the Arsenal Foundation's youth support programme had successfully participated in "A Cup of Learning" at the London Training Center. During 2020, however, due to the impossibility of running a second edition of the programme, Lavazza and the Arsenal Foundation worked together to donate more than 60,000 cups of coffee — the equivalent of an entire Emirates Stadium filled with coffee — to local associations dedicated to distributing meals to people in difficulty in North London districts.

The responsibility for managing the process of integrating refugees cannot be left to the institutions and third sector alone. Our A.A.A. project was set up with the aim of creating opportunities for inclusion, economic growth and sustainability.

— Marco Lavazza,
Vice Chairman of the Group

University and Youth Networks: Lavazza's support

The Lavazza Group, in its sustainability strategy, considers young people as one of the key stakeholders at whom to aim its programmes. In fact, young people are the key players of the future and Lavazza wants to listen to them and involve them in its sustainability initiatives and programmes. Young people can actually be a source of ideas and inspiration that can be used by the Company to best guide its sustainability strategy. This is why Lavazza has been collaborating for years, in a variety of ways, with

local university institutions, youth networks and associations working to engage and raise the awareness of the new generations about the dissemination of sustainable development. In particular, it continued in 2020 to sponsor scholarships, support experimental research projects, take its business experience into different university lecture halls, while designing innovative ways with the students to promote a sustainable future through mutual cross-fertilisation.

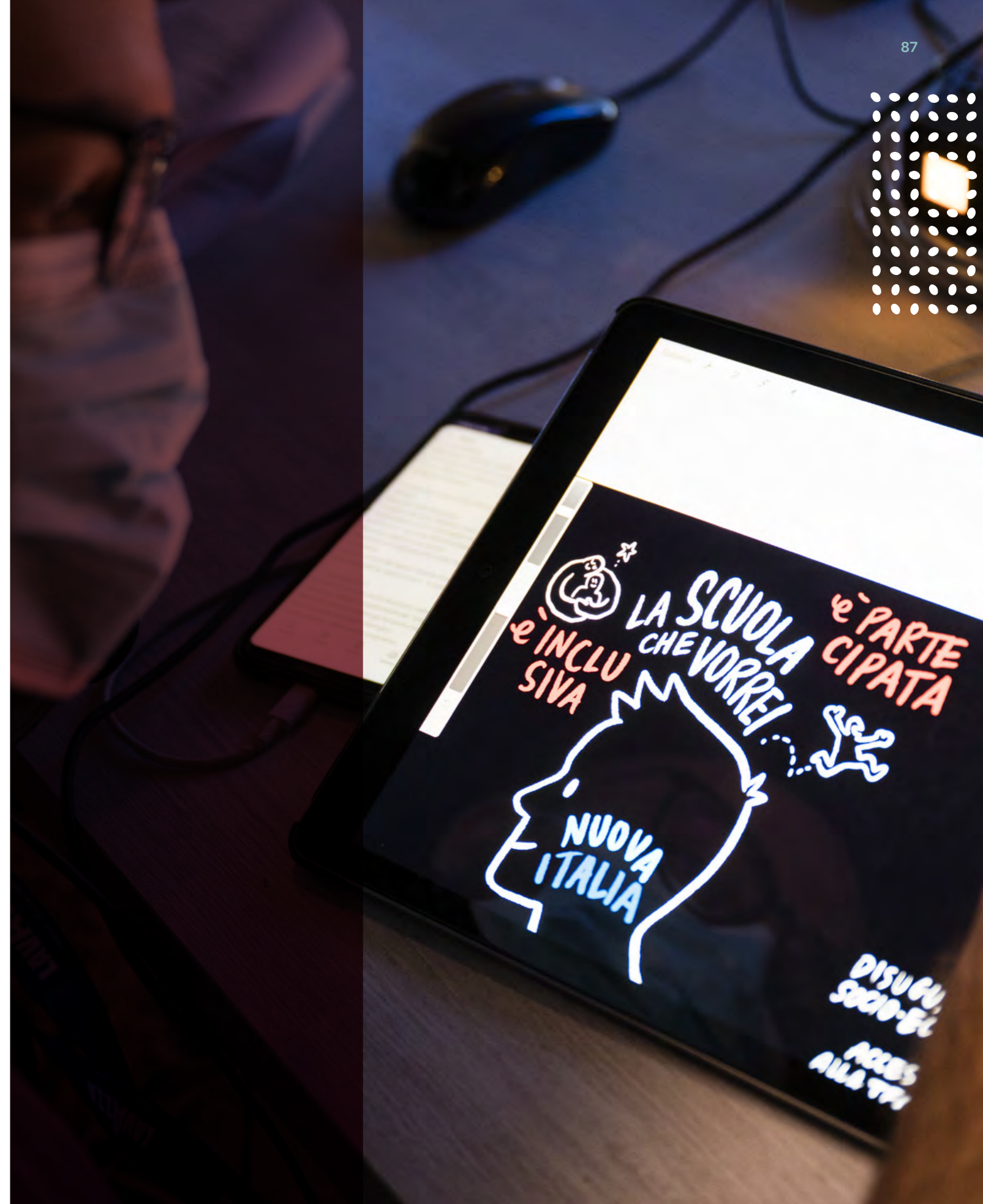
Youth in Action for Sustainable Development Goals



2020 saw the fourth edition of Youth in Action for Sustainable Development Goals: the call for ideas held by the Italian Accenture Foundation, the Eni Enrico Mattei Foundation and the Giangiacomo Feltrinelli Foundation involving young people under age 30, who in this competition are asked to provide innovative solutions with a strong social and technological impact to contribute to achieving the 2030 Agenda Sustainable Development Goals. Also this year, Lavazza partnered with Youth in Action to create a category

of the competition devoted to innovative projects benefiting coffee-growing communities.

The award was won by a team of two students from the Bologna and Turin Universities, whose project entitled "From coffee to women's sanitary products" proposes reusing coffee-growing waste to create menstrual cups. A project that offers several benefits, including the promotion of a circular economy, improvement in women's sanitary conditions and female empowerment.



Generation 2030: it is time to act

The fourth Sustainable Development Festival, the Italian nationwide event to raise the country's awareness about economic, social, environmental and institutional sustainability, was held in 2020. This is an initiative of the Italian Sustainable Development Alliance (ASviS) — whose more than 270 members make it the largest network of civil society organisations in Italy and the world's only example — to spread the sustainability culture and knowledge about the UN's 2030 Agenda.

The 2020 Festival was held over 17 days, the same number as the Sustainable Development Goals: this year also saw hundreds of nationwide

events held online, with the aim of engaging, including and giving a voice to Italian society on the issues crucial for the country's future.

The Festival included the "Generation 2030: it is time to act" event, sponsored by the Italian National Commission for UNESCO and the City of Turin and produced thanks to the collaboration of the Lavazza Group. This event, attended by schools and student associations, represented an opportunity to give a voice and listen to young people and their causes in the field of sustainable development education and the 2030 Agenda.





Heroes Never Sleep: ordinary people for extraordinary impacts

Heroes Never Sleep¹³ is an innovative digital storytelling project, created by the Global Shapers Community, a network of more than 400 hubs spread across various cities of the world, run by more than 10,000 young leaders between 20 and 30 years old, who want to develop their potential and serve society.

Heroes Never Sleep features the stories of ordinary, tireless people who are capable of creating initiatives with a strong positive impact for their communities and improving society with small virtuous examples. The project has three aims:

- to give a voice to local daily “heroes” and their innovative local initiatives;
- inspire the young generations with these concrete examples, encouraging them to embrace sustainable lifestyles and become promoters of virtuous behaviours;

- create awareness about the 2030 Agenda’s 17 Sustainable Development Goals.

These virtuous stories are told on the main Instagram and Facebook social channels through direct photos and videos, interviews with the Heroes and infographics on the 17 Sustainable Development Goals.

The Lavazza Group supports this project that represents a further embodiment of its own Goal Zero, created to spread the 2030 Agenda message by engaging people directly and narrating sustainable actions.

¹³ <https://heroesneversleep.com/>





GOAL

5

Gender Equality



In 2020, as a Family we
 wanted to defend our
 most precious asset:
OUR PEOPLE



¹⁴ https://www.un.org/sites/un2.un.org/files/policy_brief_on_covid_impact_on_women_9_apr_2020_updated.pdf
¹⁵ <https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-counteracting-the-regressive-effects>
¹⁶ <https://www.istat.it/it/archivio/254007>

2020 was a year in which the pandemic crisis triggered serious economic and social consequences throughout the world. Inequalities have increased, as has access to equal opportunities. Women have borne the highest cost. A United Nations report¹⁴ has shown that women throughout the world have suffered most from the consequences of the pandemic regarding various aspects of their lives such as: access to healthcare services, unpaid care work, gender-based violence and access to the labour market. Precisely on the subject of access to the labour market and opportunities for economic development, studies¹⁵ have shown that 54% of the jobs lost due to the pandemic were held by women, and that, as a result of the pandemic, at global level 4.5% of female employment is at risk as against 3.8% of male employment. In Italy alone, upon resumption of economic activities after the March and April lockdown, 72.4% of those returning to work were men. And, again, in December, also in Italy, out of 101,000 jobs lost, 99,000 were held by women¹⁶.

These figures highlight a serious disparity in access to opportunities for economic development and fail to promote the construction of a fair and sustainable world. In this complex global framework, Lavazza is renewing its commitment to reaching Goal 5 of the 2030 Agenda and, in general, to offering its people equal opportunities for accessing initiatives for training, development and support with work-life balance. This section will describe the actions taken in 2020 with this aim in mind. Data on Lavazza people broken down by gender and position, training data and all the initiatives adopted to support and enhance people in 2020 will be presented.



Material Topics



Enhancing people, inclusion and diversity



Support to local communities



UN Targets

5.4 Recognise and value unpaid care and domestic work and promote shared responsibility within the household and the family as nationally appropriate.

Long-term commitment

Strengthening existing initiatives while expanding at the same time training, teaching, welfare and care programmes to ensure equal opportunities for men and women within the company.

Main Actions 2020

- GAP FREE Program
- Welfare program
- Training program

The projects of the Lavazza Foundation promote a gender equality-based approach in the family-run businesses operating in the world of coffee.

Partnership for Gender Equity

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Carrying out an assessment of the level of women's participation in the Company's day-to-day activities and preparing initiatives to fill potential gaps.

GAP FREE program – Phase 1

The Lavazza Foundation is committed to ensure women's participation in the training projects aimed at coffee-growing communities.

Implementation of specific programmes dedicated to women within the coffee-growing communities

Gap Free: the commitment for an inclusive Company

¹⁷ Source: <http://www.ico.org/documents/cy2017-18/icc-122-11e-gender-equality.pdf>

¹⁸ Source: <https://www.ibm.com/downloads/cas/3DA5YANW>

¹⁹ Source: <https://www.nielsen.com/us/en/insights/article/2019/women-primed-and-ready-for-progress/>

²⁰ Source: <https://www.confcom-mercio.it/documents/20126/0/Rapporto+Ristorazione+2019+Fipe.pdf/27de185c-4d5d-9e60-abc4-7248d254846e?version=1.0&t=1579623545575>

A Company in which there are no disparities, barriers, gaps to be filled: Lavazza wants to become a "GAP FREE" Group. This is the commitment made by the Group in 2020, the year its Sustainability Manifesto was published, which sees Goal 5 of the 2030 Agenda as one of Lavazza's priority goals.

Lavazza has decided to embark on a structured, medium-long term path leading to the elimination of all barriers that hinder the development of an inclusive working environment, in which everyone can express their authenticity, one of the Group's founding values.

This ambitious programme is part of a context, namely the coffee industry and Food&Beverage sector, in which the role of women is fundamental, but often insufficiently valued. Data supporting this statement show how necessary it is for companies like Lavazza to commit to building a fairer sector. For example:

- 70% of the work in coffee fields is done by women, but only 20% of the world's cultivated land is owned by women¹⁷;

- more than 40% of the buyers in the Ho.Re.Ca sector are women¹⁸;
- 80% of the purchasing choices regarding food products within households are made by women¹⁹;
- in Italy, 58% of the people working in the Ho.Re.Ca sector are women, whilst just 30% of businesses operating in the sector are run by women²⁰.

In addition to these data, it is also important to recognise that very often in the coffee industry women are not represented on an equal footing with men in management roles, from coffee-producing cooperatives to the Boards of roasting companies.

To address this issue, the Lavazza Group wanted to engage with the GAP FREE programme: an action programme aimed at promoting the spread of an equal opportunities-based culture and enhancing diversity, with the ultimate goal of promoting the Group's responsible growth to generate a positive social impact.

GAP FREE



70%
of the work in coffee fields
is done by women,
but only

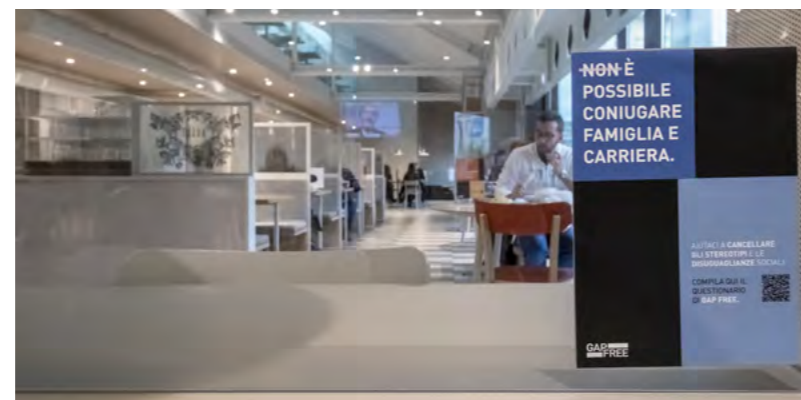
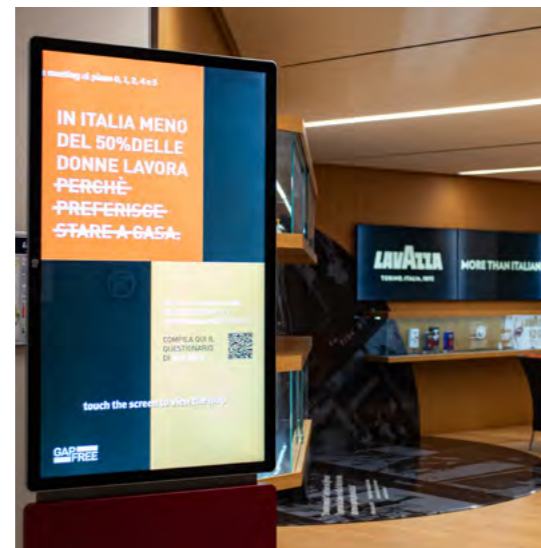
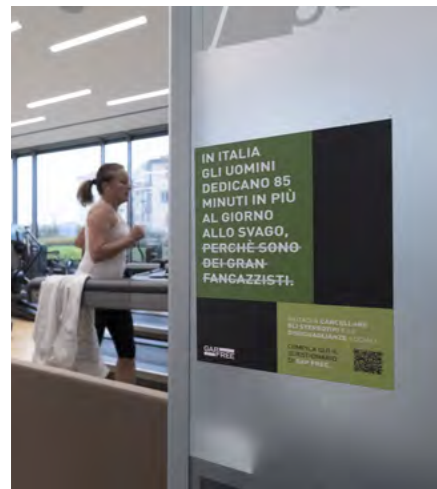
20%
of this land is owned
by women

80%
of the purchasing choices
regarding food products
within households are
made by women

More than
40%
of buyers in the Ho.Re.Ca
sector are women

In Italy,
58%
of people working
in the Ho.Re.Ca sector
are women, but just

30%
of businesses are run
by women



The programme, implemented thanks to the collaboration of the Human Resources and Sustainability Departments, has been structured applying the Theory U²¹ methodology, and features three work phases:

- **listening and research:** a phase carried out in 2020 which aimed to understand the company culture in terms of equal opportunities and identify the gaps to be filled;
- **co-design and co-creation:** a phase that will see the Group engaged in 2021 and will involve the creation of internal interfunctional working groups that will have the task of drawing up, with a bottom-up approach, concrete proposals for supporting the desired change;
- **deployment:** the phase in which the actions aimed at implementing the cultural transformation plan defined in phase 2 are to be carried out.

The listening and research phase started and ended in 2020. Its aim was to analyse the company culture regarding gender equality and identify the priority areas for action. This phase included a number of qualitative interviews with:

- **52 hours of listening;**
 - **50 people involved;**
 - **3 methods of engagement:** individual interviews, paired activities and group activities using the LEGO® Serious Play® methodology.
- In addition, surveys of the company's entire Italian workforce involved **1,883** people.

An engagement campaign was organised to encourage participation and

boost people's curiosity about the issue of gender equality. This included **13** live digital meetings attended by about **400** people and activation of a guerrilla marketing campaign at the Nuvola Headquarters and Italian production plants. The aim of this internal communication campaign was to make people reflect on the stereotypes and biases related to the gender equality issue, through thought-provoking messages. The aim of the activities featured in the research and analysis phase was to analyse the awareness of Lavazza's workforce about the gender equality issue, work models, prevailing management models, knowledge of numbers and data, issue of family responsibilities and the most widespread gender stereotypes and biases. Last but not least, the analyses made it possible to collect input from the entire workforce about the actions to be prioritised in order to build a more inclusive Company.

2021 will see the start of the listening phase in all the Group's foreign companies that will involve a qualitative analysis conducted through individual and paired interviews and the co-design phase that will define concrete proposals for the ever-greater integration of gender equality and diversity issues within business processes.

The first Group programme for the training and development of new people leaders was promoted in 2020 with this goal, adding a special training module dedicated to Diversity & Inclusion, in order to promote these issues as part of the management culture.

The coffee world encompasses a wonderful diversity of people of all origins, millions and millions of languages and different expressions of gender, and the coffee sector has a duty to be welcoming and inclusive towards everyone.

²¹ THEORY U *Leading from the Future as it Emerges*, Otto Scharmer - BK Publisher

Engagement
campaign

13
live digital
meetings

400
participants

Gender equality throughout the supply chain: Partnership for Gender Equity

²² <https://www.genderincoffee.org/>

The Partnership for Gender Equity²² is an organisation committed to promoting gender equality upstream the coffee and cocoa supply chains, with which the non-profit Giuseppe and Pericle Lavazza Foundation cooperates in projects aimed at reaching Goal 5 of the 2030 Agenda.

During 2020, the Lavazza Foundation supported the Virtual Learning Journey, a series of online workshops dedicated to the coffee-producing cooperatives with which it already collaborates that aimed to highlight the challenges and opportunities linked to gender issues.

The programme, supported by the Inter-American Development Bank's SAFE Platform and the Lavazza Foundation, brought together 25 organisations of producers in 8 countries in Latin America. The course included 4 sessions lasting a total of 10 weeks. The organisations involved managed to understand and recognise the impact of gender inequalities within their organisation and worked together with companies to define solutions to the problem.



Lavazza joined Valore D

Valore D is the first business association in Italy – to date it has 217 member companies – which has been engaged for more than ten years in promoting gender balance and an inclusive culture within businesses. The association is also working with an important focus on the issues of organisational wellbeing and social innovation. In 2020, consistent with Goal 5 of the 2030 Agenda, a priority for its sustainability strategy, Lavazza joined Valore D, fostering the participation of its people in training and mentorship programmes proposed by the association.



Lavazza Australia: a workplace that values women

In 2020, Lavazza Australia was recognised by the Work180 organisation as an Endorsed Employer for women.

Work180 is an Australian organisation that provides information, particularly for job-seeking women, on the level of sensitivity and commitment of businesses to gender and inclusion issues. The online platform publishes the results of audits regarding policies and procedures concerning for example: maternity leave pay, minimum duration of parental leave, flexibility and possibility of balancing private life and work. Lavazza Australia was recognised for its commitment to these issues.

Lavazza people: key figures

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

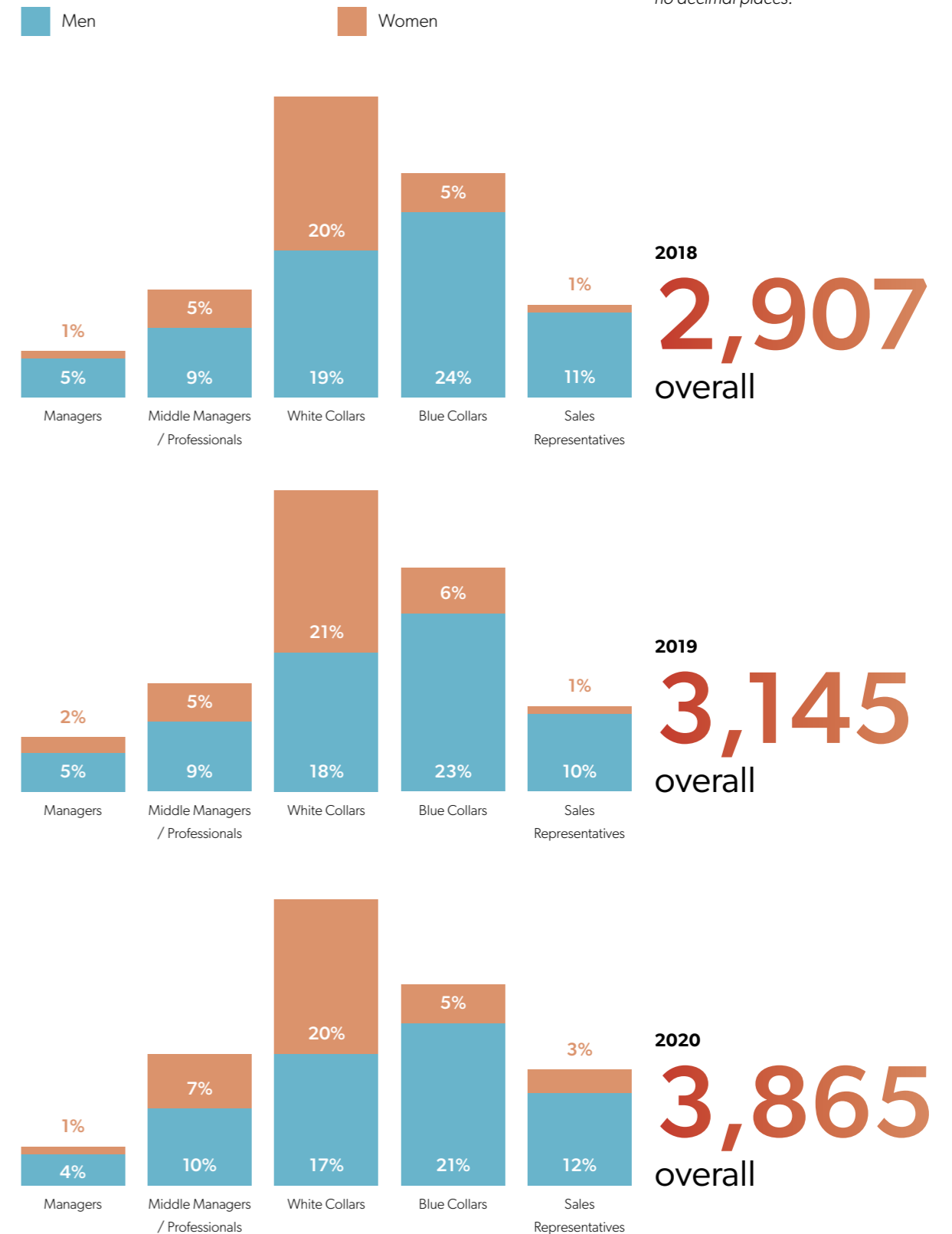
Percentage of employees, by professional category

The percentage breakdown refers to the distinction by gender within each professional category.

	2019		2020	
	Men	Women	Men	Women
Managers	66%	34%	73%	27%
Middle Managers / Professionals	65%	35%	60%	40%
White Collars	46%	54%	47%	53%
Blue Collars	79%	21%	80%	20%
Sales Representatives	88%	12%	79%	21%



Percentage of employees²³ belonging to each professional category compared to total employees included in the scope



Percentage of employees by age

	2018			2019			2020		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Managers	0%	4%	2%	0%	5%	2%	0%	3%	2%
Middle Managers / Professionals	0%	10%	3%	0%	10%	3%	0%	12%	4%
White Collars	6%	25%	7%	8%	24%	7%	7%	22%	8%
Blue Collars	3%	19%	7%	4%	18%	7%	3%	16%	7%
Sales Representatives	1%	6%	5%	1%	6%	5%	1%	8%	5%

Employees by type of contract and employment

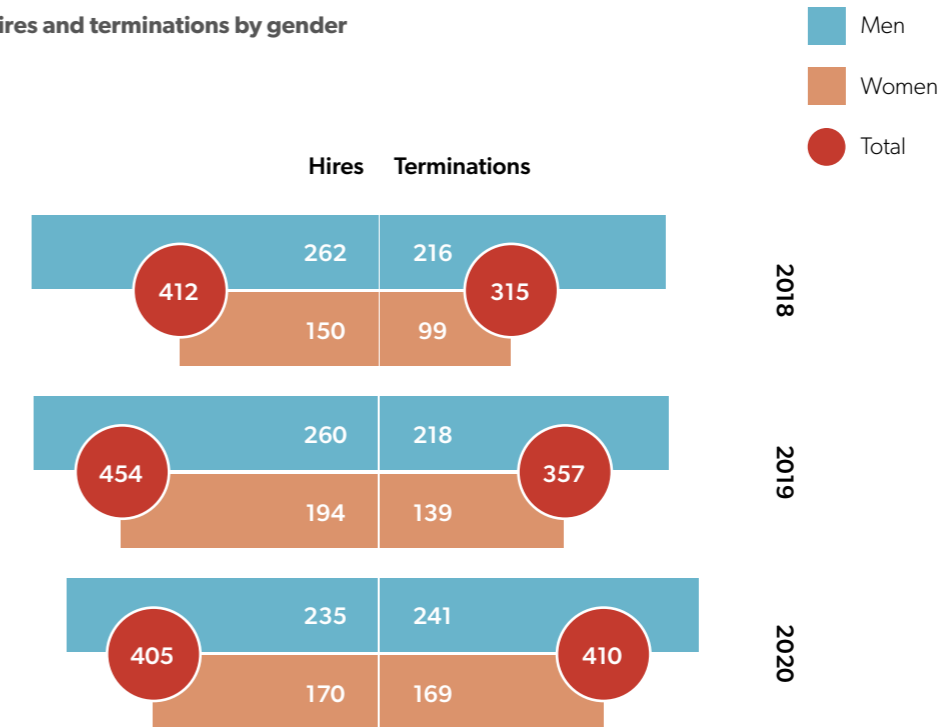
Employees by type of contract	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed term	93	56	149	68	56	124	1,133	629	1,762
Indefinite term	1,853	905	2,758	1,966	1,055	3,021	1,330	773	2,103

Employees by type of employment	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	1,929	901	2,830	2,014	1,038	3,052	2,446	1,289	3,735
Part time	17	60	77	20	73	93	17	113	130

Ratio of women's to men's average salary, by professional category

	2018	2019	2020
Middle Managers / Professionals	95%	95%	95%
White Collars	95%	93%	94%
Blue Collars	95%	94%	97%
Sales Representatives	78%	80%	87%

Hires and terminations by gender

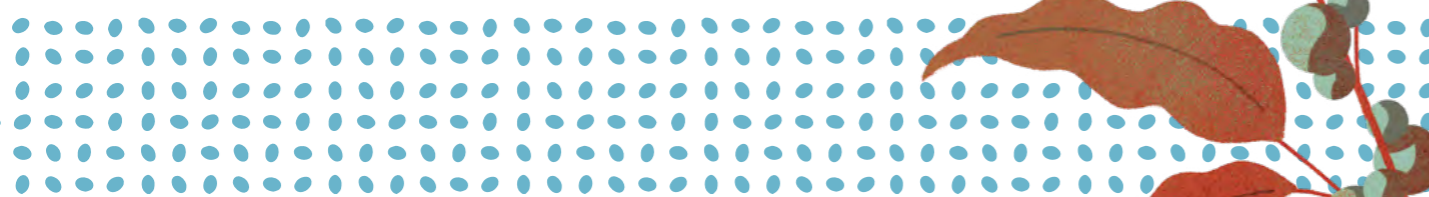
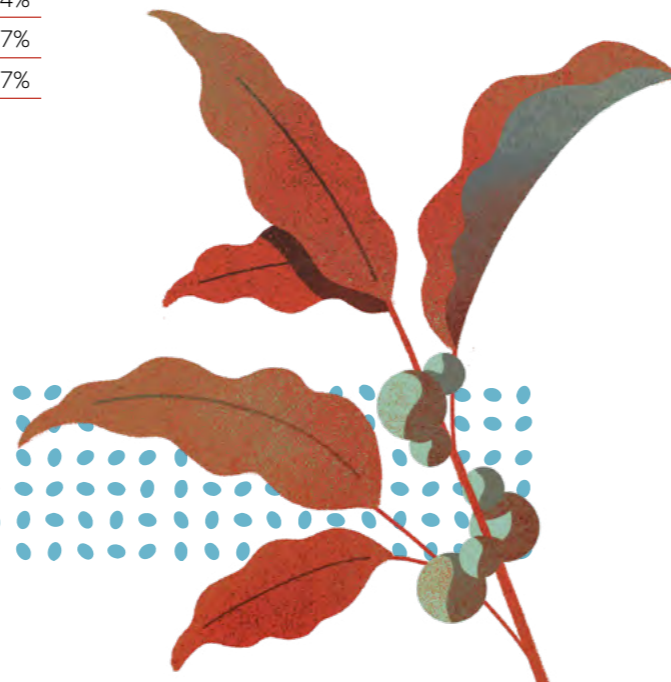


Turnover rate by gender

	2018	2019	2020
Men	25%	24%	19%
Women	27%	31%	24%

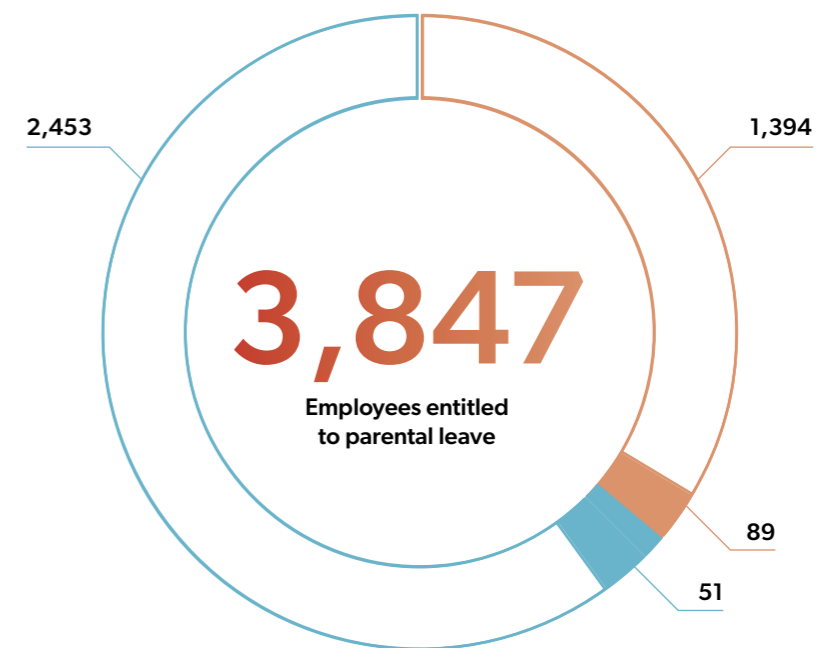
Turnover rate by age

	2018	2019	2020
<30	83%	84%	59%
30-50	21%	20%	19%
>50	14%	16%	11%





Parental leave



- Men entitled to parental leave
- Women entitled to parental leave
- Men who took parental leave
- Women who took parental leave

	Men	Women	Total
Total number of employees who were entitled to parental leave (both mandatory and optional)	2,453	1,394	3,847
Total number of employees who took parental leave (both mandatory and optional)	51	89	140
Total number of employees who returned to work in the reporting period after parental leave ended (both mandatory and optional)	44	71	115
Total number of employees who were fired during the parental leave (both mandatory and optional) or once it ended	0	0	0

Lavazza's commitment to developing and training its people

Training at the time of Covid-19: effective and close to people

2020 was a year that disrupted the ways of working to which Lavazza people had always been accustomed. In particular, the ways of delivering training had to be adapted to the social distancing measures imposed by the Covid-19 emergency.

This did not, however, prevent Lavazza from continuing its commitment to people training, but rather allowed the Company to try out new methods of engagement. In particular, the conversion of training to online mode meant that colleagues from different parts of the world could participate in the training courses together, which helped consolidate the Group's path of integration.

In fact, many of the courses included in the Lavazza training catalogue, originally available to Headquarters personnel only, were opened up to the whole Group.

The courses delivered not only covered training in the management and technical areas, but also dealt with topics linked to the management of working relations in the context of the pandemic crisis, in order to help people cope better with the difficult period of lockdown and isolation.

78%

of courses converted into virtual mode in less than 6 months

32

internal trainers: colleagues at the disposal of other colleagues



52

editions organised

662

places available overall

6

courses on remote working, during the Covid-19 period



Training in numbers

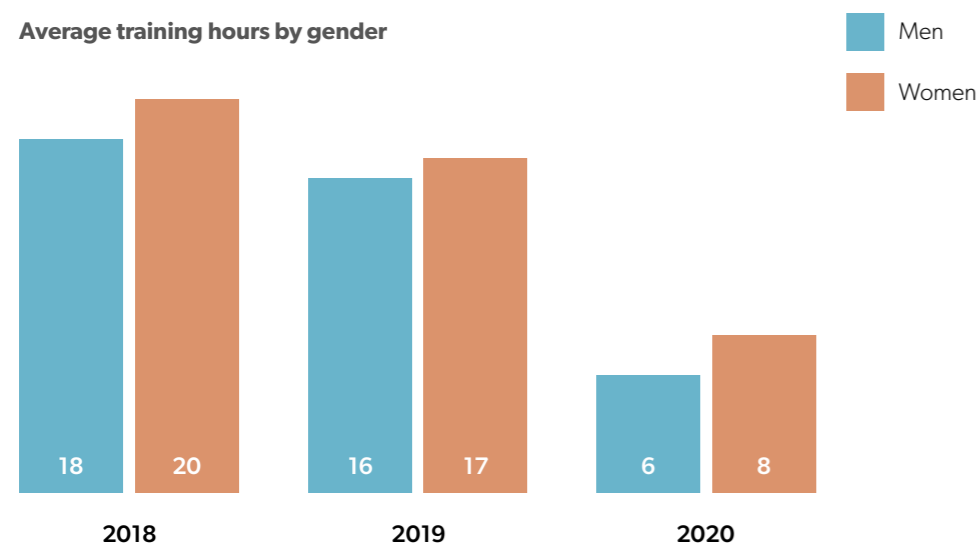
[GRI 404-1]

In 2020, average hours of training declined compared to the previous year due to two main reasons. In light of the Covid-19 emergency, it was not possible to organise any in-class training at all companies included in the scope. Moreover, the conversion of several training activities into a digital format entailed the adoption of a different

method for calculating training hours, which resulted in the reported decline. It should however be noted that at the Headquarters, in spite of the difficulties caused by the pandemic, average hours of training amounted to 10 in 2020, of which 9 for men and 12 for women.

10
average hours
of training
at the HQ

Average training hours by gender

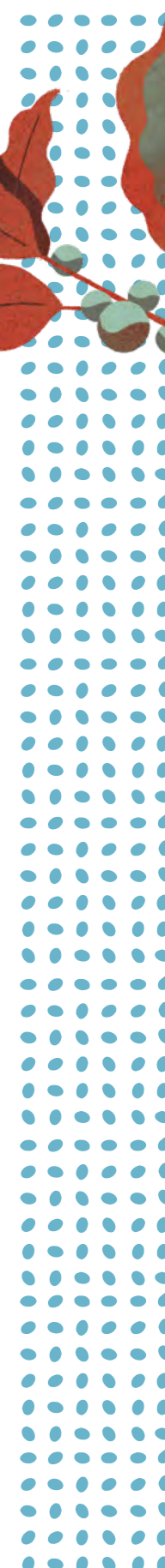


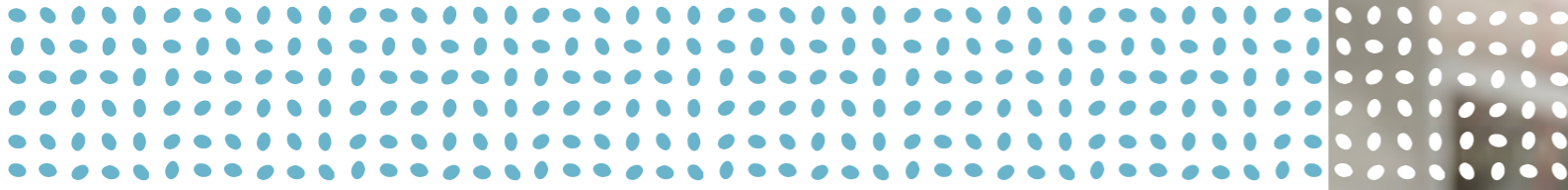
Average training hours by professional category

	2018	2019	2020
Managers	22	13	12
Middle Managers / Professionals	25	23	11
White Collars	19	15	7
Blue Collars	17	16	4
Sales Representatives	10	16	5

Parent Company's average training hours

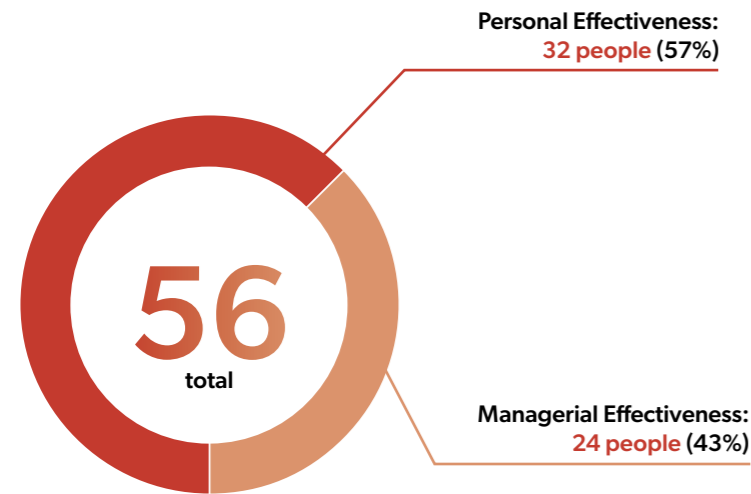
	Men	Women	Total
Managers	15	18	16
Middle Managers / Professionals	15	16	15
White Collars	10	12	11
Blue Collars	6	5	6
Sales Representatives	6	11	6
Total	9	12	10





Lavazza has collaborated with several business schools, including the ESCP, the London Business School, Harvard and INSEAD, with the aim to offer its collaborators specialised and high-level training paths. In order to pursue its Goal Zero, i.e., the commitment to spreading the 2030 Agenda, Lavazza has also introduced

the course “2030 Agenda: the Sustainable Development Goals” for all Group’s personnel. Said milestone has been reached thanks to the collaboration of ASviS (Italian Sustainable Development Alliance), of which the Lavazza Foundation is a member. One month after its launch, 44 employees have completed the course.



THE COUNTRIES INVOLVED IN THE TRAINING:

Italy, Germany, Austria, the United Kingdom, Denmark, Sweden, France, the USA, Australia, China, Russia, Poland, Romania, Spain, Greece, Jordan, Saudi Arabia.



Group Brand Academy

The Brand Academy initiative has continued: a long-term training programme started in 2018, which aims to reinforce the Lavazza Group’s identity, working on the integration of all the brands and sharing best practice. It is a project devoted to people working in the marketing, trade marketing and sales fields, both at the Parent Company and at subsidiaries. The training features theory modules, case studies and practical exercises and in 2020 involved 98 people.

Measuring performance to foster people development

Lavazza has used for several years a system aimed at assessing collaborators' performance that is based on international standards and takes into account both individual objectives and the Lavazza Leadership pillars (Accountability, Innovation, Integration and Leading People), which represent 70% and 30% of the Performance Index generated (Overall Performance Rating), respectively.

In continuity with the revision and simplification process launched in 2018, the Mid-Year Review step was confirmed in 2020 to offer a new opportunity for dialogue between superiors and employees.

Given the pandemic situation, the Company organised virtual training sessions as early as late March to assist both managers and staff in managing the sharing of annual feedback remotely. At the same time, training sessions were organised for managers to share the most correct operating procedures for managing day-by-day priorities, goals and feedbacks within a completely new and exceptional work context.

This investment allowed people to find space for discussion and support aimed at addressing particular and difficult situations, for instance when colleagues were affected directly by the pandemic or in situations when the balancing of family responsibilities was not always easy to manage. More specifically, 17 training sessions were organised on these issues, involving 78 people, some of whom took part in several courses.

The Mid-Year Review phase also provided a crucial opportunity for reviewing goals in order to adapt priorities and expectations to the developing pandemic situation, especially for the roles most directly exposed on the business channels "suffering" due to the lockdown.

Despite the critical situation, the completion of the process achieved the previous years' targets (over 90%) demonstrating the level of trust that employees place in the evaluation mechanisms and the ability of managers to define priorities and expectations with a people-oriented focus.

²⁴ The following companies are not included in the reporting scope: Kicking Horse Coffee Co. Ltd, Lavazza Professional France S.a.S., Lavazza Professional North America LLC, Lavazza Professional UK Limited, Lavazza Professional Germany G.m.b.H.

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.

In 2020, the Performance Management process involved employees in the following companies falling within the scope of this Sustainability Report²⁴:

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

Data on performance management

[GRI 404-3]

The following tables show the percentages and figures of employees who are subject to performance reviews on a regular basis.

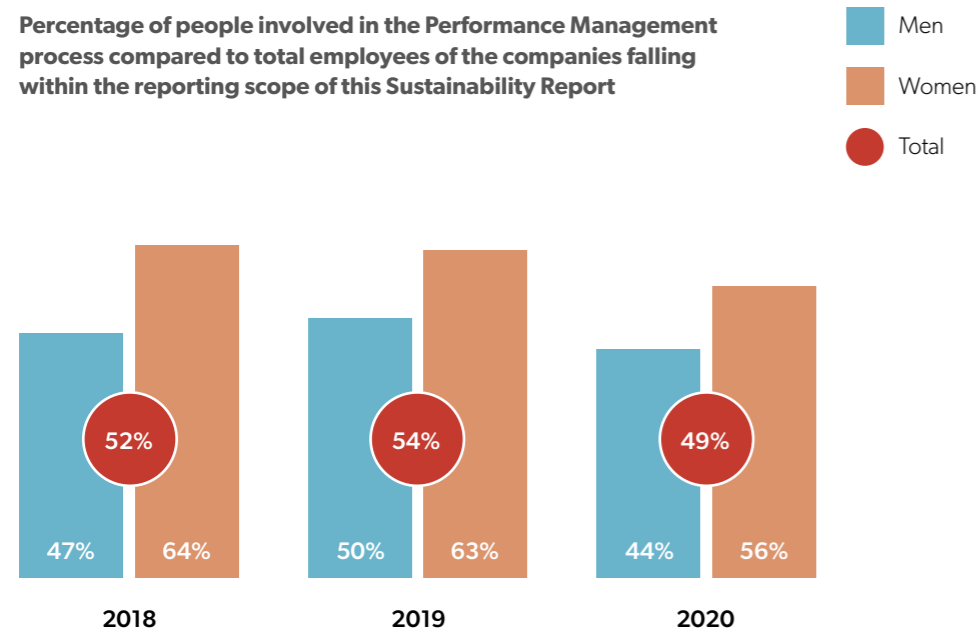
Number of employees involved in the Performance Management process, by professional category and gender

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	122	41	163	142	70	212	126	47	173
Middle Managers / Professionals	173	108	281	192	121	313	233	157	390
White Collars	372	436	808	390	476	866	449	539	988
Sales Representatives	240	31	271	284	35	319	286	38	324
Total	907	616	1523	1008	702	1710	1094	781	1875

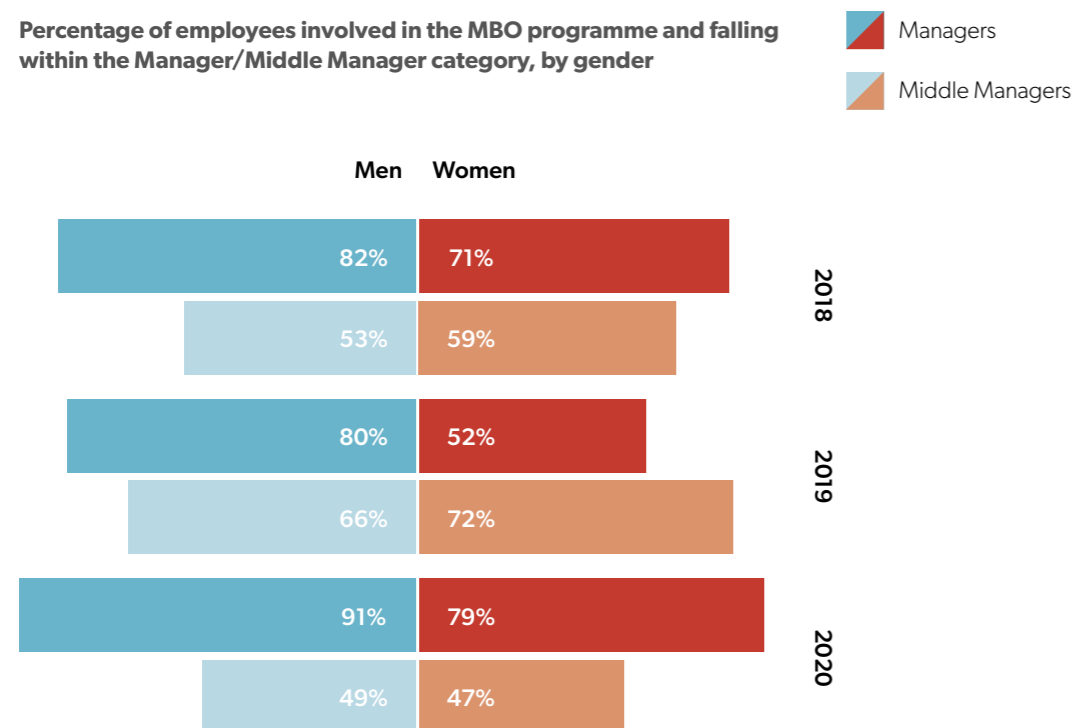
Percentage of employees involved in the Performance Management process, by professional category and gender

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	90%	91%	91%	92%	89%	91%	85%	84%	85%
Middle Managers / Professionals	68%	72%	69%	69%	80%	73%	62%	62%	62%
White Collars	67%	77%	72%	70%	74%	72%	67%	71%	69%
Sales Representatives	76%	69%	75%	86%	76%	85%	64%	31%	57%

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



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



Development Centers: preparing future managers and leaders

With a view to strengthening the people development culture, Lavazza is engaged in organising “Development centers” that aim to support employees in building a solid personal development plan. The programme includes a self-evaluation phase and a series of practical activities, called “workshops”, where participants are tested in relation to various situations found in the working environment and their behaviour observed by external experts.

The programme was designed starting from a preliminary definition of the key capabilities and characteristics that the Company expects from its leaders. In addition, it clearly defines the expectations for each career phase and aims to prepare the “key people” for their professional advancement.

The workshop results are consolidated and generate a detailed personal profile (shared only with the participant) and the line manager is invited to attend a meeting during which participants share their ambitions for their own advancement. In 2020, the programme was delivered in virtual mode and involved 56 people.



Lavazza's commitment to its people's wellbeing

For several years, Lavazza has provided its staff with a programme of work-life balance activities including initiatives such as remote working, the welfare programme and the parenthood support projects (e.g., MaaM – Maternity as a Master).

These programmes are designed not only to support individuals to balance family and professional life, but also to promote responsibility, autonomy and a results-oriented approach.

This robust programme of benefits and support to people made Lavazza ready to face 2020, a particularly challenging year as far as work-life balance issues were concerned. Lavazza's Human Resources Department, taking up the Chairman's invitation to look after its people at the start of the emergency, decided to activate numerous further initiatives to support employees during the crisis.

For example, the Company first set up a dedicated email address to support employees regarding the coronavirus emergency. In addition, regular communications were sent out to inform employees about the national measures adopted to combat the pandemic and the measures for supporting employees with dependent children such as special parental leave.

With the aim of offering useful insights for dealing with the Covid-19 emergency, from the first few weeks of lockdown the Company also made available webinars and seminars open to all on the following issues:

- **Work Life Balance:** how to combine parenthood and work activity;
- **Resilience:** training to overcome difficulties;
- **Stress:** how to turn it into positive energy;
- **Counseling:** wellBEING together.

Throughout the year, short interactive seminars were offered for sharing food for thought and useful tools for creatively addressing the daily challenges imposed by the lockdown period.

A few examples:

- Leadership in a time of emergency;
- Taking care of someone: a resource for wellbeing and effectiveness;
- *Emotional Intelligence*, a powerful "weapon" for living with the crisis;
- Mastering time management;
- "Decision, decision, decision", managing motivation;
- "Be smart work smart" digital training.

A mental health support desk, called "TiAscolto (I listen to you)", was made available to employees, along with the "Smart Workout: Train at home" platform, dedicated to the Smart Wellness programme for training at home with trainers from the company gym at no cost, up to the end of the Covid-19 emergency.

TiAscolto (I listen to you): a space for finding the right boost

Lavazza set up an individual listening and mental health support desk to help its people manage the complexities and uncertainty of 2020. The desk remained open throughout the year and will continue to be available to employees during the first few months of 2021 as well.



MaaM - Maternity as a Master

Lavazza has always been committed to supporting female and male employees approaching parenthood through a series of welfare initiatives.

In 2019, Lavazza began to offer a programme for mothers and fathers that turns the experience of parenthood into professional value and growth, viewing it as a life experience that brings with it big changes and a new challenge to balance family and professional life.

Accordingly, Lavazza has chosen MaaM (Maternity as a Master), a digital programme that makes maternity a learning experience to discover and train soft interpersonal skills (listening, emotional intelligence, creation of alliances and communication), organisational skills (time management, delegation and collaboration, complexity management and decision-making) and innovation-related skills (problem-solving, change management, creativity and intellectual agility), which may also become useful in the workplace.

By taking part in MaaM, future parents and new parents with children up to age three will be able to participate in:

- 24 training modules of approximately 15-20 minutes;
- a network of female and male colleagues (including from other companies) for sharing experience and reflections and organising meetings;
- over 300 insights: questions and food for thought to increase awareness of the skills improved.

MaaM
for Lavazza

24
training modules
of 15-20 minutes

Lavazza Group Top Employer 2020

Again in 2020, the Lavazza Group was certified Top Employer Italy, a certification – already obtained by the Company in 2019 – that is issued to those companies that have proven to ensure excellent working conditions and HR strategies with a people-centred focus.

This certification is issued by the Top Employers Institute through the HR Best Practices Survey, which analyses the best procedures and actions taken by companies according to 10 macro-areas: talent strategy, workforce planning, talent acquisition, on-boarding, training and development, performance management, leadership development, career and succession management, compensation and benefits, and culture.

Thanks to the Top Employers Institute Certification Programme, Lavazza (Italy) once again confirms its focus on the wellbeing and engagement of employees within the Company.





GOAL

12

Responsible Consumption and Production



Authenticity, responsibility and passion for excellence are the values that inspire us every day and that are not measured by numbers, but belong to the people, guide our actions and push us to do better and better.



An epidemic that came from a bat in what we once would have called “a distant country” has spread all over the world. The Covid-19 pandemic is showing, in a dramatic way, how fragile complex systems can be. This confirms the Lavazza Group’s conviction that it is always necessary to have a system vision in every activity and in every choice that takes into account the social and environmental consequences of each action.

The classic linear economy model must be replaced with a circular model that can generate sustainable growth for the planet and needs the involvement of all stakeholders: from the key players in the coffee supply chain to entities such as institutions, universities, research centres and centres of excellence. Together with all these parties, the Lavazza Group wants to commit to making the most of the raw materials and people who help to generate and transform them and to making a contribution to reducing the environmental impact to a minimum, where waste becomes resources, in a continuous cycle.

In line with this commitment, in 2020 the Group decided to adopt the sustainable-by-design approach for the design of products, packaging, coffee machines and production and logistic processes. An approach that defines concrete plans for impact reduction and measures the results achieved in a rigorous way. A Roadmap has been defined for reducing waste, consumption and emissions to a minimum, involving different areas:

- industrial production: a programme has been running since 2012 to reduce the CO₂ generated by plants. Today, 100% of the electricity powering the Italian, French and Canadian production plants comes from renewable sources;
- development of new products: as of 2019, the range of the A Modo Mio capsules has been replaced in the United Kingdom, France and Germany by the 100% industrially compostable Eco Caps;
- Packaging: the Sustainable Packaging Roadmap has been launched with the aim of reducing the carbon footprint and making the entire portfolio reusable, recyclable and compostable by 2025.



Material Topics



Environmental sustainability



Innovation



UN Targets

Long-term commitment

Main Actions 2020

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

Promoting efficient energy use in plants and encouraging suppliers and coffee-producing communities to manage natural resources in a sustainable way, through Lavazza Foundation projects.

- Renewable energy
- Roadmap to Zero

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Defining an action plan for sustainable products, promoting recyclability and reuse, and setting measurable objectives. Promoting a sustainable waste management.

- Sustainable Packaging Roadmap
- Circular economy

The focus on quality: a commitment that has lasted for 125 years

The passion for excellence is not only a distinctive feature of Lavazza's history: it also represents one of the values that the Group wanted to consider as fundamental for its future development.

The commitment to offering a product of the highest quality is, in fact, one of the main development drivers for all the Group's brands. The ambition of each brand, with its own distinctive features, is to position itself on the target market with an offer of excellent products, which stand out for their focus on quality and attention to detail.

Right from the choice of the coffee origins needed to prepare the blends, Lavazza has decided to set its own quality standards for specific characteristics defined by Lavazza's experts. The Company has developed these standards to ensure the uniformity of coffee quality it purchases and with the aim of providing its consumers with the same consistent taste, known as the "in-cup

profile". These standards apply internationally and cover coffee quality, beans dimensions and sensory profile. In addition, for each standard Lavazza has defined the maximum number and type of deviations allowed. The Lavazza standards have been revised and extended over time. Specific standards have also been defined for those countries of origin where small quantities of coffee are bought. Currently, Lavazza has its own standards in relation to various countries both for Arabica coffee, such as Brazil, Colombia and the Central American area, and for Robusta coffee, such as Vietnam and Indonesia. In recent years, specific standards have also been defined for Carte Noire products and for coffee originating from African countries, such as Ethiopia and Uganda. The coffee not purchased based on Lavazza standards (a marginal portion of the Company's purchases) is bought using international standards as a reference.



The coffee journey

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

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 exporters, which are required to provide the commodity 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 using 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 (Italy and France). Upon entering the port, coffee containers are unloaded, still closed, to the customs warehouse and all the procedures are

then completed so that the product is available to be used for production. A sample is taken from each container and then sent to Lavazza’s laboratories where the coffee tasters carry out the necessary tastings and analyses to verify that the product received corresponds to the coffee purchased in the coffee-growing countries. A specific identification code is given to each lot of coffee to identify characteristics such as the embarkation month or the price fixed. The lot is held in the customs warehouse until the analyses are completed and it is judged fit for processing at the plants.

When it reaches the plant, the green coffee undergoes a number of visual and humidity checks, according to specific reference and control standards. Once these checks have been passed, the coffee is put in storage silos. Depending on the plant in which the coffee is processed, the origins are roasted separately and then mixed to make the blends, or, in other cases, the blend is made before the roasting phase. Various controls are carried out on packaging integrity during the packing phase. Each plant has a small tasting laboratory, where all the finished product lots are tasted by personnel who have received special training to check that the right blend is contained in the pack and has no defects. The decaffeination process is carried out in the Pozzilli plant, in the Molise region, Italy.

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

organises its own coffee distribution using three central storage warehouses:

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

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

In recent years, Lavazza’s share of exports has grown considerably, consistent with the Company’s international development. Since the early 2000s, traditional truck flow transport has been supplemented by the first intermodal railroad journeys to Italy and abroad: the first intermodal journey was made to Germany, followed by the UK and Italy. This choice made it possible to contain both costs and polluting environmental emissions and in 2020, thanks to the collaboration with Gsl Italy, it was possible to start a differential analysis to quantify these savings through the “Ecologico2” web tool, which calculates the climate impact of logistics.





Sustainability certificates

Rainforest Alliance and UTZ

Rainforest Alliance is an international NGO for nature conservation operating in around 100 countries worldwide today.

In 2018, Rainforest Alliance merged with UTZ, a sustainable agriculture programme set up in 2002. These two organisations are committed to promoting and certifying products deriving from sustainable agriculture, which helps farmers and their families to adopt good agricultural practices and to run their farms profitably, while respecting people and the planet's resources.

These standards can be used to certify aspects such as working and safety conditions among coffee, tea and cocoa producers, environmental protection and their children's access to education.

The certificates come at a price both for the farmers, who have to obtain recognition from the certifying bodies, and for the companies that buy from these farmers.

For further information: <https://www.rainforest-alliance.org/>

Bio – Organic

Organic farming is an agricultural production method that makes the most of the natural fertility of the soil and the healthiness of products without using synthetic products and without the excessive exploitation of natural resources.

Bio certification guarantees that the production processes comply with the specific requirements for the processing of raw ingredients of organic origin. Organic certification covers all levels of the production chain and an organic product is guaranteed to have been checked and certified by expressly authorised bodies.

For further information:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32007R0834;>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008R0889>

Fairtrade

Fairtrade is an international organisation that aims to improve conditions for farmers in developing countries. It uses specific standards that enable farmers and workers to rely on a more stable income, thanks to the certification of their products.

Fairtrade works with the farmers themselves to calculate a so-called "minimum price", which the farmers receive for their products. The minimum price never falls below the market price and does not depend on stock market speculation. In addition to the minimum price, farmers and workers receive the so-called "Fairtrade premium", an additional sum that they can decide how to spend through their organisations. For example, they can invest it in shared social, healthcare or business development projects.

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

For further information: <https://www.fairtrade.net/>



The sustainability platforms: the commitment of traders and coffee exporters

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

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

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

Authenticity, responsibility, passion for excellence are the values that inspire us every day and that are not measured by numbers, but belong to the people, guide our actions and push us to do better and better.



Certifications adopted by the Lavazza Group

Process/Systems Certifications

ISO 9001:2015
Quality Management System

HACCP (Ref. Codex Alimentarius)
HACCP System – International Food Standards

FSSC 22000
Food Safety Management System

ISO 14001
Environmental Management System

ISO 45001
Occupational Health and Safety Management System

Product Certifications

UTZ
Product Sustainability Standard

Rainforest Alliance
Product Sustainability Standard

Fairtrade
Product Sustainability Standard

Confida
Italian Vending Products Standard

BIO
European regulatory framework governing organic foods

NOP
US federal regulatory framework governing organic foods

Certifications of a Religious Nature


Kosher
Jewish Religious Certification

Halal
Muslim Religious Certification

Certifications requested by Customers on proprietary Standards

STS
Public Sector Audit

Over **10** certifications adopted by the 10 production plants of the Lavazza Group



	Torino Plant	Gattinara Plant	Sri City Plant	Pozzilli Plant	Lavérune Plant	1895 Plant	Basingtoke Drinks factory	Basingtoke Machines Factory	USA West Chester Factory	Kicking Horse Coffee
ISO 9001:2015	●	●	●	●	●	●		●		
HACCP	●	●	●	●	●	●				●
FSSC 22000	●	●	●		●	●	●		●	●
ISO 14001	●	●		●	●	●			●	
ISO 45001									●	
UTZ / Rainforest Alliance	●	●	●	●	●	●	●		●	
Fairtrade										●
Confida	●	●				●				
BIO	●	●		●	●	●				●
NOP	●	●		●	●	●			●	●
Kosher	●	●	●	●		●	●	●	●	●
Halal	●	●		●		●				
STS							●			

● Current certification
● Included in the FSSC22000 Certification

Research and Innovation: a commitment that Covid-19 has not stopped

²⁵ Source: Consolidated Financial Statements.

2020 was a difficult year, which saw the Lavazza Group withstand the great crisis due to Covid-19 by focusing strongly on protecting people's health and business continuity, which allowed the Company to safeguard jobs. However, the invitation that the Chairman Alberto Lavazza made to the CEO at the beginning of March 2020 also included a third point: to plan together the Company's next 125 years.

This invitation translated into a commitment not to reducing R&D investments, which in 2020 amounted to €15 million²⁵, to implement important initiatives such as the Sustainable Packaging Roadmap or the work on the Circular Economy, and the inauguration of the new plant for producing high-quality coffee, namely the "1895 Coffee Designers by Lavazza" plant.

Research for Sustainability

Biodiversity conservation is a key factor for the resilience of natural systems against climate change. For this reason, Lavazza is working to safeguard the biodiversity of coffee through the recovery and enhancement of ancient species and varieties, able to tackle the threats of climate change. With this in mind, the Research and Development team is testing multiple coffee varieties, which differ from one another in terms of sensory profile, origin, current availability of volumes, cost, production forecasts and agronomic characteristics. Moreover, the Company is committed to researching solutions designed to make use of green coffee production waste and by-products throughout the industry, in order to promote circular economy principles both within the Company and together with other players in the supply chain.



The Sustainable Packaging Roadmap

Packaging is essential for maintaining coffee quality, taste and freshness and at the same time allows the coffee to be stored, transported and used safely.

To date, packaging represents about 5% of total CO₂ emissions produced by the Group and their reduction represents an important challenge for Lavazza to achieve its own sustainability objectives.

Lavazza has been working for more than ten years on the research, development and implementation of actions to reduce the environmental impact of its own packaging. In recent years, the Sustainable Packaging Roadmap has also been outlined, through which the Company is committed to making the entire packaging portfolio 100% recyclable, reusable or compostable by 2025. The Packaging Roadmap is founded on three pillars:

- material reduction, which is based on seeking a balance between reducing the quantity and weight of packaging materials, and ensuring that coffee quality is preserved. There is also a focus on optimising logistics, in order to reduce the use of resources for the secondary packaging in which the consumer units

are packed. In particular, Lavazza is seeking both to optimise the quantity of coffee per pallet and to use materials that ensure the same performance;

- resources with a low environmental impact, through the use of recycled materials or materials from renewable sources;
- adding value to packaging after use, through packaging reuse, recycling and composting. For this reason, Lavazza favours packaging produced with just one type of material since they are easier to sort, dispose of and recycle, in addition to have a lower carbon footprint.

In 2020, the Group started this journey through the new packaging of the ¡Tierra! 180g range and the new 1895 range, offered in 100% recyclable packs, with a packaging carbon footprint 40% lower than the previous versions. Progress has also been made in the vending field with the launch, by Lavazza Professional, of the Klix Eco Cups made of recyclable, biodegradable paper, which reduce CO₂ emissions by up to 60% compared to the previous plastic ones.

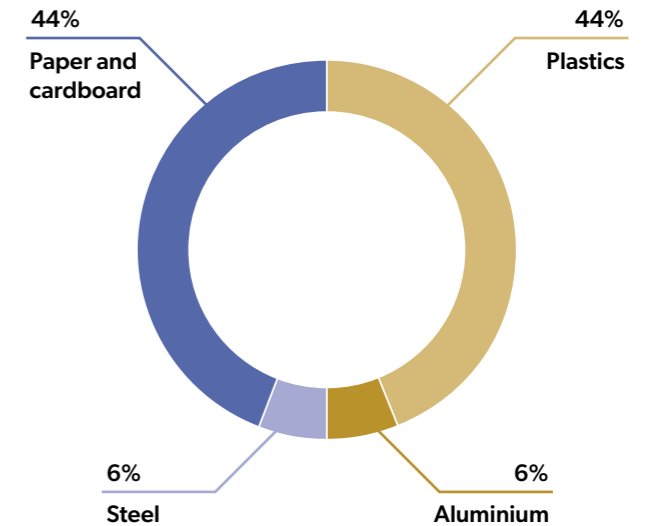


Packaging represents **5%** of total CO₂ emissions produced by the Lavazza Group



Percentage breakdown of the types of packaging materials

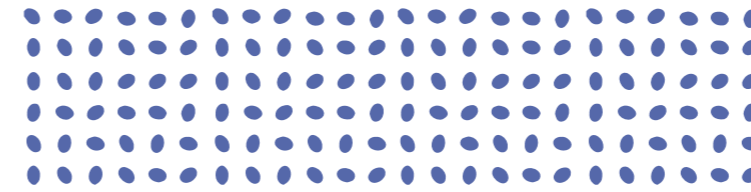
[GRI 301-1]



Lavazza Professional presents the new KLIX Eco Cup, a turning point in the vending sector with biodegradable cups that can be recycled together with paper waste.

2020 saw the launch of the KLIX Eco Cup, a sustainable solution for the OCS (Office Coffee Service) sector. These are cups produced using a special patented water-based dispersion barrier, which allows the cups to be recycled together with normal paper waste.

The new Eco Cups have been reviewed by a third-party company which states that they are capable of producing an environmental impact of almost 2/3 less than a standard cup and can be recycled up to seven times.



¡Tierra! 180g
100%
 recyclable packs,
 with a
40%
 carbon footprint
 reduction



2020 sustainable packaging Oscar: award given to the flexible packaging for the Lavazza ¡Tierra! coffee range

With the flexible packaging for the Lavazza ¡Tierra! 180g ground coffee range, Lavazza receives the Best Packaging 2020 award, a prize given by the Italian Packaging Institute, with the aim of rewarding the most efficient examples from the standpoint of innovation applied to the design and research of new materials and modes of use. This packaging was developed following a series of trials carried out in industrial sorting and recycling facilities, which allowed the design of a packaging that was recyclable and at the same time ensured the same functional performance as the previous packaging, in terms of maintaining coffee freshness and quality. It was thus possible to eliminate the traditional flexible film structure for coffee packaging, by replacing the aluminium layer with a mix of homogeneous polymers which makes it possible to recycle packaging. In addition, the new packaging is 10% lighter than its predecessor. The innovations introduced have enabled a considerable 21% reduction in the carbon footprint of the Lavazza ¡Tierra! 180g packs compared to the traditional packaging, measured through an LCA analysis certified by a third party.

Lavazza's path to a circular economy

The Lavazza Group has been working for several years to promote the adoption of circular economy practices in-house. A progressive path that encompasses knowledge and awareness of the issue within the Company, as well as the implementation of projects aimed at pursuing the targets of Goal 12 of the UN Agenda 2030.

The "Circular Economy for Business Resilience" webinar was organised in April 2020 for Lavazza employees to spread awareness of the issue. This was the result of the joint work of several of the Company's departments (Sustainability, R&D Food, Quality and Procurement, HSE, Marketing, Legal, Coffee Buying Department, Logistics, Global Public Relations & Events) with the external collaboration of two universities: the Turin Polytechnic and the University of Gastronomic Sciences in Pollenzo (Italy).

Again in 2020, an inter-functional working group was set up at Headquarters level that is working on objectives such as:

- a Corporate Circular Economy Assessment, to evaluate the circular economy initiatives already implemented within the Group;

- the definition of a circularity index for project evaluation;
- raising the efficiency of and reducing packaging materials;
- collaboration with recycling entities to give packaging a second life;
- use of recycled materials to produce coffee machines.

The working group also mapped existing projects within Lavazza that are developed using a circular approach. One of the projects that stands out is, for example, the recycling of green and roasted coffee grounds. These materials, which can be classified as waste, are collected, stored and re-processed by a third-party company that produces and markets special organic fertilisers. Another interesting example is the re-use of waste from the thermoforming process for the production of granules to be included in the injection moulding process for the Espresso Point capsule range.



Innovation and excellence: the creation of “1895 Coffee Designers by Lavazza”

“ There are many differences from the work that I did in the other plant: working in a smaller plant like 1895 lets you follow the whole coffee processing procedure, from green coffee right through to roasting. You are 100% involved and you know that you are making a difference with your contribution.

1895 represents an emblematic date in the history of coffee, the year in which Luigi Lavazza opened the first Lavazza grocery store in Turin, thus achieving his vision of producing quality coffee through the study of the art of blending. This history has deep roots in the past but, at the same time, looks to the future: the new “1895 Coffee Designers” brand is a significant example of a partly accomplished future vision, where excellent coffee becomes an experience for enhancing the senses of its enthusiasts.

This vision, namely to produce excellent coffee also known as Specialty Coffee, was made possible by the trained and qualified team of 1895 Coffee Designers, who travelled to the various coffee-growing countries, tasting 250 green coffees in order to select the rarest and most prized qualities to be offered “in-cup” to coffee enthusiasts.

The physical place where this journey is told is the 1895 factory. The result of a €8 million investment, 1895 is a space within which visitors are guided through an experiential path made up of stories and flavours: the journey starts from the distant origins of the excellent coffee beans and continues by narrating the art of roasting, which, for the 1895 coffees, entails each origin being roasted individually so as to bring out its distinctive aromatic note, all through the best roasting machines available on the market. The 1895 Coffee Designers then prepare the blends for the Collection, creating an excellent balance between taste, aroma and body.

The journey ends with aromatic profile testing through a tasting experience inside the coffee cave, an immersive, high-tech environment, which also opens visual doors onto the coffee’s places of origin and the distinguishing features of their profiles.

1895

COFFEE DESIGNERS
— BY LAVAZZA —

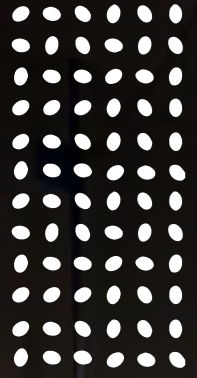
Sustainability and research, from the plant to the cup

The adoption of cutting-edge technological solutions such as the new-generation roasting machines, which have led to energy savings of about 30%, make 1895 a highly specialised and innovative environment. In terms of innovation, groups of experts work inside the 1895 laboratories together with the team of tasters and biotechnologists both to test bean quality and to conduct research on what the future coffee-based products will be.

In this context, the role that the Lavazza Foundation plays in supporting the coffee-producing communities is fundamental. In fact, it is engaged in coordinating various development projects aimed at promoting the socio-economic growth of local producers, whilst always respecting the environment. One of the 17 countries where the Foundation is active is Yemen, from where the coffee used to design 1895 Opera Prima — the first blend of this new brand — comes.

30%
energy savings thanks
to the adoption of
new-generation roasting
machines





1895: the excellence of those who work there

1895 is a place where an excellent quality coffee is produced. Those who work there on a daily basis defend this excellence. With passion and trust in the Company, they ensure impeccable qualitative standards. In fact, the plant operators who work in 1895 have been carefully selected from the best resources in the Settimo Torinese plant. The selection process, which took place through interviews and individual discussions, made it possible to identify people with motivation, an ability to work as part of a team and trust in the company. At the end of the selection, six plant operators were identified, of different company seniority and age,

who from the very beginning contributed to the co-design of 1895, making their experience available through advice and recommendations.

They followed a special training programme lasting a month and a half, consisting of 18 training days on technical knowledge and three days dedicated to team building, for sharing company expectations and the concepts of motivation and responsibility.

Later a motivation-focused training day was held and a week's training was dedicated to the Company's other organisational units, including: Human Resources, Engineering, Marketing, Quality and Training Center, with the aim of offering the 1895 team a complete overview of the company situation.

Training programme of a month and a half, consisting of

18

training days for the **6 plant operators** selected



Environmental performance and natural resource management

[GRI 302-1 | GRI 302-3 | GRI 303-3 | GRI 303-4 | GRI 306-4 | GRI 306-5]

²⁶ Commercial sites located in the following cities: Bologna, Bari, Pescara, Modugno, Rome, Torre Del Greco, Varazze, Sestu, Vigonza, Assago, and Turin.

Environmental performance evolution is constantly monitored by individual factors of Lavazza's Health, Safety, Energy and Environment, whose objectives include the continuous improvement of the said areas.

This section presents data and information regarding:

- energy consumption;
- water withdrawals and consumption;
- amount of waste generated.

These indicators refer to the Organisational Units within the reporting scope of this Sustainability Report, and therefore include the Headquarters, production plants and commercial sites of Luigi Lavazza S.p.A. and the production plants of Carte Noire Operations (France), Fresh & Honest Café (India), Kicking Horse (Canada) and Lavazza Professional (UK and USA).

The following paragraphs illustrate the aggregated data of the above-mentioned Group companies:

- **2018:** Headquarters, production plants and commercial sites of Luigi Lavazza S.p.A., as well as the production plants of Carte Noire Operations (France) and Fresh & Honest Café Ltd (India);
- **2019:** Headquarters, production plants and commercial sites of Luigi Lavazza S.p.A., as well as the production plants of Carte Noire Operations (France), Fresh & Honest Café Ltd (India) and Kicking Horse (Canada);
- **2020:** Headquarters, production plants and commercial sites of Luigi Lavazza S.p.A., as well as the production plants of Carte Noire Operations (France), Fresh & Honest Café Ltd (India), Kicking Horse (Canada) and Lavazza Professional (UK and USA).



Energy consumption

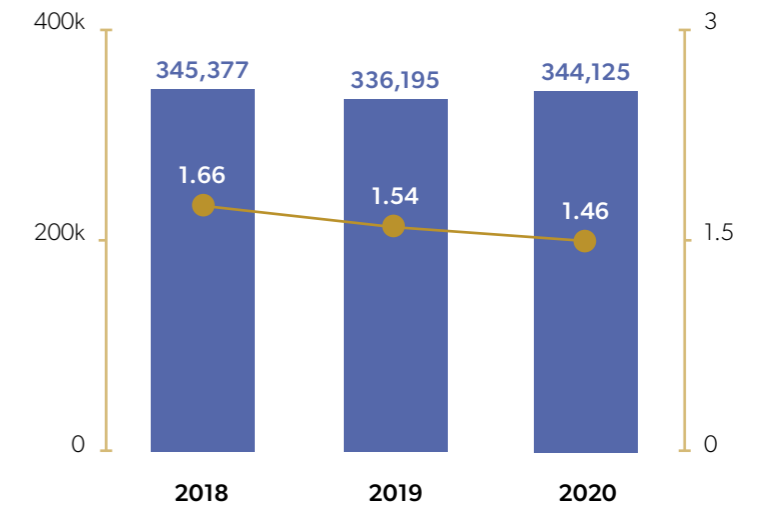
The data reported herein refer to the electricity and heat consumption for industrial and civil use and fuel consumption for the corporate vehicle fleet. The conversion factors used to calculate the energy indicators are as follows:

- Luigi Lavazza S.p.A.: Emissions Factors for Greenhouse Gas Inventories 2020 (Center for Corporate Climate Leadership, U.S. Environmental Protection Agency);
- Carte Noire Operations, Fresh & Honest Café Ltd: Indicator Protocols Set Environment (EN) Food Processing Sector Supplement, Version 3.0 FPSS Final Version, 2010;
- Kicking Horse: Conversion Factors for Fuel (Ministry of Finance, Tax Information Sheet), 2020;
- Lavazza Professional UK: UK Government GHG Conversion Factors for Company Reporting 2020 (Department for Business, Energy & Industrial Strategy; Department for Environment, Food & Rural Affairs);
- Lavazza Professional North America: Emissions Factors for Greenhouse Gas Inventories 2020 (Center for Corporate Climate Leadership, U.S. Environmental Protection Agency).

Electricity consumption

Electricity is consumed to operate the offices and systems, production lines and ancillary services, such as for generating compressed air and for office work.

The chart represents the absolute amount of electricity consumed expressed in Giga-Joules of the above-mentioned Group companies and the specific energy consumptions (or indices) compared to tonnes of packaged coffee.



■ Absolute electricity consumption [G] ● Rate of electricity consumption [G]

The absolute electricity consumption of the companies included in the scope increased by 2.36% in 2020 compared to the previous year and was attributable to the expansion of the reporting scope. This increase was definitely lower than the consumption of the organisational units added, which amounted to 9.34%²⁷, as a result of several energy efficiency activities. In fact, during the last three years, 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, technological upgrading of some production plants) and the management level (e.g., achievement of high yield levels by production lines, powering down of stand-by equipment, optimal regulation of air treatment systems in industrial buildings) aimed at making the production process and the building management more efficient.

The significance of the result achieved is clear from the constant decrease in specific electricity consumption, which fell from 1.66 GJ/t in 2018 to 1.46 GJ/t in 2020.

Heat consumption

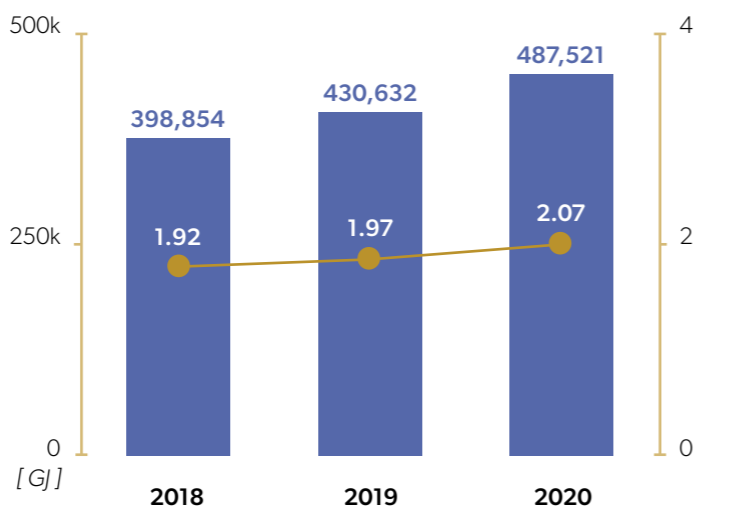
Heat consumption of the companies included in the scope, and namely the consumption of natural gas, LPG, diesel and propane, is required to operate the production facilities — particularly the coffee roasting and decaffeination lines — and to generate heat for the buildings. The portion referring to production processes is proportional to the quantity of processed coffee, while the second aspect is dependent on external weather conditions.

The chart shows the absolute heat consumption and the specific heat consumption values (consumption index) in Gigajoules compared to tonnes of packaged coffee.

The increase in absolute heat consumption reported in 2020 compared to the previous year is due to the expansion of the reporting scope and the approximately 8% rise in production.

The specific consumption of thermal fuel (or consumption index) compared to overall tonnes of packaged coffee of 2020 amounted to 2.07 GJ/t, increasing by 5% compared to the previous year.

The 13% increase in absolute consumption and 5% rise in the specific performance index were due to the expansion of the reporting scope, the production mix, a number of process changes and the trend of climate conditions recorded in the areas where the individual organisational units within the scope are located. The health emergency has had no significant impact on the operations performed at the plants, the heat consumption of which has been consistent with previous years and affected only by the aspects described above.



■ Absolute heat consumption [GJ] ● Rate of heat consumption [GJ/t]

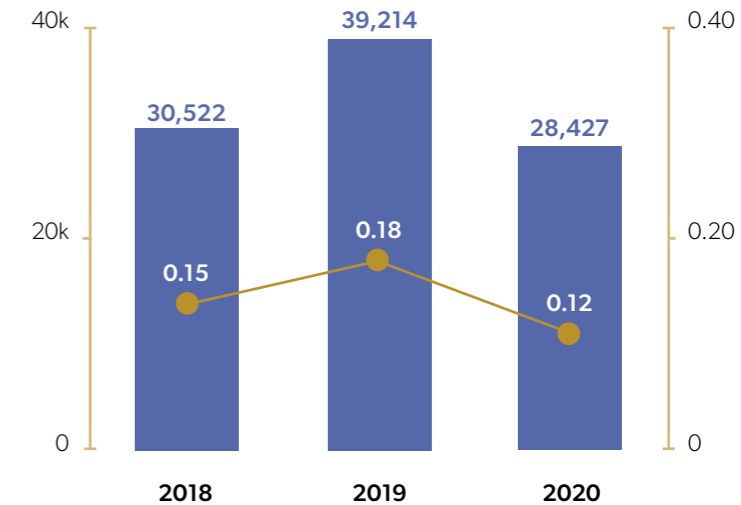
²⁷ The percentage increase has been calculated by comparing the electricity consumption of Lavazza Pro US and UK alone with the electricity consumption reported at global level in 2019.

Fuel consumption by corporate vehicle fleet

The fuel consumption reported below refers to the corporate vehicle fleet, namely vehicles assigned to employees for service reasons.

The rise in absolute data between 2018 and 2019 was attributable to the expansion of the reporting scope, while the reduction between 2019 and 2020 was driven by reduced staff mobility due to the health emergency.

The specific fuel consumption indicator showed a similar performance: up between 2018 and 2019 as a result of the expansion of the reporting scope, and down between 2019 and 2020 due to staff movements reduced to a minimum, with increasing volumes of production.



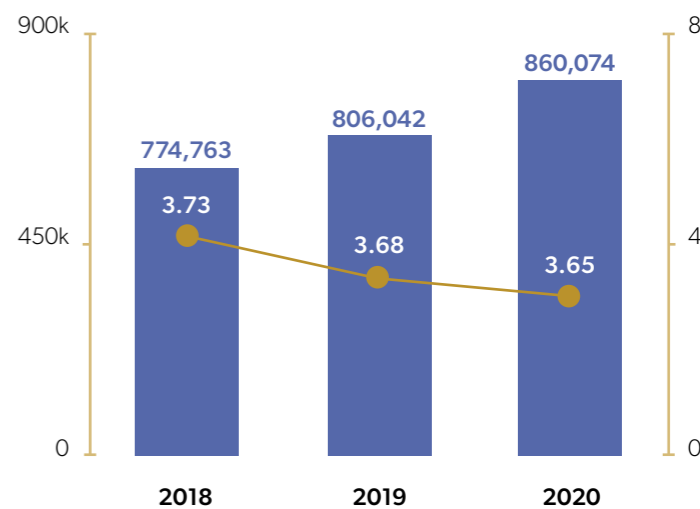
■ Fuel consumption by corporate vehicle fleet [GJ] ● Specific fuel consumption rate compared to production [GJ/t]

Total energy consumption

The data of total energy consumption of companies in the reporting scope include electricity consumption, heat consumption and fuel consumption by corporate vehicle fleet.

In the three-year period 2018, 2019 and 2020, absolute data grew by 11%. This growth was attributable to the expansion of the reporting scope and the dynamics described in the previous paragraphs with regard to electricity and thermal power.

The specific energy consumption (or consumption index) compared to overall tonnes of packaged coffee for 2020 amounted to 3.65 GJ/t, in line with the previous year.



■ Total energy consumption [GJ] ● Rate of total energy consumption [GJ/t]

Water withdrawals

Water withdrawals are broken down into civil hygiene and sanitary use and use in production facilities, and in particular in coffee roasting and decaffeination processes, as well as in the cooling of compressed air machines.

The chart shows the specific water withdrawals of the companies included in the scope expressed in m³ of water (for civil and industrial use) compared to tonnes of packaged coffee.

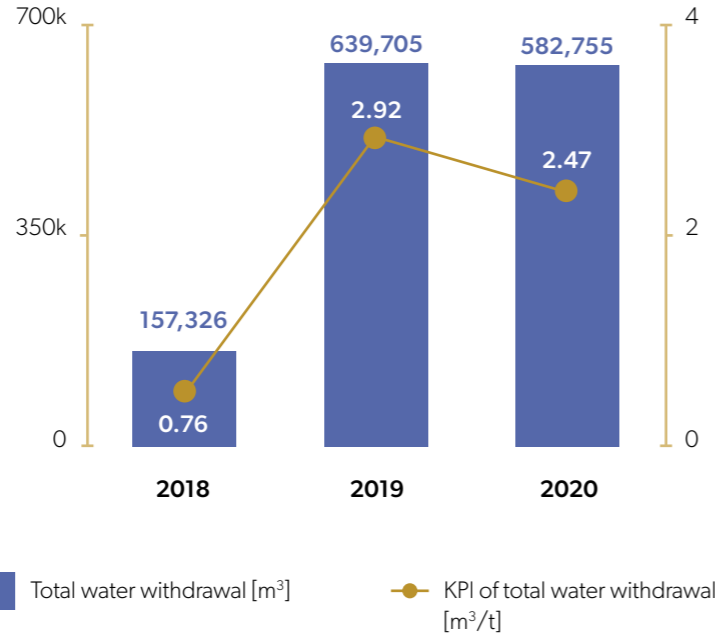
During 2020, water withdrawals fell by 9.8% despite the expansion of the reporting scope. This was attributable both to the lower consumption of superficial aquifer used by the cooling system serving the Headquarters' air conditioning and heating systems, and the reduced consumption of mains water as the result of fewer people working in-house due to the health emergency that led to an extensive use of remote working.

30% of water withdrawals used in 2020 came from the water mains, while the remaining 70% came from superficial aquifers.

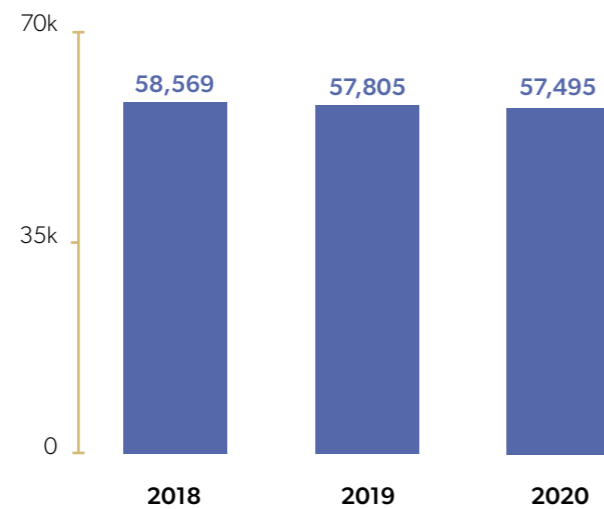
The value of specific water withdrawals went from 2.92 [m³/t] in 2019 to 2.47 [m³/t].

It should be noted that the only plants included in water-stressed areas are the Luigi Lavazza S.p.A. plant in Pozzilli, Italy, and the Fresh&Honest plant in India.

The following chart shows the annual withdrawals of those production plants; the values remained almost unchanged.



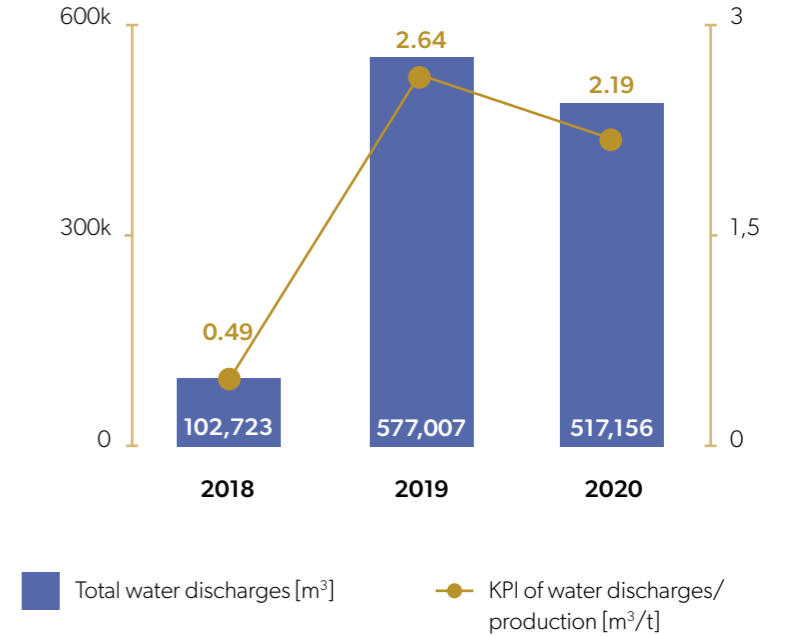
Water withdrawals of organisational units in water-stressed areas [m³]



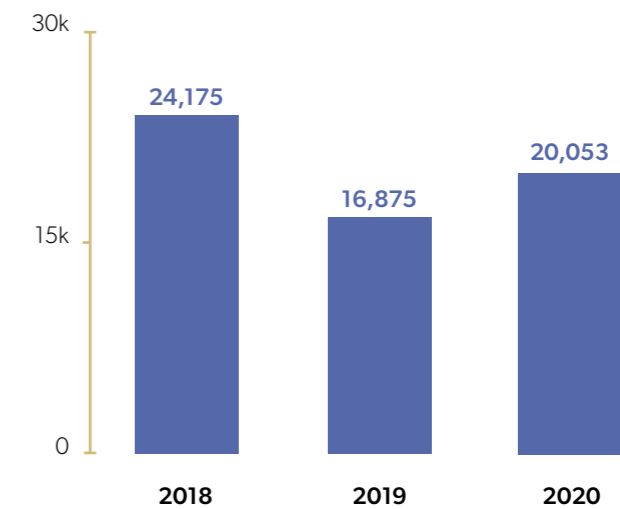
Water discharges

The chart shows the absolute value in m³ of wastewater volumes discharged into public sewage or surface watercourses compared to tonnes of packaged coffee. The trend is consistent with the trend in water withdrawals.

The water discharge percentage distribution is 78% into surface watercourses and 22% into sewers, since part of the water withdrawn from the mains evaporates during the coffee cooling phase. The chart below shows the annual water discharges of the production units in water-stressed areas.



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



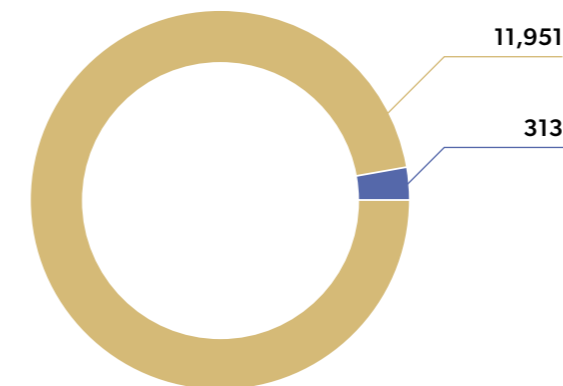


Waste

2020 saw Lavazza introduce in the Sustainability Report information on special waste generated by companies within the reporting scope. During the year, hazardous waste accounted for 2.6% of total waste, while non-hazardous waste for 97.4%. The related data are illustrated in the graph below, on the left.

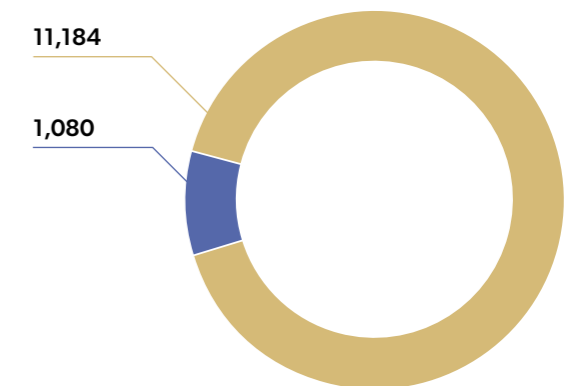
In the same period, the percentage of waste sent for recovery reached 91%, whilst 9% was sent for disposal. These data as well are shown in the graph below, on the right.

Waste: hazardous and non-hazardous



■ Total hazardous waste [t]
 ■ Total non-hazardous waste [t]

Waste: disposal and recovery



■ Total waste sent for disposal [t]
 ■ Total waste sent for recovery [t]

The tables below indicate:

- the quantities of waste generated, intended for recovery operations, broken down by constituent components;
- the quantities of waste intended for recovery operations, with an indication of the operation to which they are directed;
- the quantities of waste generated, intended for disposal operations, grouped based on the operation to which the waste is sent.

Waste sent for disposal is not broken down by component.

Analysing the waste sent for recovery, 41% consists of organic material (resulting from coffee cleaning and processing), 10% paper, 12% plastic materials, 2% metals and the remaining 35% sundry materials.

WASTE SENT FOR RECOVERY:

41%
consists of
compostable
materials

Waste not intended for disposal by composition (tonnes)

	Hazardous	Non-hazardous	Total
Plastics	-	1,362	1,362
Paper	-	1,116	1,116
Metals	-	214	214
Compostable materials	-	4,535	4,535
Other	141	3,816	3,956
Total	141	11,043	11,184

Waste not intended for disposal by recovery operation (tonnes)

	Hazardous	Non-hazardous	Total
Preparing for re-use	-	111	111
Recycling	115	5,571	5,686
Other recovery	26	5,361	5,387
Total	141	11,043	11,184

51% of the material intended for recovery is sent for recycling, 1% is prepared for re-use and the remaining 48% is sent to other recovery.

Waste intended for disposal by disposal operation (tonnes)

	Hazardous	Non-hazardous	Total
Incineration (without energy recovery)	7	-	7
Incineration (with energy recovery)	1	262	263
Landfill	-	-	-
Other disposal operations	164	646	810
Total	172	908	1,080

1% of the material is sent to incineration without energy recovery, 24% to incineration with energy recovery, 75% to disposal operations (typically to purification operations), while nothing is sent directly to landfill.





GOAL

13

Climate Action

13 CLIMATE ACTION



Climate change is a complex, global challenge that does not lie in the future, but here and now. Lavazza is facing this challenge, committing to achieving the goal of zero net carbon emissions by 2030.



²⁸ Coffee Barometer 2020 - <https://coffeebarometer.org/>
²⁹ The International Coffee Organization estimates a 1.3% coffee consumption increase in 2020-2021, despite the decline in consumption in the Away-from-Home sector as a result of the anti-Covid-19 measures. <http://www.ico.org/>

Climate change poses multiple and urgent challenges for the coffee sector. In fact, climate change helps to spread plant diseases and devastating climate events as extreme as El Niño-provoked hurricanes, which not only put at risk the availability of quality coffee, but have very serious social effects on coffee-growing communities²⁸. Land suitable for coffee cultivation is decreasing due to rising temperatures, whilst demand for coffee is constantly growing²⁹. This trend increases the risk of deforestation for coffee production in new areas, with a consequent loss of biodiversity. These challenges have made Lavazza engage on two particular fronts:

- working for a sustainable production and consumption model through impact-mitigation actions and collaborations with all stakeholders in the supply chain to achieve this goal;
- promoting actions at all levels of the organisation to combat climate change through the gradual zeroing of carbon emissions.

Despite the difficulties posed by the pandemic crisis, in 2020 the Lavazza Group aimed to accelerate its commitment to Goal 13 of the 2030 Agenda by launching the Roadmap to Zero, namely its path to carbon neutrality by 2030 and offsetting emissions deriving from Scopes 1 and 2.

The approach that Lavazza wants to adopt to tackle the climate challenge is based on 4 pillars:



CLIMATE PROTECTION

Undertaking brave actions to combat climate change and its impacts.



ENVIRONMENTAL SUSTAINABILITY from bean to cup

Working with our value chain focusing on coffee growers to ensure that sustainability begins from the plantation.



SUSTAINABLE DESIGN

Increasing efficiency, while reducing emissions and waste.



RESPONSIBLE USE OF RESOURCES

Aiming at an efficient use of resources, from the beginning to the end.

Material Topics



Environmental sustainability



UN Targets

Long-term commitment

Main Actions 2020

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Support training and education programmes, enabling coffee producers to respond and adapt to climate change through the Foundation's projects. Promote sustainable waste management.

- Roadmap to Zero
- Offsetting of Scope 1 and Scope 2 emissions

13.3 Improve education, awareness-raising and human capacity on climate change mitigation, adaptation, impact reduction and early warning.

Participate in initiatives involving different kinds of stakeholders, to promote awareness of climate change.

Coffee & Climate

2030: zero emission goal. The Lavazza Group's Roadmap to Zero

The climate challenges that have marked recent years are leading companies to take a leading role in the fight against climate change. As a global organisation, Lavazza is determined to contribute to the transition to a low-carbon economy; for this reason, as part of its Environmental Sustainability strategy, the Group is committed to becoming carbon neutral along the entire value chain by 2030.

Climate neutrality will be the result of a process of quantification, reduction and offsetting of CO₂ emissions between products, services and organisations. Lavazza's strategy sees as fundamental a path to mitigating and reducing product-related emissions and the offsetting of emissions that cannot be reduced, accelerating the global journey towards a climate-neutral future.

In 2020, Lavazza took up the "CEO Carbon Neutral Challenge" in response to the open letter published in November 2019 by Marco Bizzarri, Chairman and CEO of Gucci, inviting companies to prioritise reducing and offsetting greenhouse gas emissions.

It is for this reason that Lavazza has introduced the Roadmap to Zero: a gradual technical process that includes an analysis of the product's entire production and life cycle and CO₂ measurement and in which the final goal is the

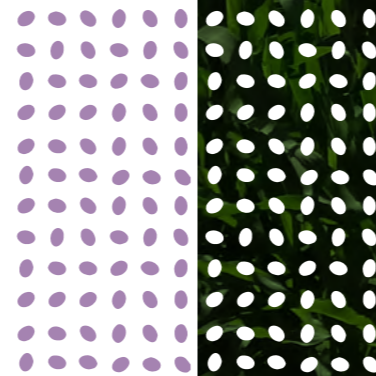
achievement of full emission neutrality through monitoring and quantification actions, impact reduction, raising efficiency, limitation and offsetting of residual emissions and emissions that cannot be reduced, both through insetting and offsetting actions³⁰.

In 2020, the Lavazza Group achieved an important first goal within its Roadmap to Zero by zeroing the CO₂ emissions generated by activities under the Company's direct control and coming from sources present internally to the organisation and which are its own and controlled by the organisation (Scope 1) and indirect emissions deriving from the generation of electricity, heat and steam purchased and consumed (Scope 2). In fact, since 2020 all the activities of the production plants, offices, flagship stores and company vehicles have achieved carbon neutrality.

By 2030, the Group aims to also offset indirect emissions throughout the supply chain, upstream and downstream its operations (Scope 3): from green coffee to packaging, from logistics to disposal.

³⁰ *Insetting: all investments in carbon emission reduction projects (measurable and certifiable) within the Company's production chain or associated communities, designed to create a positive impact on the environment, communities and natural resources.*

Offsetting: all investments in mitigation projects outside the Company system, using certified carbon credits recognised by the main international standards and climate agreements.





The gradual path towards the Group's Carbon Neutrality throughout the value chain consists of the following three main phases:

1. PLANNING AND MONITORING

The Lavazza Group monitors and reports in its Sustainability Report carbon dioxide emissions for the three categories defined in the GHG Protocol Corporate Standard: Scope 1, 2 and 3. Lavazza's Institutional Relations & Sustainability Department is responsible for measurements through scientific methodologies aligned with the GHG Protocol that take into account both direct operations and emissions produced along the value chain. This allows a detailed analysis and reporting of all direct and indirect emissions.

2. REDUCTION

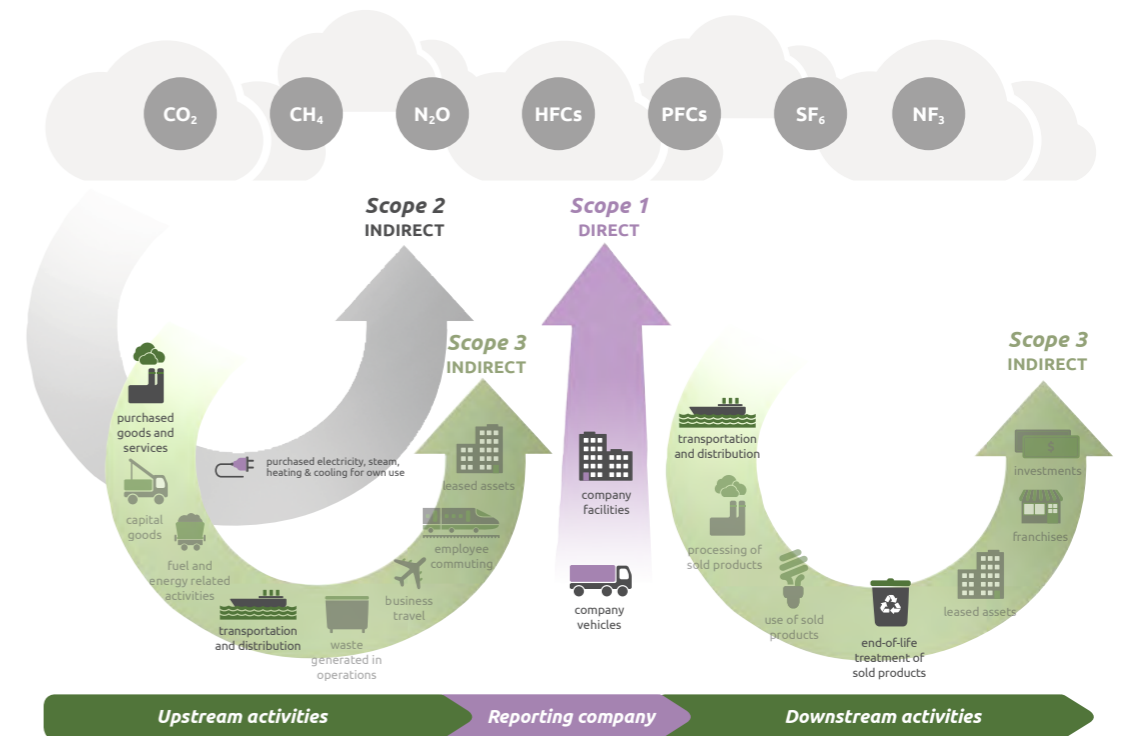
In order to minimise emissions, the Group is engaged in global programmes, including:

- energy efficiency plans and the use of renewable energy sources;
- development of a sustainable packaging roadmap, with the aim of improving recyclability and reducing the impact of all packaging used by the Lavazza Group;

- support for projects focused on sustainable farming practices and support for reforestation, thanks to the work of the Lavazza Foundation.

3. OFFSETTING

Working for a zero-carbon future, the Group is committed to offsetting its unavoidable residual carbon emissions in a way that can also improve the life of the most vulnerable communities around the world, restoring the ecosystems on which they rely for their livelihoods. Lavazza began its path to Carbon Neutrality in 2020 by offsetting the emissions under its direct control (Scope 1 and Scope 2). In fact, 2020 saw Lavazza take the first step to implementing its sustainability programme and achieve full emission neutrality for the Group's Offices and Production Plants. Scope 1 and Scope 2 emissions have been reduced since then and the remaining emissions have been offset through three carbon finance projects.



Source: Corporate Value Chain (Scope 3) Accounting and Reporting Standard - GHG Protocol

Scope 1, 2 and 3

- Scope 1:** emissions produced under the direct control of the organisation, namely:
- direct emissions from combustion of natural gas to generate thermal power used for heating and the manufacturing process;
 - fugitive emissions related to loss of refrigerant fluids used in some equipment (heat pumps, refrigeration and air conditioning systems);
 - direct emissions from the combustion of diesel oil used to fuel vehicles owned by the Company.

Scope 2: emissions from generation of purchased and consumed energy (electricity, steam and heat) by the Organisation.

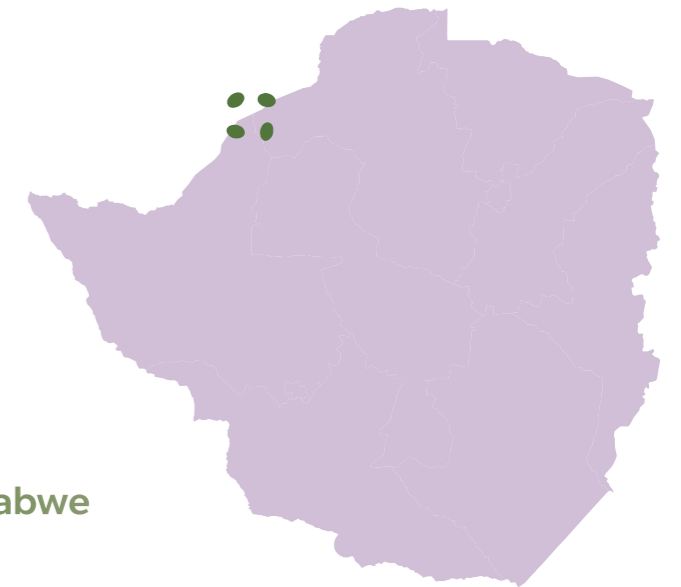
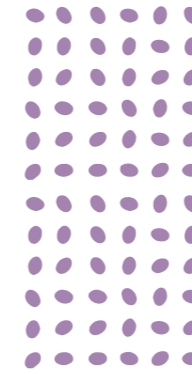
- Scope 3:** indirect emissions throughout the supply chain:
- emissions from the production of green coffee;
 - emissions from the production and disposal of raw materials packaging;
 - emissions from the consumption of water in the manufacturing plants and Headquarters;
 - emissions from the treatment of waste generated;
 - emissions from the distribution of finished products;
 - emissions from the disposal of coffee after consumption.

3 projects supported

Offsetting projects supported by the Lavazza Group

To offset its Scope 1 and 2 emissions, in 2020 the Lavazza Group chose to support 3 projects in line with the priority Global Goals. These projects have been developed in Zimbabwe, Uruguay

and Peru. In Peru, in the Madre de Dios Department, the Lavazza Foundation has supported a project aimed at protecting and conserving the Amazon forest for three years.



1. Kariba Forest Protection, Zimbabwe

Project Developer	Technology	Volumes
SouthPole	Forest conservation	20,000 t

In Zimbabwe, Lavazza supports the **Kariba Forest Protection** project which, since its launch in 2011, has protected about 785,000 hectares of forest from deforestation and soil degradation phenomena, avoiding the release of more than 3.5 million tonnes of CO₂ into the atmosphere every year. The project, which covers the southern shores of Lake Kariba, on the border with Zambia, is one of the largest REDD+ projects in terms of area: a **corridor of biodiversity** able to connect four nature parks and eight safari reserves, shelter for several vulnerable and endangered species.

The project also supports a whole range of other initiatives that go beyond environmental protection, aimed at promoting the independence and wellbeing of the communities involved. The investments are aimed at enhancing healthcare, infrastructures, education and agriculture. In particular, in the last area, the activities focus on conservation agriculture, community gardens, training of beekeepers, fire management and ecotourism, which generates positive effects for the whole region. The SDGs on which the focus has been placed included:



784,987 hectares of forest protected



18 community gardens are increasing food safety



3,740,000 tCO₂eq mitigated every year on average from the start of the project



37,000 people have access to fresh drinking water, thanks to the repair of 147 wells

2. Guanáre Forest Restoration, Uruguay

Project Developer	Technology	Volumes
SouthPole	Reforestation	15,000 t

“Guanaré Forest Restoration” is the project supported by Lavazza in Uruguay. This is a plan for the reforestation and restoration of degraded pastures to improve soil quality and biodiversity and, at the same time, increase carbon sequestration. In addition, the project supports the creation of a sustainable timber industry, which will increase quality job opportunities and strengthen Uruguay’s rural economy. The SDGs on which the focus was placed included:



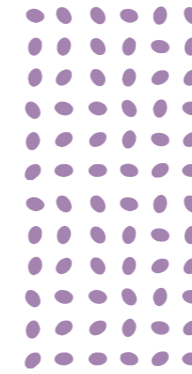
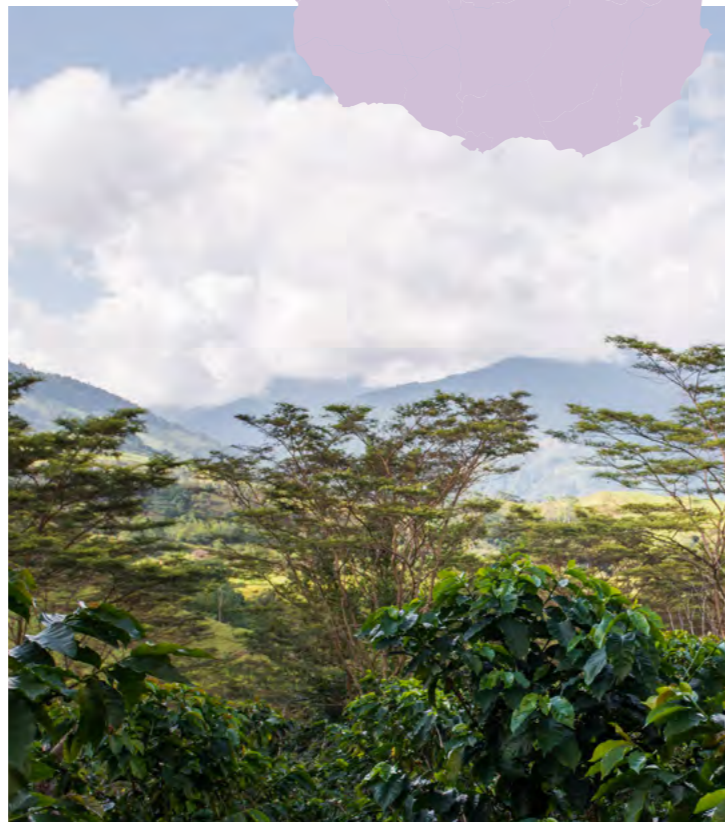
Job creation in the local soil management and timber harvesting



127,000 tCO₂eq less every year on average



Reforestation of 20,877 hectares of degraded land



3. Madre de Dios, Peru

Project Developer	Technology	Volumes
EcoAct	Forest Conservation	30,000 t

The construction of an interoceanic road near the ancient city of Machu Picchu, along the Vilcabamba-Amboró conservation corridor, connecting Brazil and Peru, is putting the tropical rainforest and one of the world’s leading biodiversity hotspots at serious risk. This project, verified according to VCS and CCBA standards, addresses the threat of displaced communities and illegal logging by increasing surveillance

in the area and establishing sustainable forest management practices. This prevents deforestation and saves the precious habitat on which endangered species and tribal communities are based. This is an all-round project that, in addition to reducing carbon emissions, will have positive impacts on local flora, fauna and communities. The SDGs on which the focus has been placed include:



100,000 hectares of Peruvian Amazon forest protected and 35 endangered species monitored



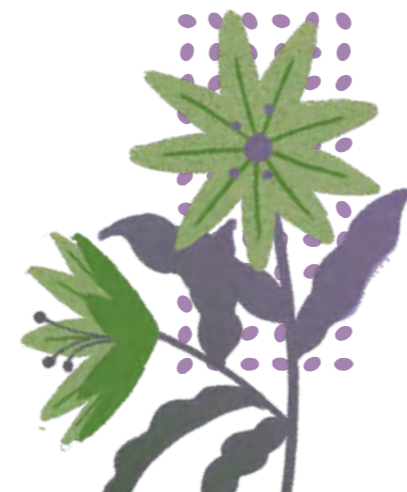
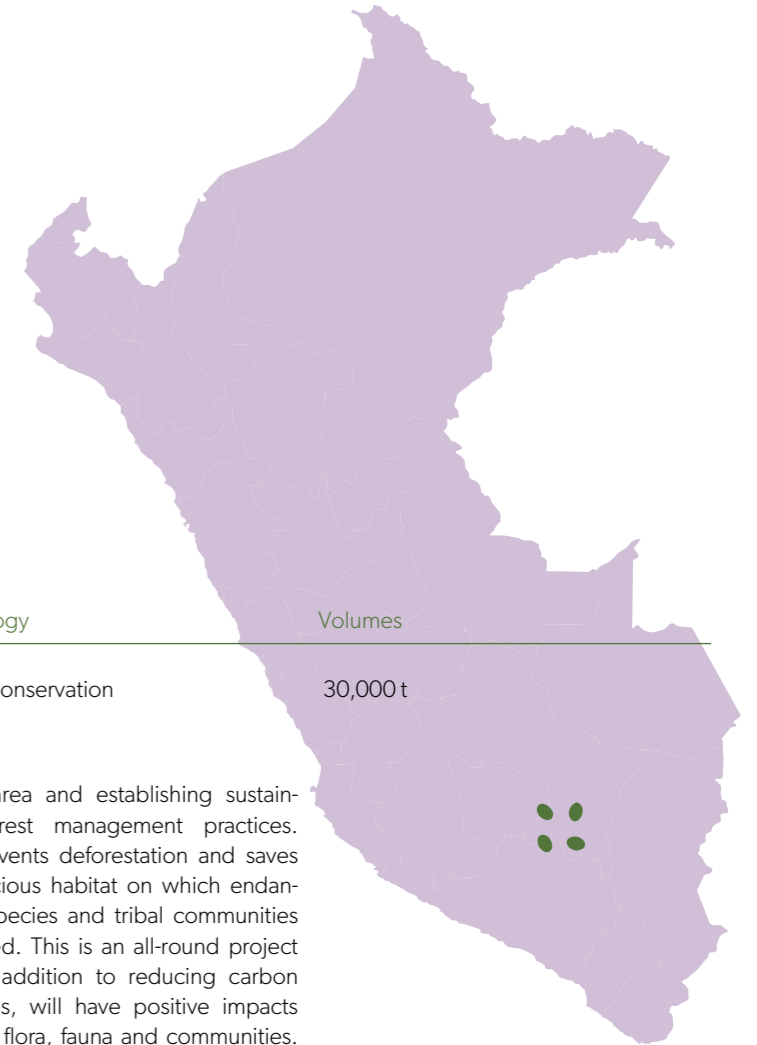
2 indigenous communities protected



25,072,135 tCO₂eq avoided within the project with an over 38-year duration



Creation of more than 470 jobs in order to protect the area and implement sustainable forest management practices. 100% of collaborators are from Peru and 70% of them are from the local area





Lavazza Group's environmental performance

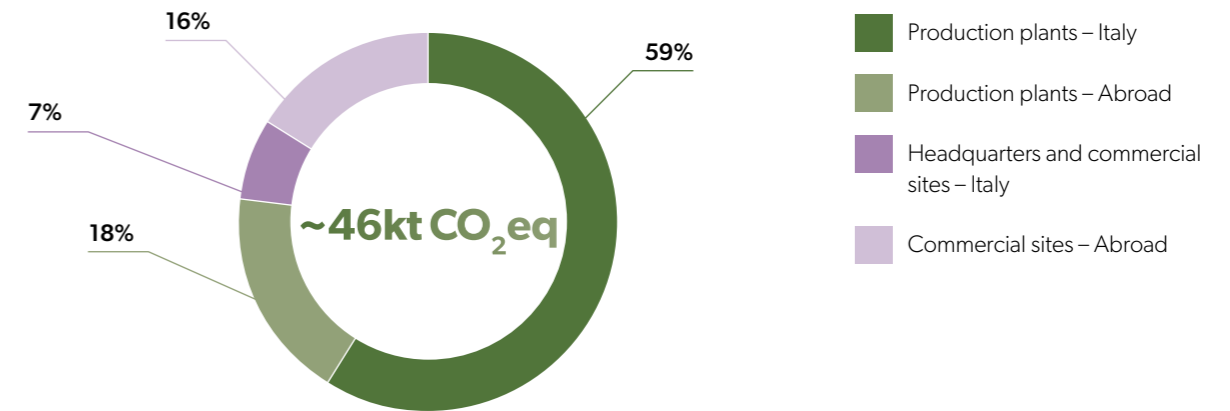
[GRI 305-1 | GRI 305-2 | GRI 305-3]

³⁰ The Carbon Footprint is 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.

³¹ For further details on heat consumption and diesel combustion, please refer to the chapter "Goal 12: Responsible Consumption and Production".

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 continuous improvement. It is according to this perspective, and the firm belief that a full engagement of all corporate structures is essential, that environmental sustainability criteria are gradually being integrated in the approach of evaluating products and initiatives, through both ongoing education and raising-awareness activities and the effective use of the results of the LCA (Life Cycle Assessment) analyses conducted.

Over the years, the results of this engagement include positioning environmental sustainability among the top priorities for our stakeholders and the ever-growing number of initiatives and projects that focus on reducing the impacts of processes or products (e.g., the sustainable packaging roadmap and the integration of Life Cycle Thinking in the environmental management system). To report and disclose the way that the various stages of the supply and production chain contribute to environmental impact, in this Report Lavazza has used the Carbon Footprint³⁰ indicator. Categories of emissions analysed are reported in the following paragraphs.



Scope 1 – Direct emissions

The process adopted to widen the reporting scope also included the monitoring and calculation of the emissions generated by the new recently acquired companies. In addition, in view of the commitment to neutralise the entire Group's Scope 1 and 2 emissions, provided for in the Roadmap to Zero, a further estimate has been made of the emissions of the commercial companies not included in the scope. The Fugitive Emissions class linked to leakage of refrigerants used in equipment has also been calculated within the direct emissions category. As a result of the actions described to widen the reporting scope, the estimate for the commercial subsidiaries not included in the scope and the expansion of Scope 1 activities, this category's emissions rose by about 30% compared to 2019. A 47% increase was reported compared to 2018.

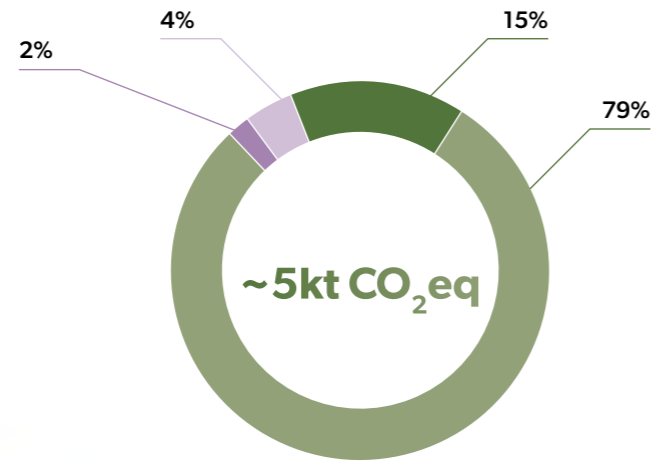
An analysis of the isoperimeter and of companies with the same activity (excluding the fugitive emissions) compared to 2019, on the other hand, leads to a more consistent evaluation of the category's consumption, which showed a 4% increase due to a number of process changes and the trend in climate conditions recorded in the areas where the Company's individual organisational units are located. The graph above gives a breakdown of direct emissions for the Group by Italian and foreign production plants and commercial offices. The category's greatest impact is represented by Italian production plant consumption, linked to process heat consumption, proportional to the quantities of processed coffee and the main source of emission, followed by company car fleet diesel combustion³¹.

Scope 2 – Indirect emissions

As a result of the actions described for Scope 1 direct emissions, namely the expansion of the reporting scope and the estimated emissions of subsidiaries not included in the scope, this category has also seen a rise in the absolute contribution of the impacts compared to the 1.6 kt of 2019 and 2.1 kt in 2018. An isoperimetric analysis compared to 2019, on the other hand, provides a more consistent view of the consumption and hence of the effect of the

efficiency actions implemented, showing a saving of about 10% for the category's emissions. The graph below hence shows the absolute value of the Group's indirect emissions in which it is possible to identify the percentage contributions by type of entity considered. The category's main impact is represented by the consumption of foreign production plants, the effect of which is linked to the use of a grid energy source.

- Production plants – Italy
- Production plants – Abroad
- Headquarters and commercial sites – Italy
- Commercial sites – Abroad



Sustainable mobility

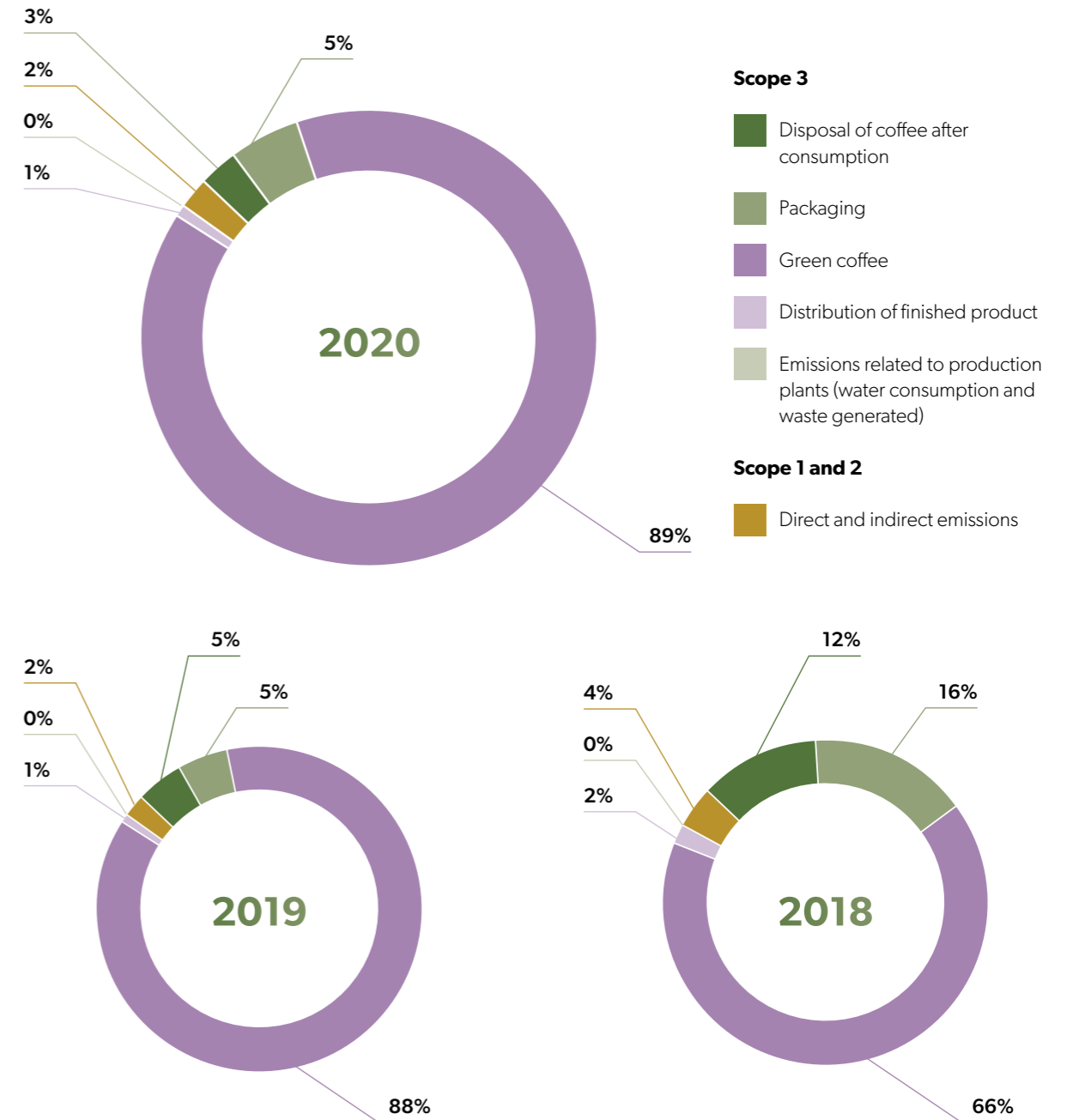
In 2020, despite the fact that Covid-19 made it impossible to continue the company's Carpooling initiative, Lavazza continued its commitment to promoting sustainable mobility for its people. In fact, 2020 saw the start of a project in the HQ to gradually replace the entire company car fleet, whereby only hybrid cars will be offered by 2025.

Distribution of Scope 1, Scope 2 and Scope 3 GHG emissions

Although it is not perfectly comparable as the reporting scope has changed over the years, the graph summing up the percentage breakdown of total GHG emissions shows a similar distribution between the impacts of the categories in question for 2019-2020.

The prevalence in terms of percentage contribution of the impact of green coffee production is attributable to the adoption of new international standards and guidelines³³. The end-of-life modelling for post-use waste coffee has been improved to bring it closer to the actual degradation of the coffee contained in the capsules and bulk containers.

³³ Including, but not limited to: PCR 2018: 03 Espresso Coffee12, PCR 2019:08 Moka coffee



- Scope 3**
 - Disposal of coffee after consumption
 - Packaging
 - Green coffee
 - Distribution of finished product
 - Emissions related to production plants (water consumption and waste generated)
- Scope 1 and 2**
 - Direct and indirect emissions

Research and projects to fight climate change

Coffee&Climate: the importance of adapting

800
teachers trained

+90,000
small coffee
producers who
participated in the
training courses

4
regions
involved

In order to respond to the need to mitigate the effects of climate change in the field, Lavazza has been a part of the Coffee&Climate (C&C) initiative since 2010 and is one of its founding members. This project is based on a precompetitive partnership between several companies in the coffee industry, including both traders and roasters, with the active involvement of agronomists, trainers and small-scale coffee producers.

C&C has set itself a number of different goals: to study how climate change is affecting coffee productivity and quality; to test and put forward smart agriculture climate solutions that are easy for small-scale producers to apply in the field; to train small-scale producers in using these solutions and support them in their application.

There are different tried-and-tested smart agriculture climate solutions in use: from efficient irrigation techniques to better cover crops for keeping the soil at the right temperature, advice on how best to diversify agricultural production in the area, and which shade trees to use to protect the coffee.

C&C has also developed a toolbox, namely a platform containing the tried-and-tested solutions and tutorials on how to implement them, which is accessible to everyone and available in four languages (English, Portuguese, Spanish and Vietnamese).

From 2010 to today:

- 800 trainers trained on C&C solutions;
- +90,000 small producers participated in the training courses;
- 4 regions involved: Central America, Brazil, Tanzania, Vietnam.



World Coffee Research

Since 2018, Lavazza has been part of World Coffee Research, a non-profit organisation active in the field of collaborative research on agricultural systems. WCR is committed to ensuring the future of coffee starting from where it is grown: the seed of the coffee plant. Lavazza collaborates with WCR recognising the importance of innovation in coffee production, not only to promote better quality coffee, but also to make coffee cultivation a profitable and sustainable activity, which can meet a growing demand, whilst, at the same time, safeguarding natural resources.

Agricultural Research and Development activities have been an essential prerequisite for ensuring the economic sustainability of agriculture for over 150 years. Nonetheless, the coffee sector receives little investment compared to other crops. Growers with access to agricultural innovations, such as improved varieties, have far more chances of profiting from their crops. In fact, these varieties reduce the risk for growers, reinforcing productivity and resilience to climate change. The improved varieties also play a key role in reducing deforestation and, consequently, in

reducing greenhouse gas emissions as they change the way the land is worked. WCR promotes innovation in coffee growing practices in 11 producing countries, supporting them in modernising cultivation methods, conducting experiments on varieties, working on the professionalisation of nurseries and seed systems in order to improve in-cup quality and facilitate growers' access to more resilient and profitable varieties.





Working with WCR has been important for us.

Before this collaboration, we had no opportunity to test new varieties and cultivation techniques, essential for finding the best species to grow on our land and help increase coffee production and explore new possibilities for quality and taste. More than 80 growers came to visit the research lot on our farm, and many have begun to innovate their own plantations, taking our model as an example.

— Rafael Ulloa and Guadalupe Flores, Finca Los Armadillos, Atima, Santa Barbara, Honduras (agronomy partner CoHanducafé Foundation-EFICO)

Raphael and Guadalupe have an experimental batch on their farm — one on the 262 lots included in WCR's global network of experimental crops — where the growth of the improved varieties is examined under real conditions.



OUR COMMITMENT TO COFFEE-PRODUCING COUNTRIES

The Lavazza Foundation

created in

2004

2020 results

+130,000

beneficiaries

19

countries

31

projects

Covid-19 Emergency Fund

30,000

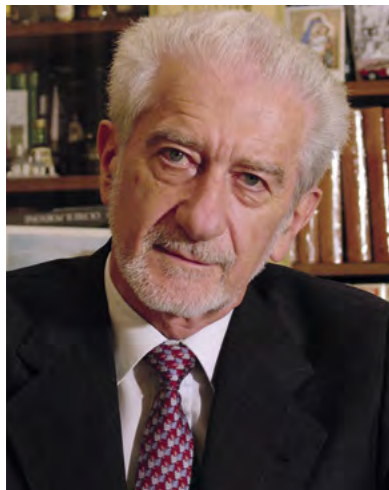
beneficiaries in 14 countries

18,000

safety devices distributed

2,400

training sessions on prevention



I was happy to receive some time ago the offer to chair the Board of the Lavazza Foundation. Over the years, I have appreciated how the Foundation has grown along with the development of projects, the raising of greater awareness and the highly dynamic integration with the Lavazza Group, of which we feel an integral part; not only because we have a direct financial support that allows us to operate, but above all because it places skills at our disposal that constitute an important source of direction and management expertise.

The Foundation has developed a great international identity by promoting collective initiatives that include a network of other important stakeholders engaged on economic, social and environmental issues in the coffee world. This means that we can operate on a large scale, accept challenging projects and give greater force and incisiveness to the actions implemented in the field, bringing results that it would not be possible to achieve alone.

The lines along which the initiatives are carried out reveal our long-term commitments to respecting the cultural and social environment in which we operate. The role of women is being promoted, with ever greater importance, in political and organisational contexts that tend to relegate women to the margins of social and working life; the same attention is also devoted to the role of the younger generations, who are less and less inclined to follow on in the jobs created over the years by their families.

The aim of the Foundation's projects is therefore to identify ways of improving work throughout the supply chain, increase the level of expertise by encouraging the training process and introducing, whenever appropriate, technological innovation to open up new possibilities for discussion and mutual exchange.

It is for all these reasons, combined with the appropriate level of analysis, that I believed and continue to believe in the validity of the fundamental idea that guided the Lavazza family in setting up the Foundation, for which I can see the concrete possibility of working towards new and challenging goals.

*Giovanni Zanetti
President, non-profit
Giuseppe and Pericle
Lavazza Foundation*



When it all began: the first beans that made history



Mario Cerutti, Secretary of the non-profit Giuseppe and Pericle Lavazza Foundation



How did the idea of the Foundation come about?

After the end of the International Coffee Agreement (ICA)³⁴, most of the coffee-producing countries implemented a number of structural reforms in the sector aimed at liberalising exports. However, these reforms were unable to tackle the increased volatility of international coffee prices, which accentuated during the Nineties as a result of the increase in cultivated land in countries such as Brazil and Vietnam, leading to excess supply not absorbed by demand. It was precisely during these years that the coffee market reached an all-time low of 45cent/lb causing widespread poverty that severely affected small producers. This led the producer companies to question what action could be taken to mitigate the situation and provide concrete aid to the coffee-growing communities. This is how the first idea arose in Lavazza of implementing economic and social sustainability projects aimed at providing direct support to the countries of origin, precisely to intervene in those years of great market crisis.



Is there a particular anecdote that links you to the Foundation?

³⁴ *International Coffee Agreement between the coffee-producing countries and the consumer countries. Signed for the first time in 1962, it aims to maintain the exporting countries' quotas and keep coffee prices high and stable on the market.*

http://www.ico.org/icohistory_e.asp

³⁵ <https://volcafespecialty.com/>

The idea for the first sustainability project came about one Sunday morning at the end of the Nineties in Bogotá in a small cloister in the historic centre whilst sipping a good espresso with Marcus Fisher, a Central American Production Manager of Volcafé³⁵, one of the world's leading exporters of green coffee.

On that occasion, the first sustainability project entirely conceived and developed by the Company — ¡Tierra! — was conceived. 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 of the project were small communities of *caficultores* in Peru, Honduras and Colombia.

Together with Volcafé, we came into contact with the local communities to understand what actions to take. This meant that the three projects, which were initially based on the same concept, then developed actually in a different way.

In Colombia, the local community in which we operated, La Esperanza, had requested the refurbishment of fifty dwellings which were rebuilt, renovated and equipped with septic tanks. Another important issue for the Colombian community was the optimal

treatment of coffee to make producers autonomous; thanks to effective drying facilities, the quality of the coffee produced improved.

In Honduras, in the Cusuco National Park, the first "buffer zones" were created to protect the forest from the impact of human and economic activities. In addition, the problems raised by the La Fortuna community led to the installation of a wastewater treatment plant and the construction of the coffee pulp processing plant for the production of organic fertiliser. A school was also constructed, creating the first important foundations for the concept of community and sharing of work.

In Peru, we created special facilities to resolve one of the biggest problems for the Yanasha community: the drying of coffee. In addition, the Peruvian community used to adopt a coffee processing technique that consumed an enormous quantity of water, and so new techniques were introduced to mitigate its use.

The great strength of the first projects was precisely the integrated vision and the partnership between companies operating within the same sector with a common purpose of improving the living conditions of communities through coffee.



What is the project closest to your heart and why?

One of the activities we implemented with the first projects and that I remember with great pleasure is the microcredit system in Honduras. In those areas, there were a lot of 'coyotes', as the farmers used to call the local intermediaries who lent money to producers who found themselves in great need, asking for very high interest rates and right of pre-emption on coffee purchases, thereby fixing prices. The lack of capital, the need to sell the harvest immediately and the precarious living conditions forced small producers to accept the conditions imposed by the coyotes,

since direct access to the market was impossible for them. It was therefore decided to contact a microcredit expert who worked for the then GTZ, now the GIZ, a development cooperation agency of the German government. With its support, we created two small community credit facilities: the "banco rural de la familia" and the "banco de la producción" which were intended, respectively, to finance coffee production and daily needs such as healthcare and education. This meant that producers no longer had to rely on the coyotes and could go operate independently.

2004: birth of the non-profit Giuseppe and Pericle Lavazza Foundation

[GRI 102-12]

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.

Professor Giacomo Büchi

“The Foundation acts as a catalyst and a stimulus for all Luigi Lavazza S.p.A.'s functions and processes, in order to give sustainability, in all its forms, an ever more central role within the Company's short and long-term competitive strategies.

Professor Arnaldo Bagnasco

“The constant drive to seek new territories and fields for commitment has been supported by the Lavazza Group's deep-rooted adherence to the idea of an economic activity aware of its social impact.

With this in mind, the Foundation, thanks to its specific profile of institutional tasks, appears to be “a branch of the same tree”, sure of its autonomy and ability to explore, motivated by one precise principle: economy and society must grow together.

Giuseppe Lavazza

“In this particular historical moment, it is essential, as never before, to put People at the centre; emphasising the value and ethical aspect of the person is an important step to take both as a Company and as a Foundation.

Antonella Lavazza

“The Company's history with its values and the Foundation have become a single and coherent entity both with regard to the external world and the way we present ourselves, but also and above all internally, when steering the daily actions, projects and initiatives. What has been achieved so far, however, cannot be considered to be a point of arrival, but only the last of the many steps that we will have to take along the path of continuous improvement!





Coffee growers at the heart of the projects

³⁶<https://www.coffee-partners.org/coffee-production-with-a-womans-touch/>

³⁷<https://www.comunicaffe.it/el-gigante-lavazza-farmer-guatemala/>

The small coffee growers, men and women, are the main stakeholders in the Foundation's projects: they are those people who, with their dedicated work, make coffee one of the world's favourite beverages.

An important focus of the Foundation's work are the **young generations**: today the average age of a coffee grower is over 50; there is an alarming and growing gap between the growers who are ageing and the emerging generation,

which prefers to migrate to urban areas. These young people are not only potential coffee growers, but they also represent the next generation of leaders of rural communities to invest in.

Huge focus is also placed on **women**, who play a leading role in the work of the fields and in caring for the coffee — a role that is not adequately recognised. The Foundation funds projects to support their training and develop their leadership in the communities.



“The training activities have helped us and made us believe in our abilities. The men can no longer say that we cannot understand the industry's dynamics. Only now do they accept that we are equal.”³⁶



When did you decide to become a farmer in El Gigante?

Actually, when I was born. From when I started to walk, my father took me to the plantation and started to teach me everything about coffee. When I was sixteen, I started a study, work and travel programme. Ten years and more than 20 countries later, I decided to return to Guatemala and become a farmer. My roots were in this sector and I have always helped even from a distance. I have always maintained my links with the land and local people. These are the reasons why I returned to what I love most: producing coffee.³⁷



The projects' activities

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

In addition, the Lavazza Foundation's projects 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 traditional coffee-growing techniques.



The project engine: the local partners

The projects are implemented thanks to the collaboration with NGOs, International Development Agencies, Local Entities and Traders that operate locally in the producing countries and work in close contact with the coffee-growing communities, supporting them in carrying out the projects. The Lavazza Group's Tool Goal, i.e., Goal 17 of the 2030 Agenda, is also the

mainstay for implementing the sustainability programmes of the Foundation, which firmly believes in the promotion of a collaborative system complemented by multilateral partnerships that mobilise and share knowledge, skills, technologies and resources to support the achievement of the sustainable development goals downstream.

³⁸ <https://www.coffee-partners.org/>

International Coffee Partners³⁸

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. Johannson Kaffe AS, Lavazza, AB Anders Löfberg, Neumann Kaffe Gruppe, Paulig Group, Tchibo, and Delta Cafés Group.

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

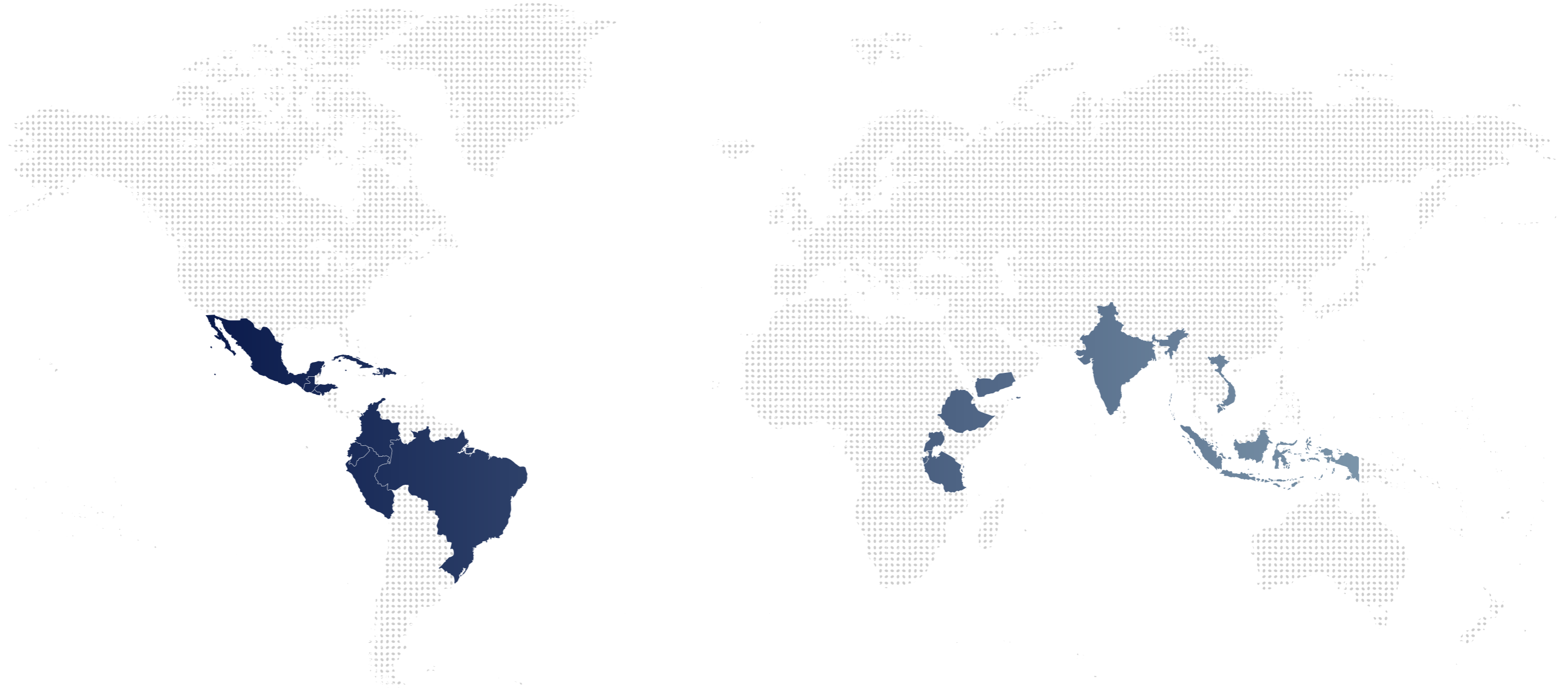
The projects are based on the PPP (public-private partnership) approach, and involve international organisations, NGOs and national institutions, as well as private entities.

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.

In ICP's 20 years of operation, its projects have involved over 92,000 coffee-growing families in 13 countries around the world.



2020 results



+130,000
BENEFICIARIES

19
COUNTRIES

31
PROJECTS

Dominican Republic
Haiti
Cuba
Guatemala
El Salvador
Honduras
Colombia

Peru
Brazil
Mexico
Ecuador
Yemen
Uganda
Tanzania

Ethiopia
Burundi
Vietnam
India
Indonesia

The main focus areas of the projects

Coffee is the common thread that links all the Foundation's projects: in fact, the general goal is to support the coffee-growing communities in the production of a quality coffee, which is produced responsibly and represents an opportunity for them to prosper.

To achieve this goal, the Foundation focuses on four areas: access to agricultural technology, strengthening the role of women and young people and protecting the environment, with a particular focus on combating deforestation. This paragraph contains a description of these four focus areas, as well as examples of the projects underway.



Access to technology

Integrating technology into the sustainability projects is an important component for helping coffee-growers manage their daily activities in the field and improve their work efficiency. The timeframes required to integrate this component are long-term since most plantations are located in remote places, where it is not easy to obtain connectivity. The Foundation started the process of technological transformation in 2016 with the pilot project in Colombia, in the Meta department, implementing

sensors and weather stations in the fields and providing some coffee growers with functional apps to facilitate the management of plantation activities. The application of the technology was then extended into Brazil, focusing on actions to mitigate the effects of the climate crisis, reduce impacts and ensure responsible use of one of the planet's most precious resources — water. The project launched in the Minas Gerais region is illustrated in the following page.

BRAZIL

Efficient irrigation systems to help Brazilian coffee growers optimise water use

In 2020, with the main objective of optimising irrigation use for coffee cultivation, the Foundation launched a research and development project in collaboration with xFarm³⁹, an agri-technology provider and the University of São Paulo, specifically the Biosystem Engineering Department.

The pilot project featured a state-of-the-art farm, open to the use of new technologies and part of an important biodiversity context in Minas Gerais, a region located in the southeast of Brazil, which produces the greatest quantity of coffee amongst Brazil's coffee-growing areas. The crops are located amongst the central highlands of the Cerrado region, traversed by the Feio river, one of the country's main sources of water.

The purpose of the research activity launched is to identify the most suitable irrigation strategy in the coffee plantations and to measure water consumption per hectare compared with the conventional irrigation practices.

During the summer months, IoT (Internet of Things) field sensors were put in place: these are interconnected devices that can communicate via the Internet through a digital platform and a weather station. This makes it possible to implement comprehensive monitoring of the key environmental parameters to ensure effective agronomic strategies. Three different irrigation strategies have been applied in three areas of the plantation to assess the best approach: traditional irrigation; a mix between the standard method and the new strategy, trying to halve the quantity of water; and the new strategy with irrigation carried out only at the time and in the quantities indicated by the experimental equipment.

This innovative system, which is able to determine the plant's water stress, will advise the coffee grower when and how much to irrigate the soil. The finalisation of the model will lead to a 25% water saving and a reduction in the related energy costs. This would be a great achievement that would allow the model to be scaled up and offered to other coffee growers.

The responsible use of water resources is therefore part of a broader strategy to reduce the risks of over-exploitation of environmental resources in order to safeguard and protect them. The use of technology is a topic of great importance in the world of coffee, not only at industrial level, but above in the coffee producing countries to support growers in implementing efficient and sustainable agricultural practices over time.

³⁹ <https://xfarm.ag/pacchetti/>





The strengthening of the role of women and young people

How can we transform coffee into a profession, in the whole sector, so that it is worthy of the talent and aspirations of young people in the coffee-growing communities?

Economic growth is essential if coffee production is to be a legitimate career path: there will be no future workforce in coffee production unless an adequate income can be generated and economic stability created. Coffee production must allow a fair distribution of

resources amongst family members and ensure the promotion of new economic activities to incentivise ever broader professional development.

The commitment to the inclusion of the younger generations, the focus on the role of women and the development of associations are among the specific objectives of each project operating even in countries that are extremely fragile from the socio-political point of view.

Behind a simple cup there is a world that is unknown to many, full of charm: a world to be protected and supported.

YEMEN

“I Primi”: the project of “the first”

2020 saw the Lavazza Foundation support for the first time an important project in one of the world’s oldest coffee-producing countries, Yemen, whose land has been battered by a long conflict and marked by the most severe famine of the last 100 years. The war that has been raging in Yemen since 2015 is described by the United Nations as “the worst man-made humanitarian disaster”. In 2019 alone, there were more than 3,000 victims and 24 million people are currently dependent on humanitarian aid; 2 out of 3 people do not have access to healthcare and 3 million people have been forced to flee their homes⁴⁰.

Today, thousands of Yemeni families depend on coffee cultivation, despite all the difficulties due to the ongoing conflict and other issues such as the inefficiency of the means available and the damage caused by climate change.

The average coffee quality is therefore still not sufficient, although there are varieties distinguished by a rare precious quality and a centuries-old history. The Lavazza Foundation has launched a project in partnership with the Qima Foundation⁴¹, a non-profit organisation that works closely with the small coffee growers to achieve a positive and lasting change by supporting and improving their livelihoods.

The action areas are the governorates of Dhamar, Ibb and Raymah, and the beneficiaries are 1,500 small coffee producers, 60% of whom are women landowners.

The project took the name of “I Primi” or “the First”, as four important coffee-related activities were implemented for the first time in the country:

- the first national survey of coffee growers was carried out, which showed that coffee accounts for 50% of household income, with high average profit margins;
- the country’s first largest nursery has been designed, with a production capacity of 150,000 plants and where genetically verified plants can be planted thanks to coffee DNA detection technology;
- the first water basin with a capacity of 900 m³/h20 has been built, which will allow 214 growers to benefit from this precious resource;
- the first processing centre is under construction with an area of 2,500 m² and a production capacity of 150 Mt of coffee cherries. 1,500 growers will benefit from the centre and 50% of the staff at the facility will be women.

⁴⁰ <https://www.amnesty.it/querra-nello-yemen-made-in-europe/>

⁴¹ <https://qimafoundation.org/>

Protecting the environment

The Amazon forest fires and demonstrations in squares around the world triggered by environmental degradation, together with the Fridays for Future global strikes, brought to light the emerging climate crisis on the occasion of the 25th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC). At the heart of the crisis are small farmers who find themselves having to cope more and more with drought, floods and unpredictable climate changes causing the land to be abandoned and constant migration in search of a better life.

In 2020, the Foundation continued with its commitment to environmental issues to combat deforestation: one of the most urgent problems facing many coffee-producing countries. In particular, support continued for the project in the UNESCO-recognised Yayu Coffee Forest Biosphere Reserve, in Ethiopia, the main objective of which is to teach farmers about an alternative planting model: the “coffee gardens”. The project in Peru, for the preservation of the Amazon forest, and the project launched in Ecuador to protect the environment, where 40% of the area of the supported project is occupied by the Amazon forest, also continued.



⁴² <https://www.greenclimate.fund/>

⁴³ <https://www.thegef.org/>

⁴⁴ <https://www.climateandforests-fund.org/ecuador-puts-deforestation-free-and-sustainable-production-first>



ECUADOR

Deforestation-free coffee

With the aim of strengthening existing government initiatives to address deforestation in the Amazon basin, the Ecuador government uses funds allocated by the Green Climate Fund (GCF)⁴² and the Global Environment Facility (GEF)⁴³.

In fact, the GEF has provided funds for the creation of deforestation-free agricultural chains, which also include coffee in the various commodities covered by the project. This coffee is grown in 23 of the country's provinces adjacent to the Amazon forest.

The aim of the project is to incentivise the production of sustainable coffee, both in the environmental and social fields, generating a better distribution of benefits amongst the different stakeholders in the supply chain.

To this end, the Ministry of the Environment and Water (MAAE), the Ministry of Agriculture and Livestock (MAG) of Ecuador and the United Nations Development Programme (UNDP) have formed a strategic alliance through an initiative that allows the foundations to be laid for the promotion of deforestation-free coffee, in order to improve growers' incomes by increasing coffee quality and productivity. The Lavazza Foundation also supports this project in Ecuador, where it promotes sustainable coffee production, both from an environmental and social standpoint. At the end of 2019, a Letter of Intent was signed in Quito between MAAE, MAG, UNDP and Lavazza to work together on a definition of “deforestation-free coffee” and the implications that this definition entails. This is a key step towards sustainable production in the coffee sector, in line with the sustainable development goals and the Paris Climate Agreement.⁴⁴

Lavazza was the only coffee roaster involved in supporting this important initiative. The role of Lavazza and the Foundation is aimed at defining a deforestation-free coffee and supporting the country in producing high-quality coffee.



2020: the Foundation's response to the Covid-19 emergency in the coffee-producing countries

⁴⁵ *Fondazione Italia Uganda*
<https://www.italiouganda.org/>

⁴⁶ *Seeds for Progress Foundation*
<https://www.seedsforprogress.org/?lang=en>

⁴⁷ <https://www.olamgroup.com/news/all-news/news-bites/a-good-blend-coffee-companies-join-hands-to-provide-farmers.html>

The pandemic has had a severe impact on coffee-growing countries. The Lavazza Foundation decided to allocate a Covid-19 Emergency Fund to support coffee-producing communities in four main areas: food safety, health protection, education support and income support. During the early stages of the emergency, the beneficiary entities not only helped to distribute healthcare aids, such as sanitisers and face masks, but also supported farmers in training aimed at transferring good hygiene and health practices to protect their health. The dialogue with third-sector organisations revealed the urgent need for action, both in urban and the more remote rural areas. Entities with which the Foundation has been collaborating for years, as well as new organisations, have been supported. The Covid-19

Emergency Fund has been distributed to 16 bodies in 14 countries for over 30,000 direct beneficiaries.

The allocation of food resources specifically saw the distribution of more than 80,000 meals and the implementation of 400 vegetable gardens alongside coffee plantations. 70,000 face masks have been distributed as protective equipment, half of which produced locally by women and young people. The emergency measures have also seen the distribution of 18,000 safety devices including sanitisers and hand-washing stations. In addition, 2,400 training sessions on prevention have been organised accompanied by the distribution of awareness-raising material. Moreover, this initiative allowed 52 young people to be supported with scholarships and 6 teaching posts to be maintained.

Covid-19 Emergency Fund

+30,000
direct beneficiaries

80,000
meals

400
vegetable gardens
implemented alongside
coffee plantations

52 young people
supported with
scholarships

70,000
face masks

18,000
safety devices
(sanitisers and
hand-washing stations)

2,400
training sessions
on prevention

Uganda intervention, Shanty Town in Kampala⁴⁵

Distribution of food packs to 2,400 households.



“ These food packs are the best thing that has happened to us at this difficult moment.

— N.J.

Nicaragua intervention⁴⁶

Distribution of safety devices to 21 hospitals in the rural areas of Jinotega, Nueva Segovia and Matagalpa.

Indonesia intervention⁴⁷

Lampung, North Sumatra, East Java, Sulawesi: distribution of personal safety kits and food packs to 4,000 coffee growers.

“ The food packs and safety devices are an enormous help for surviving the pandemic.

— A coffee grower in the Village of Menanga Jaya in Banji

Stories from the field

Guatemala Project – Verdad Y Vida



My name is Elvira Mó Salam, I am Maya Poq'omchi', I was born and I live in the community of San Lucas Chiacal, San Cristóbal Verapaz, Alta Verapaz (Guatemala). I am 40 years old, am married and have three children aged 21, 16 and 9. I belong to the Chi' Ak'Al women's group of San Lucas Chiacal.

When I began to take part in the project supported by the Lavazza Foundation and Verdad y Vida, I worked hard to learn everything they taught us, I really wanted to excel.

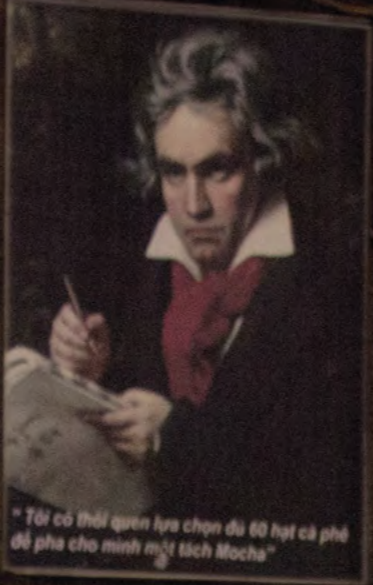
During the first training sessions, aimed at improving coffee quality, talking to my husband about the new production possibilities, he encouraged me to start a project on my own and gave me 1,600 square metres of land to manage that had nothing planted but weeds and brambles.

I started to plant the first 500 coffee plants (Sarchimor and Paraidema varieties) 3 years ago. Today, I can see the results of my efforts. I got about 60 pounds of coffee from the first harvest, which I later brought to be pulped and dried. I currently keep track of how much I harvest and how much I sell, very important data that help me plan the maintenance of future crops.

The training groups have also been useful in learning techniques for diversifying production: I started growing multiple vegetables that I market and sell. I'm teaching my children to make the most of the resources we have so that we can all move forward with dignity, now I also have the opportunity to support them directly in their development.

I am very grateful for the support I have received from the project and I hope that the other women producers will benefit from training in the field and achieve their goals.





"Tôi có thói quen lựa chọn đủ 60 hạt cà phê để pha cho mình một tách Mocha"



GRI Content Index

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	REFERENCE OR DESCRIPTION
GRI 102: General Disclosures 2016	
102-1: Name of the organization	See the Methodological Note
102-2: Activities, brands, products, and services	Below is a list of the brands under the management of the Lavazza Group in Italy and in the countries included in the extended reporting scope of the Sustainability Report 2020. <i>Single Serve</i> <ul style="list-style-type: none"> • Lavazza • Carte Noire <i>Food Service</i> <ul style="list-style-type: none"> • Lavazza • Carte Noire • Merrild • Senseo <i>Roast & Ground</i> <ul style="list-style-type: none"> • Lavazza • Merrild • Kicking Horse There are no Lavazza products and/or services banned in some markets/countries.
102-3: Location of headquarters	See the Methodological Note
102-4: Location of operations	See the Methodological Note
102-5: Ownership and legal form	See the Methodological Note
102-6: Markets served	See the Methodological Note
102-7: Scale of the organization	See the Methodological Note
102-8: Information on employees and other workers	See paragraph "Lavazza people: key figures" in chapter: "Goal 5: Gender Equality"
102-9: Supply chain	See paragraph "Responsible supply chain: on the suppliers' side to protect human rights" in chapter "Goal 8: Decent Work and Economic Growth"
102-10: Significant changes to the organization and its supply chain	See the Methodological Note

102-11: Precautionary Principle or approach	See paragraph "Responsible business management" in chapter "Goal 8: Decent Work and Economic Growth"
102-12: External initiatives	See the Methodological Note and chapter "Our commitment to coffee-producing countries: the Lavazza Foundation"
102-13: Membership of associations	See paragraph "Stakeholder Engagement and Materiality Analysis"
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 paragraph "Responsible business management" in chapter "Goal 8: Decent Work and Economic Growth"
102-18: Governance structure	See paragraph "Responsible business management" in chapter "Goal 8: Decent Work and Economic Growth"
102-40: List of stakeholder groups	See paragraph "Stakeholder Engagement and Materiality Analysis"
102-41: Collective bargaining agreements	About 50% of employees under collective labour contracts
102-42: Identifying and selecting stakeholders	See paragraph "Stakeholder Engagement and Materiality Analysis"
102-43: Approach to stakeholder engagement	See paragraph "Stakeholder Engagement and Materiality Analysis"
102-44: Key topics and concerns raised	See paragraph "Stakeholder Engagement and Materiality Analysis"
102-45: Entities included in the consolidated financial statements	See the Methodological Note (section "Reporting scope and period")
102-46: Defining report content and topic Boundaries	See paragraph "Stakeholder Engagement and Materiality Analysis"
102-47: List of material topics	See paragraph "Stakeholder Engagement and Materiality Analysis"
102-48: Restatements of information	There are no changes/restatements compared to the 2019 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 2019
102-52: Reporting cycle	See the Methodological Note (section "Document objectives and reference standards")
102-53: Contact point for questions regarding the report	sustainabilitylavazza@lavazza.com
102-54: Claims of reporting in accordance with the GRI Standards	See the Methodological Note (section "Document objectives and reference standards")
102-55: GRI content index	Reference should be made to this table
102-56: External assurance	See paragraph "Stakeholder Engagement and Materiality Analysis" (section "Assurance process")
GRI 103: Management approach 2016	
103-1: Explanation of the material topic and its Boundary	See the information given in the chapters of this document
103-2: The management approach and its components	See the information given in the chapters of this document
103-3: Evaluation of the management approach	See the information given in the chapters of this document

SPECIFIC STANDARDS	REFERENCE OR DESCRIPTION
GRI 200: ECONOMIC TOPICS	
GRI 201: Economic performance 2016	
201-1: Direct economic value generated and distributed	See paragraph "Direct economic value generated and distributed" in chapter "Goal 8: Decent Work and Economic Growth"
GRI 205: Anti-corruption 2016	
205-2: Communication and training about anti-corruption policies	See paragraph "Business Ethics and Compliance" in chapter "Goal 8: Decent Work and Economic Growth"
GRI 207: Tax 2019	
207-1: Approach to tax	See paragraph "Lavazza's approach to taxation" in chapter "Goal 8: Decent Work and Economic Growth"
207-3: Stakeholder engagement and management of concerns related to tax	See paragraph "Lavazza's approach to taxation" in chapter "Goal 8: Decent Work and Economic Growth"
GRI 300: ENVIRONMENTAL TOPICS	
GRI 301: Materials 2016	
301-1: Materials used by weight or volume	See paragraph "Research and Innovation: a commitment that Covid-19 has not stopped" in chapter "Goal 12: Responsible Consumption and Production"
GRI 302: Energy 2016	
302-1: Energy consumption within the organization	See paragraph "Environmental performance and natural resource management" in chapter "Goal 12: Responsible Consumption and Production"
302-3: Energy intensity	See paragraph "Environmental performance and natural resource management" in chapter "Goal 12: Responsible Consumption and Production"
GRI 303: Water and effluents 2018	
303-3 Water withdrawal	See paragraph "Environmental performance and natural resource management" in chapter "Goal 12: Responsible Consumption and Production"
303-4: Water discharge	See paragraph "Environmental performance and natural resource management" in chapter "Goal 12: Responsible Consumption and Production"
GRI 305: Emissions 2016	
305-1: Direct (Scope 1) GHG Emissions	See paragraph "2030: zero emission goal" The Lavazza Group's Roadmap to Zero" in chapter "Goal 13: Climate Action"
305-2: Energy indirect (Scope 2) GHG emissions	See paragraph "2030: zero emission goal" The Lavazza Group's Roadmap to Zero" in chapter "Goal 13: Climate Action"
305-3: Other indirect (Scope 3) GHG emissions	See paragraph "2030: zero emission goal" The Lavazza Group's Roadmap to Zero" in chapter "Goal 13: Climate Action"
GRI 306: Waste 2020	
306-4: Waste diverted from disposal	See paragraph "Environmental performance and natural resource management" in chapter "Goal 12: Responsible Consumption and Production"
306-5: Waste directed to disposal	See paragraph "Environmental performance and natural resource management" in chapter "Goal 12: Responsible Consumption and Production"
GRI 400: SOCIAL TOPICS	
GRI 401: Employment 2016	
401-1: New employee hires and employee turnover	See paragraph "Lavazza people: key figures" in chapter "Goal 5: Gender Equality"
401-3: Parental leave	See paragraph "Lavazza people: key figures" in chapter "Goal 5: Gender Equality"

GRI 403: Occupational health and safety	
403-9: Work-related injuries	See paragraph "Employee Health and Safety: how Lavazza has tackled the Covid-19 emergency" in chapter "Goal 8: Decent Work and Economic Growth"
GRI 404: Training and education 2016	
404-1: Average hours of training per year per employee	See paragraph "Lavazza's commitment to developing and training its people" in chapter "Goal 5: Gender Equality"
404-3: Percentage of employees receiving regular performance and career development reviews	See paragraph "Lavazza's commitment to developing and training its people" in chapter "Goal 5: Gender Equality"
GRI 405: Diversity and equal opportunity 2016	
405-1: Diversity of governance bodies and employees	See paragraph "Lavazza people: key figures" in chapter "Goal 5: Gender Equality"
405-2: Ratio of basic salary and remuneration of women to men	See paragraph "Lavazza people: key figures" in chapter "Goal 5: Gender Equality"
GRI 412: Human rights assessment	
412-2: Employee training on human rights policies or procedures	See paragraph "Responsible supply chain: on the suppliers' side to protect human rights" in chapter "Goal 8: Decent Work and Economic Growth"
GRI 413: Local communities 2016	
413-1: Operations with local community engagement, impact assessments and development programs	See paragraph "Lavazza's commitment to local communities and the younger generation" in chapter "Goal 8: Decent Work and Economic Growth"



Independent auditor's report on the limited assurance engagement of the Sustainability Report 2020

To the Board of Directors of Luigi Lavazza SpA

We have been engaged to undertake a limited assurance engagement on the Sustainability Report (hereinafter the "Report") of Lavazza (hereinafter the "Company") for the year ended 31 December 2020. Lavazza identifies, only for Sustainability Report 2020 purposes, the following companies: Luigi Lavazza SpA, Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Premium Coffees Corp, Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, Lavazza France Sas, Fresh and Honest Café Ltd, Kicking Horse Co Ltd, Lavazza Professional North America Inc, Lavazza Professional UK Ltd, Lavazza Professional Germany GmbH and Lavazza Professional France Sas.

Responsibilities of the Directors for the Sustainability Report

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

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

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

Auditor's Independence and Quality Control

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

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

PricewaterhouseCoopers Business Services Srl

Società a responsabilità limitata a socio unico
Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 725091 Cap. Soc. Euro 100.000,00 i.v. - C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 06234620968 - Altri Uffici: **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640311 Fax 080 5640349 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Acosta 28 Tel. 030 3697501 - **Cagliari** 09125 Viale Diaz 29 Tel. 070 6848774 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 Fax 055 2482899 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873431 Fax 049 8734399 | **Rubano** 35030 Via Belle Putte 36 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 6256343 Fax 091 7829221 | **90139** Via Roma 457 Tel. 091 6752111 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 Fax 0521 781844 - **Pescara** 65127 Piazza Ettore Troilo 8 - **Roma** 00154 Largo Fochetti 29 Tel. 06 6920731 Fax 06 69207330 - **Torino** 10122 Corso Palestro 10 Tel. 011 5773211 Fax 011 5773299 - **Trento** 38121 Viale della Costituzione 33 Tel. 0461 237004 Fax 0461 239077 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 315711 Fax 0422 315798 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 Fax 040 364737 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001

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

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

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

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

In detail, we performed the following procedures:

- 1) we analysed the process of definition of the material topics reported on in the Report, with reference to the method of their identification in terms of priority for the various categories of stakeholders and to the internal validation of the results of the process;
- 2) we compared the financial information reported in the paragraph "Operating and Financial Performance of the Lavazza Group" and in the paragraph "Direct economic value generated and distributed" of the Report with those included in the Group's consolidated financial statements as of 31 December 2020 on which other auditors issued an audit opinion, in accordance with article 14 of legislative decree n° 39 of 27 January 2010, on 14 April 2021;
- 3) We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Report.

In detail, we inquired of and discussed with Top Management of Luigi Lavazza SpA, Luigi Lavazza Deutschland GmbH, Lavazza Kaffee GmbH, Lavazza Coffee UK Ltd, Lavazza Sweden AB, Merrild Kaffe ApS, Lavazza Premium Coffees Corp, Lavazza Australia Pty Ltd, Carte Noire Sas, Carte Noire Operations Sas, Lavazza France Sas, Fresh and Honest Café Ltd, Kicking Horse Co Ltd, Lavazza Professional North America Inc, Lavazza Professional UK Ltd, Lavazza Professional Germany GmbH and Lavazza Professional France Sas and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Report.

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

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



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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that Lavazza Sustainability Report as of 31 December 2020 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the "Methodological Note" section of the Report.

Turin, 22 July 2021

PricewaterhouseCoopers Business Services Srl

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 2020 translation.



LUIGI LAVAZZA S.P.A.

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Hanns R. Neumann Stiftung (HRNS),
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Steve Mc Curry, Denis Rouvre

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