



SUSTAINABILITY UPDATE 2020

Final Year of our 'Toward 2020' Strategy

LAVAZZA
PROFESSIONAL

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2020 was a year full of uncertainty, sadness, and challenges, yet it was also a year of hope and pride as communities came together for the benefit of all. This sense of hope and pride has helped us, at Lavazza Professional, to navigate such a demanding year and continue to take positive steps on our sustainability journey. I'm proud to share with you, highlights of the wonderful work that has been completed by our global associates during 2020 and over the 5 years of our sustainability strategy.



Richard Bond
Senior Sustainability
Manager

Corporate Structure



7

Countries where
Lavazza Pro
is present



726

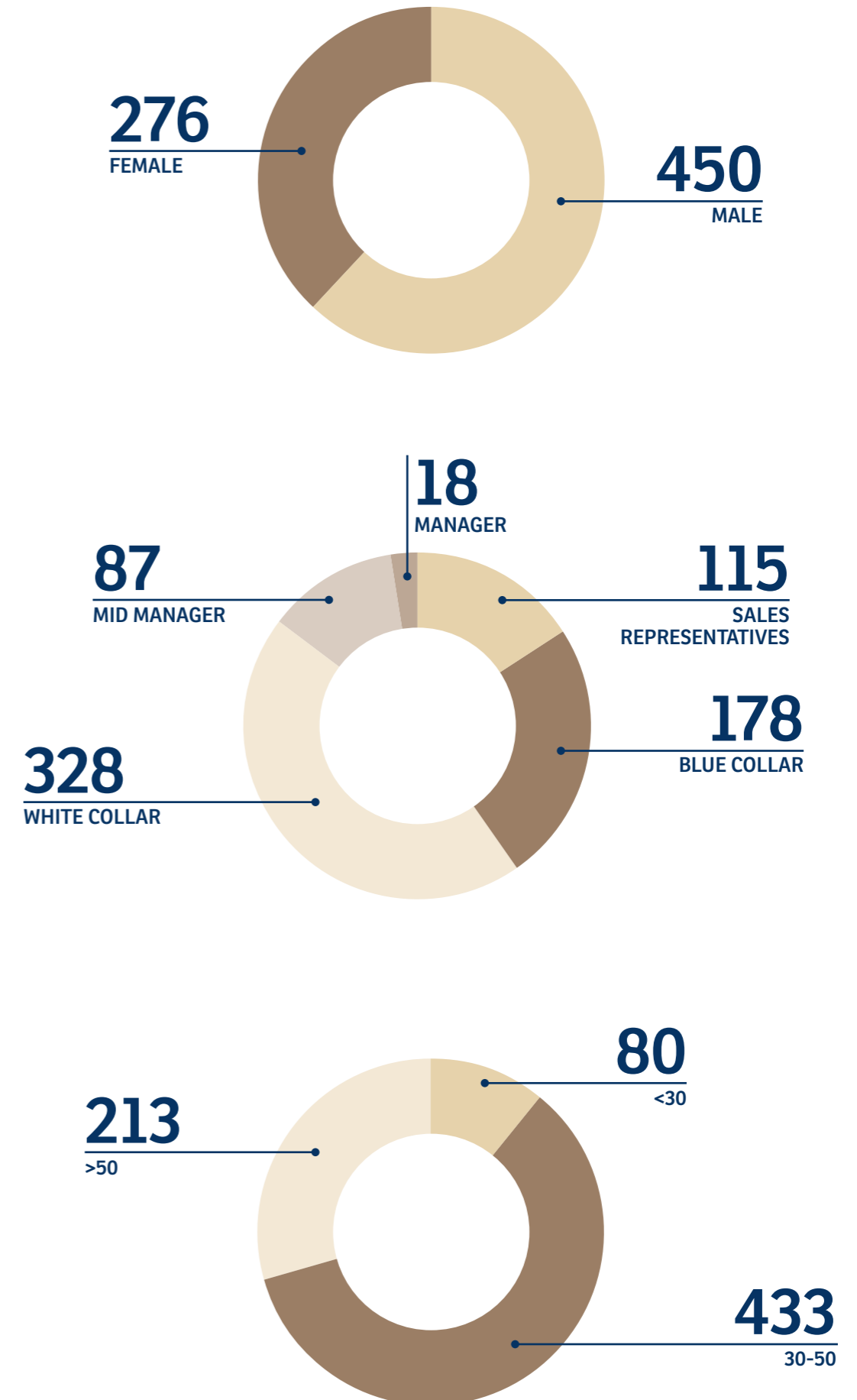
Associates around
the world



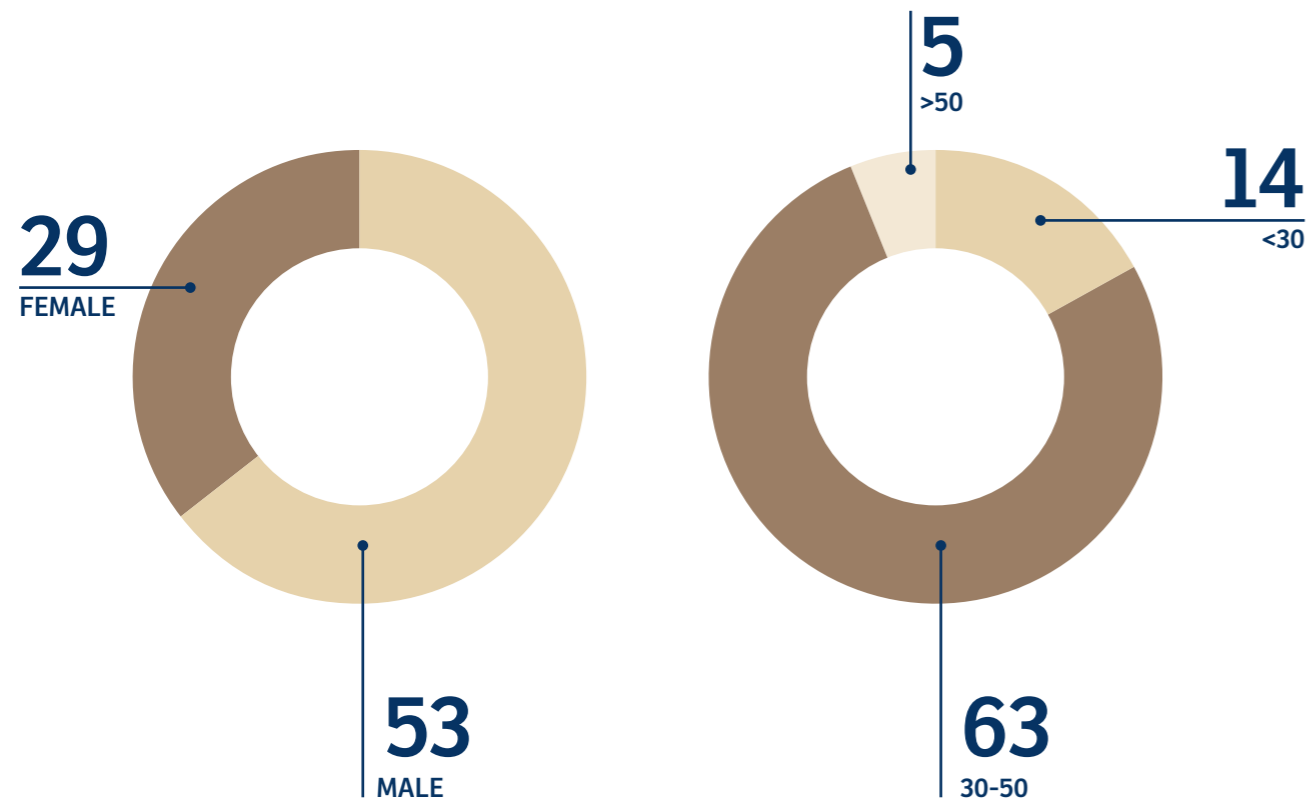
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Global
manufacturing
sites

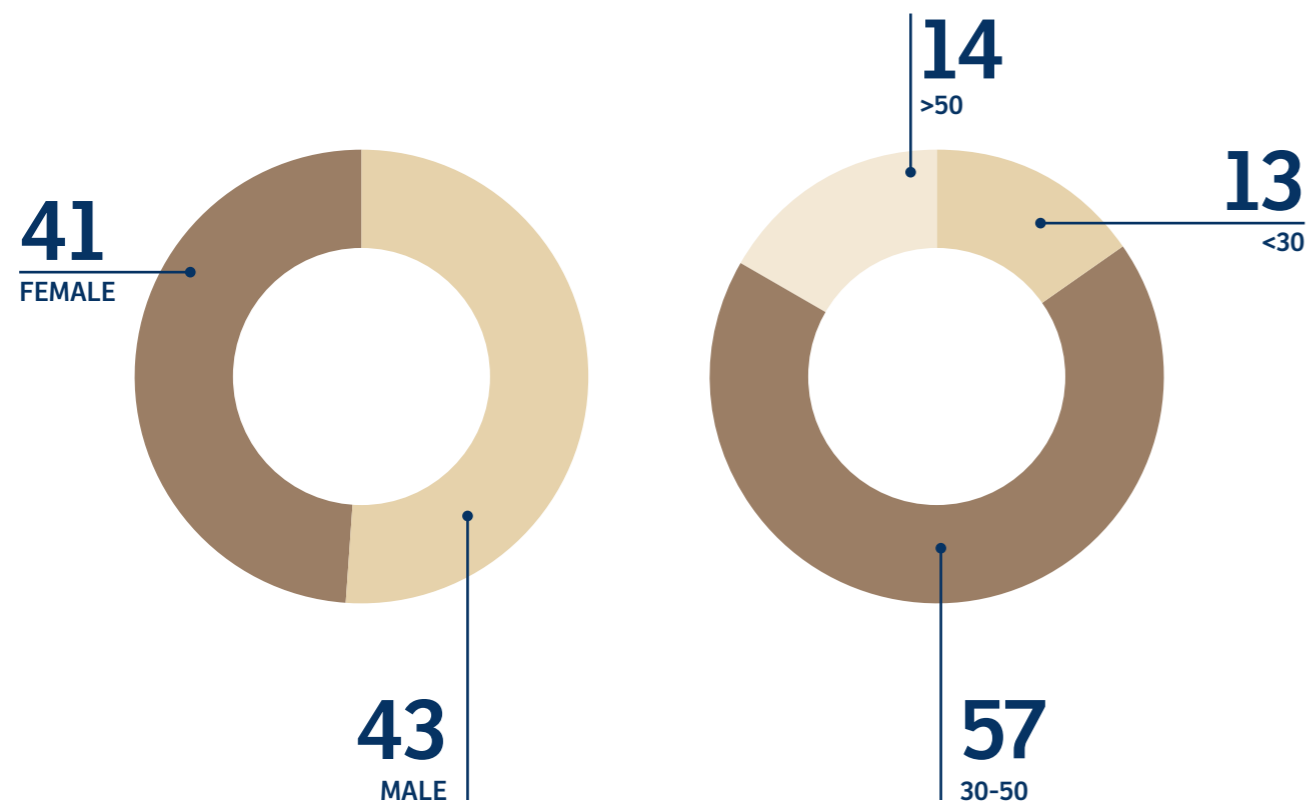
Associates Headcount 2020



New Hires 2020



Terminations 2020



Corporate Awards

Lavazza Professional NA Recognised as one of America's Safest Companies by EHS Today Magazine

In November 2020, Lavazza Professional was named as one of America's Safest Companies by EHS Today (the leading U.S. magazine for environmental, health, and safety-management professionals in the manufacturing, construction, and service sectors). This recognition is due to Lavazza Professional's companywide commitment to achieving excellence in its environmental, health, and safety efforts.

From a distinguished field of nominees representing a diversity of industries, Lavazza Professional was chosen to receive the award after having its safety practices, procedures, innovations, and workplace impact rigorously assessed by EHS Today's panel of judges. Lavazza Professional stood out for not only its exceptional levels of safety, but also its results—demonstrating accident, illness, and injury rates lower than the average for its industry. Lavazza Professional rose to the top among this year's EHS Today nominees for delivering on all aspects of the judging criteria.

"It's an honour to be distinguished as one of America's Safest Companies at any time, but it's especially meaningful to us in 2020—a year when safety has been top of mind for every person and challenged in extraordinary ways by the pandemic," said Jason B. Hall, SMS, Health, Safety, Environmental & Security Manager, Lavazza Professional. "Every single one of us—from our most recent hires, sales teams, and support staff to executive leadership—has recognized this and continues to exemplify safety in the workplace and beyond. This achievement is the result of an all-out effort year after year, driven by pride in our work, commitment to the well-being of the communities we serve, and a passion for being a leader in our industry."

Lavazza Professional NA was also honoured to be recognized by the Pennsylvania Committee for Employer Support of the Guard and Reserve (ESGR) for consistent and outstanding support of employees who also serve in the Guard and Reserves! Special thanks to Joe Macrone and US Army Captain Jay Fong, as well as our other dedicated Guard and Reserve employees!



Lavazza Professional UK Recognised for its Sustainability Efforts

Lavazza Professional UK was recognised as a 'Responsible Business Champion 2020'. The 2020 Responsible Business Champions demonstrate their full commitment to the responsible business agenda during times of extreme and testing change. Each Champion exemplifies best practice that can motivate and inspire others. Their work is more important than ever as businesses adjust to the new normal and work to build back responsibly.

Lavazza Professional UK were also excited to have been shortlisted for the Sustainable Organisation Category at the IEMA Sustainability Impact Awards 2020! Sadly, we didn't win but it was a fantastic achievement to be recognised and to make the short list of a group of wonderful companies driving the sustainability agenda forward.

Lavazza Professional UK were the proud winners of 'Large Business of the Year Award' in the INSPIRE20 local business awards.

The Inspire Business Awards are run by 'Destination Basingstoke' and celebrate the success of local businesses in North Hampshire.



Our 5 Year Journey comes to an end

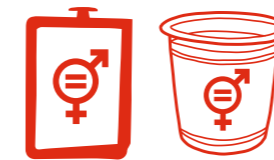
2020 also marked the final year of our current five-year sustainability strategy. The last leg of an inspiring journey that started way back in 2015 as we gathered our functional leads together to create our ambitious strategy and associated targets. In 2021, we start our new sustainability strategy as we continue our journey to reach the long-term sustainability ambitions of the business. We will be formulating our new Lavazza Professional sustainability strategy aligned with the strategic approach of Lavazza Group. Ensuring that we demonstrate how our actions and initiatives play a significant role in helping the Lavazza Group to achieve their over-arching goals, targets and ambitions, as well as ensuring we continue to meet the ongoing sustainability needs of our customers, distributors, partners and associates. Despite the additional challenges that come with working during a pandemic, we are very proud of our progress during 2020. In particular, the full launch of our new KLIX Eco Cup across each of our European markets and the launch of our new FLAVIA C600 brewer in North America. Both innovations have been years in the making, involving associates from across our entire business. We are very excited to be able to share these new innovations, and the sustainability benefits they bring, to our customers across the world.

Our 2020 sustainability report gives us the chance to look back and reflect on the challenges we faced and our progress and achievements. In the last five years we have seen many changes across our business, including a new home as part of the Lavazza Group, but the overall ambition and direction for Lavazza Professional, in terms of sustainability, has never wavered, our mission and commitment to provide our customers with leading sustainable drinks vending solutions.



What we Achieved

A look back at how we performed against the targets we defined in each of our strategy pillars, at the start of our five-year sustainability strategy journey. The icons below represent how our sustainability strategy work links to the UN sustainable development goals, in particularly the goals identified by Lavazza Group as priority goals to achieve the sustainability ambitions of the Lavazza Group.



5: Gender Equality



8: Decent Work and Economic Growth



12: Responsible Consumption and Production



13: Climate Action



17: Partnerships For the Goals



OUR COMMITMENT TO SUSTAINABILITY

Sustainable Agriculture

To ensure we provide quality products that deliver on taste and choice we must help to secure the future of people in our supply chain.

We want to improve farmers' lives, encourage the use of environmentally friendly farming practices and buy raw materials from traceable and sustainable sources.

2020 Targets

Final Status

Lavazza Professional Own Brand Products

Source, or continue to source, 100% third party certified coffee beans, cocoa and black tea leaves for our own brand products.

Achieved/Made Progress

100% of our coffee beans and black tea leaves for our own brand products remained third party certified throughout the duration of this strategy. We managed to achieve a level of 95% certified for our cocoa volumes across own brand drinks so just short of our 100% target.

Complete supply chain mapping for our priority raw materials (coffee and black tea) and establish traceability for these supply chains.

Achieved

During each year of our strategy we completed the supply chain mapping of our coffee and black tea supply for our own branded products to ensure we understood the dynamics within our raw material supply chains.

Complete impact analysis of our coffee and tea supply chains.

Achieved

During each year of our strategy we completed the impact analysis of our coffee and tea supply chains. This activity supported our coffee and tea origin programs, which were focussed on positively impacting the lives of people within our supply chains.

Licensed Brands

Establish sustainable sourcing guidelines for 100% of licensed brands for coffee, black tea and cocoa in the Lavazza Professional portfolio.

De-Prioritised

This specific piece of work was de-prioritised during the early years of our strategy. We have recently aligned our sourcing guidelines with the Lavazza Group and have adopted the Lavazza Code of Conduct for suppliers within our supply chain.

Support a sustainable sourcing program with at least one licensed brand each year.

Achieved

In 2016 to 2018 we were part of a partnership program alongside Taylors of Harrogate, KTDA, GIZ and the Ethical Tea Partnership (ETP) supporting energy reduction activities within tea factories in Kenya. In 2019, we joined a Strategic Alliance with 5 other tea companies: Jacob Douwe Egberts, Marks and Spencer, Ostfriesische Tee Gesellschaft, Tata Global Beverages, Taylors of Harrogate along with GIZ, and ETP to initiative a 3 year project called 'Decent livelihoods for tea workers and farmers, Rwanda and Malawi'.

Industry Engagement

Engage in collaborative partnerships within our industry to support healthy and thriving coffee and tea communities.

Achieved

Over the duration of this strategy we have continued to collaborate with World Coffee Research and The Ethical Tea Partnership in this area. Our partnerships with these 'not for profit' organisations ensure continued focus on environmental and social impact areas within our supply chain.

Customer Focused

Support at least one sustainable sourcing intervention a year via partnerships.

Achieved

Through our membership and collaboration with World Coffee Research (WCR) and Ethical Tea Partnership (ETP) we have supported origin programme initiatives every year. Our origin programmes with both WCR and ETP normally operate on a 3-year cycle focussed on a particular country or countries within our supply chain, and focus on environmental and social challenges identified through our impact analysis work and the input of our partners at WCR and ETP.

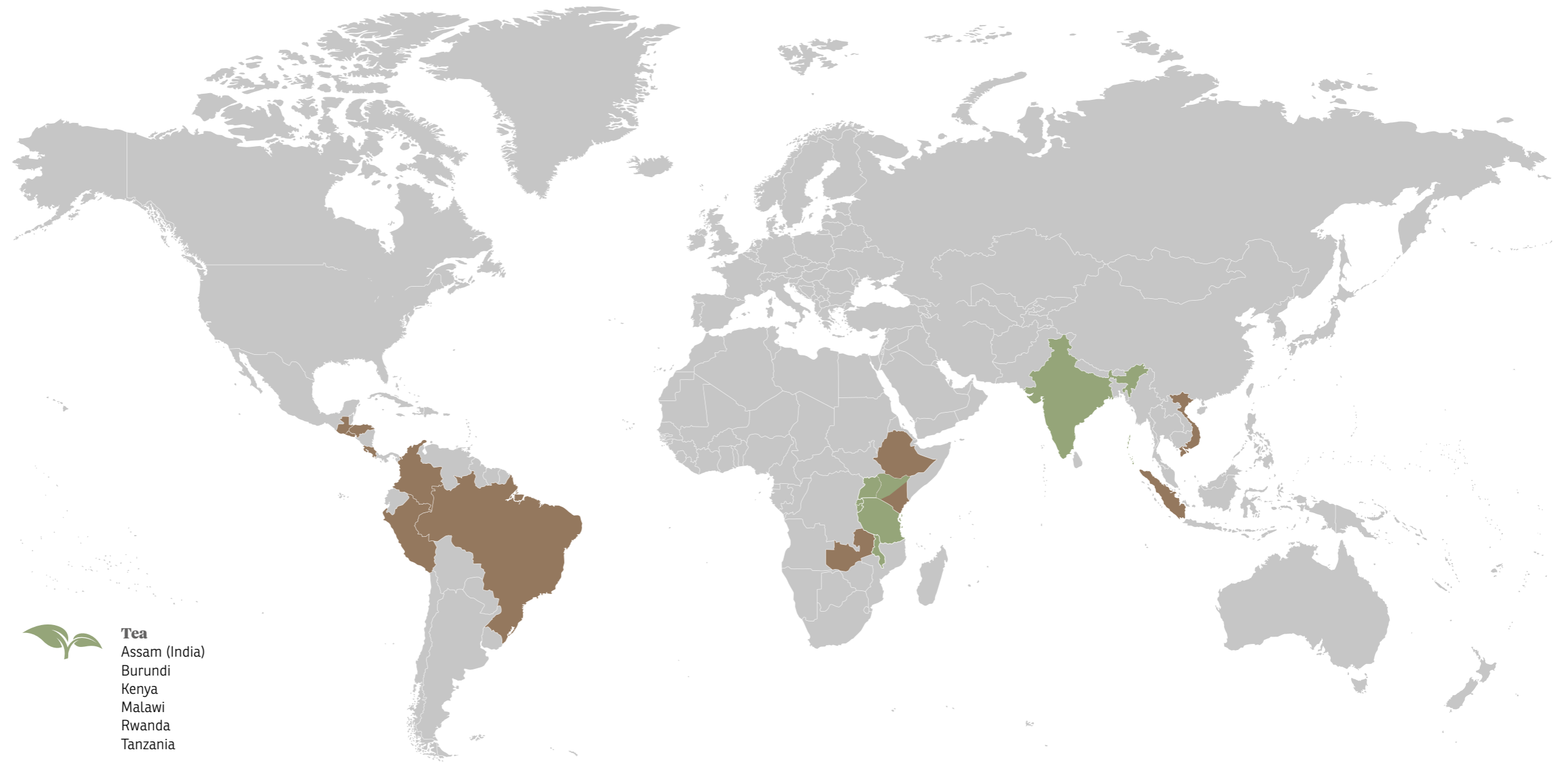
Inform 100% of customers about Lavazza Professional's efforts to support sustainable agriculture.

Achieved

For each year of this strategy we have produced a progress report to track our performance against our strategy targets, as well as highlight other sustainability activities that we have been involved in across the globe. This is a public document which is shared on our website and social media platforms, as well as being used to engage internally with our associates and externally with our customers and distributor partners.

Understanding our Supply Chain

Throughout the duration of our five-year sustainability strategy we have undertaken a supply chain mapping exercise each year. As a minimum, this has given us a level of transparency as to where we are buying our coffee and black tea from each year so we can track and understand changes in country sourcing and volumes. This assessment serves a multitude of additional purposes for us as a business. It helps us to then work with industry partners to understand the environmental and social impact of our sourcing strategies and the positive impacts we can make through our origin programme activities alongside our chosen partners.



- Coffee**
- Brazil
- Colombia
- Costa Rica
- El Salvador
- Ethiopia
- Guatemala
- Honduras
- Kenya
- Peru
- Sumatra
- Vietnam
- Zambia



- Tea**
- Assam (India)
- Burundi
- Kenya
- Malawi
- Rwanda
- Tanzania

Making an impact across our Supply Chain



'Decent livelihoods for tea workers and farmers, Rwanda and Malawi'

In 2020 Lavazza Professional continued to support its tea origin program in collaboration with our longstanding partner, the membership organisation Ethical Tea Partnership (ETP). A strategic alliance was formed back in 2019, with other like-minded organisations across the tea supply chain. The Strategic Alliance between 6 tea companies: Lavazza Professional, Jacob Douwe Egberts, Marks and Spencer, Ostfriesische Tee Gesellschaft, Tata Consumer Products Limited and Taylors of Harrogate along with GIZ and The Ethical Tea Partnership entitled: "Decent livelihoods for tea workers and farmers, Rwanda and Malawi" officially started on 1st August 2019 and continues to make progress within its focus countries of Rwanda and Malawi.

Project Objective:

'The livelihoods of estate workers and smallholder farmers in the tea value chain in Rwanda and Malawi are improved.'

Farmer Business Schools (FBS)

During 2020, 468 farmers (405 women, 63 men) attended all the required sessions and subsequently graduated from the FBS. This was out of an original target of 500 farmers in total. Running residential FBS training courses proved to be financially prohibitive for the small number of remaining participants required to meet the overall project target. This is predominantly due to the high cost of the extra precautions that will need to be taken to make these activities Covid-19 safe. At present, the focus in Malawi is to concentrate on the entrepreneurship training programme and planned courses.



Entrepreneurship Training in Malawi

To date 725 farmers have received entrepreneurship training, slightly behind the year 1 target of 1,000 farmers. This was due to the Covid-19 pandemic which developed and worsened in Malawi during 2020. Despite the safety restrictions put in place across Malawi three entrepreneurship training workshops were able to take place between Oct and Nov 2020. In total 75 smallholder tea farmers were able to attend the 5-day intensive training course. The main objective of the training is to equip the farmers with business idea generation and management skills to enable them to diversify their incomes. Eight topics are covered within the training including:

1. Economic activities
2. Basic concepts of enterprise
3. Market survey and enterprise planning
4. Preparation for enterprise development
5. Cost analysis
6. Pricing, sales & marketing
7. Business management skills and basic book-keeping
8. Cautions in enterprise management.

Adult learning methods were used to deliver the training content to the farmers and these included use of visual aids, farmers' own experiences, break away sessions for discussions and role-playing. In addition, participants were tasked to brainstorm on a potential business idea and perform a SWOT Analysis to assess their capability in running the business. Those that had an existing business also carried out a similar exercise. Generally, participants were able to identify their strengths, weaknesses, opportunities and threats to the chosen business. The participants also discussed on how best to address the weaknesses and potential threats.



Takondwera group display their certificates

Farmer Field Schools (FFS) in Rwanda

46 groups consisting of 1,505 farmers (762 male/743 female) have been formed. All groups graduated from Farmer Business School (FBS) in 2019 and 1,477 farmers (787 male/690 female) started the Farmer Field School (FFS) curriculum in February 2020. Whole group trainings in the field were suspended in March, due to the government's ban on group meetings as a Covid-19 response. During this time, the four field officers increased the number of individual visits and smaller group met in 'host teams' to continue maintenance of their tea, potato and wheat demo plots. In August 2020, the new measures against covid-19 were communicated and they allowed group gathering for essential activities. From that time, in line with local government restrictions, the programme resumed its interventions for agricultural related activities since they are classified as essential services.

Of the topics covered within FFS training, groups chose to learn about iron bean and maize production as part of their learnings related to diversification of their farms. Iron bean seeds from the Rwanda Agricultural Board were distributed to the 36 FFS groups. All groups have shared these seeds amongst their members to be planted in their respective farms. 50kg of maize seeds have also been distributed to 10 FFS groups at one site to establish demo plots- awaiting harvest. Different types of vegetable seeds, namely cabbage, carrots, Amaranthus, beetroot, and leek were also distributed and shared among FFS members for vegetable gardens.

Three cooperatives have set up tea nurseries to support gap infilling to improve productivity and incomes as well as resilience against climate change and any damage to their existing bushes. So far 144,000 cuttings have been potted and the aim is to produce 750,000 seedlings across the 3 sites. There are 22 FFS bringing together 652 farmers involved in the nursery activities. Seedlings, when ready in 12-18 months, will be shared out among the participating farmers. Cooperatives provide farmers with the necessary technical support while tea companies (Kitabi, Gatere and Rubaya) provide farmers with the tea cuttings from their mother bushes free of charge. FFS members provide labour required while learning how about establishment and maintenance of tea nurseries. Farmers are encouraged to keep detailed records on the costs of production of these seedlings, using templates.

As part of the FFS curriculum, farmers have been supported with seeds for agroforestry tree species to improve soil health, nutrition (in the case of avocados) and providing shade for the tea bushes to prevent scorching from the sun. In total, 30 groups in 3 regions have grown 53,391 avocado seedlings, 24,888 calliandra, and 50,567 grevillea seeds provided by the programme. ETP continues to engage with NAEB to explore markets for farmers to sell their avocados.



Group Members with their potato harvest



Over 50,000 avocado seeds have been planted by farmers participating in the programme

Farmer Business Schools (FBS) – Rwanda Graduations

To date, 2,363 tea farmers have been trained in Farmer Business School (FBS) and 2,302 of them have graduated from the 5-day training. This includes 36 Farmer Field School (FFS) groups (860 farmers) from the previous strategic alliance. Key topics covered as part of the FBS include agricultural planning, financial management (including tracking and keeping records of production costs), gross margins and unit costs, financial benefits of adopting GAP as well as training on nutrition.



Making an impact across our Supply Chain



Lavazza Professional & World Coffee Research (WCR) Partnership

In 2018, Lavazza Professional embarked on a three-year origin project with WCR to build a strong, professional coffee seed and nursery sector that covers both large and small farmers. The Nursery Program aims to build the capacity of small entrepreneurial and cooperative nurseries to produce adequate volumes of genetically pure and healthy seedlings to farmers. The program is designed to ensure farmers have access to varieties produced by efficiently run nurseries that could provide them with disease free, genetically traceable plants.

Lavazza Professional's investment established critical momentum for WCR's nursery activities in Latin America and has been successfully leveraged over the last three years by private and public partners. Most significantly, the Lavazza Professional project first envisioned in 2018, has been significantly scaled to achieve even greater impact through the 'Maximizing Opportunities in Coffee and Cacao in the Americas' (MOCCA) Project. WCR is one of several consortium partners in this large project funded by the U.S. Department of Agriculture and led by TechnoServe.

Project Objective

1. To develop models and materials for seed producer and nursery operations that produce adequate and appropriate planting materials for small holder farmers
2. To beta test the models and materials in three Central American countries
3. To develop a research component to increase the body of knowledge surrounding seed and nursery development and to ensure the effectiveness of the program
4. To develop a scaling-up project with multiple donors and stakeholders

Welcoming ¡Tierra! to Our Portfolio

As we start to integrate Lavazza products into our portfolio, we are proud to include one of the Lavazza Group's flagship products ¡Tierra!

¡Tierra!, a sub-brand of Lavazza, has a mission to assist communities of small-scale coffee producers living in extremely disadvantaged situations.

The Lavazza ¡Tierra! project improves living conditions by building homes, schools, and infirmaries. The project is also committed to teaching coffee farmers and producers, agricultural techniques to lessen the effects of climate change on this valuable raw material.



2018-2020 key project activities

SWOT Analysis/Needs Assessment

WCR hired a full-time Nursery Specialist to spearhead the Nursery Program in March 2018, Emilia Umaña. Based in Costa Rica, Emilia worked closely with other members of the WCR Latin America team to complete an analysis of the coffee seed and nursery sector for Guatemala, Honduras, El Salvador, Nicaragua, and Peru. During the process, WCR conducted many interviews with national coffee institutes, ministries of agriculture, non-governmental organisations, and private sector companies, as well as the growers and nursery operators themselves. The purity of 13 different coffee varieties were assessed across 58 seed lots. Key learnings included mapping the greatly differing levels of technology, access to technical assistance and seed protection laws between countries.

The consensus shared by all stakeholders was that access to good genetic material is a challenge in all countries and creates significant problems for farmers that include poor quality and performance, failure and loss of seedlings, and inadequate treatment of unknown varieties.



Nursery Specialist Emilia Umaña

Identify Nurseries/Cooperatives/Entrepreneurs

WCR launched the 'WCR Verified' Program to establish clear global standards and guidelines for ensuring that nurseries are producing healthy, genetically pure plant material. Based on an assessment of the SWOT analysis, nursery importance in respective geographic areas, and nursery ability to impact the sector, we selected 25 large nurseries in the five countries to participate in training on WCR verified standards. The first cohort of nine nurseries launched in 2020, and a second cohort of 16 nurseries will start in 2021. An initial evaluation of the first cohort of nurseries revealed that the majority required extensive improvement, with the average scoring 30 points out of a total 255. Individual trainings were conducted throughout 2020, with the aim to complete the WCR Verified audit 2021. A final evaluation will measure progress achieved in incorporating good practices.



Initial evaluation at Sol & Café, Peru.

Develop Coffee Nursery and Seed Production Business Training Manual

WCR published two good practice guides free for nurseries and seed producers in 2019, 'Coffee Seed Production' and 'Coffee Nursery Management', in both English and Spanish. These manuals have been accessed online over 1,700 times in 101 countries. The manuals were launched at the Sintercafe event in Costa Rica and high level of visibility was given to Lavazza Professional's role in helping deliver these important resources to the industry. The launch received coverage in Global Coffee Report, Coffee & Cocoa International, and Daily Coffee News, as well as numerous Spanish-language publications. These guides provide state-of-the-art references for the industry on how to establish and manage coffee seed lots and how to manage nurseries to ensure traceability of the genetics and to produce coffee plants that are the healthiest possible. The technical content was provided by ECOM SMS in Nicaragua/Costa Rica and reviewed by a series of coffee experts in the region from National Coffee Institutes and other private companies as well.



The technical team of TechnoServe Perú being trained in seed lot management using the WCR Nursery Manuals.

Research published by WCR scientists in late March 2020 validated the importance of these manuals. After testing more than 2,500 samples, the study confirmed that, depending on the variety, genetic conformity can range from under 40% (for a Gesha) to over 90% (for Marsellesa). A third manual, 'Managing a Profitable Nursery Business', was delayed because of COVID-19 and is now planned for release in 2021. This manual will cover basic business skills, practical application of technical manuals, and how to cost out activities, and was created in conjunction with CATIE. It will be released in conjunction with a Spanish-language webinar. In addition, we are releasing the 2.0 version of the first manual, which includes additional information on shade and pest management.

Train Nurseries and Assist in Attaining WCR Verified status

As part of the Ambassador Program, employee Carmen Lanza visited WCR in Costa Rica in 2018. She reviewed the newly-created WCR Verified program and identified several areas where the program was weak – predominantly in communications and marketing. Due to lack of awareness and end-user demand from farmers for certified planting material, growth of the program stagnated. Carmen determined ways in which the program could begin to identify and communicate this value to the other stakeholders in the system in order to increase awareness in the importance of having seed lots and nurseries capable of delivering healthy and genetically traceable plants to farmers and renovation programs.



Carmen Lanzas (Ambassador) interviewing Guillermo Ramirez at Aquiares Estate, Turrialba, Costa Rica.

Connect to Renovation Projects

We anticipate that these efforts will result in an estimated 6 to 8 million genetically pure, healthy seedlings produced in 2021 (and future years) by the 25 large nurseries in Guatemala, Honduras, El Salvador, Nicaragua, and Peru, which meet WCR's verification standards.

One final component to generating genetically pure, healthy seedlings is DNA fingerprinting. The cost of fingerprinting service (ranging from \$85 to \$130 per sample) has proven a significant barrier to widespread adoption. We are in the process of making a significant technology leap in this area. Previous DNA fingerprinting was based on an older methodology using SSR markers, which we are currently updating to a new methodology using a SNP panel upon the recommendation of WCR's new Research Director. The USDA is helping fund this work for both Arabica and Robusta, and it will enable significantly greater industry adoption with "high throughput" results -- cheaper, faster, and more accurate. We expect to launch this later in 2021.



Nursery Evaluation at La Cumplida, Nicaragua.

Sustainable Operations

At Lavazza Professional we are inspired by the efforts of our parent company, Lavazza, and are driven by the expectations of people in the modern workplace who increasingly expect us to operate sustainably. At Lavazza Professional we continue to work to reduce our energy, water use and waste from our factories.

2020 Targets

Final Status

Our Operations

Maintain LEED Gold Certification at our West Chester, Pennsylvania site and ISO 14001 at both our Basingstoke, UK and West Chester Pennsylvania sites

Achieved

For each year of this strategy, we successfully maintained our ISO 14001 accreditation at both of our production sites, Basingstoke in the UK and West Chester in the US.

80% reduction in GHG emissions (from 2007 baseline)

Made Progress

At the time of writing this report, we are still awaiting the final external analysis of our operational footprint but we do know that our total energy consumption in 2020 was significantly lower than our 2007 baseline (partially driven by the pandemic). We also know that 100% of the electricity used in our UK site comes from renewable sources. As part of the Lavazza Group's 'Roadmap to Zero' initiative, any scope 1 and 2 emissions associated with our factories (UK & US) will be carbon offset through certified projects in Peru, Zimbabwe and Uruguay. Therefore, our factories were able to run 'Carbon Neutral' in 2020.

15% reduction in water intensity (from 2015 baseline)

Not Achieved

We were unable to hit this intensity target. Our US site was able to reduce their consumption in 2020, continuing a downward trend over the past 3 years. Our site in the UK, however, saw an increase in consumption, predominantly due to increased building work and installation of capital investments. That said, even with our recent increase in consumption we have reduced our global consumption by 40% since we started our long-term plan back in 2011.

15% reduction in energy intensity (from 2015 baseline)

Not Achieved

We were unable to hit this intensity target. Although we saw a reduction in energy consumption across our factories in 2020, we also saw a reduction in production volume which effected our intensity number. The latest full year for comparison would be 2019 in which we were able to stay close to our original 2015 baseline (6.36 GJ/t vs. 6.27 GJ/t). Investments in new production lines will help us to progress on this target in the future.

Maintain Zero Waste to Landfill at our West Chester, Pennsylvania and Basingstoke, UK sites.

Achieved

For each year of this strategy, we successfully maintained zero waste to landfill at both of our production sites, Basingstoke in the UK and West Chester in the US.

Workplace Expertise

Share best practices with our customers & our other supply chain partners to help them reduce their impacts.

Achieved

We are very proud of the work we have completed with our Kenya tea suppliers to help them learn about energy reduction best practices in their factories utilising our own internal learnings and expertise. We are delighted to hear that this work is still growing in focus and impact during 2019/2020 and learnings have been shared as part of the new strategic alliance partnership that we belong to, working in Rwanda and Malawi.

Customer Focused

100% of customers rate their regular Lavazza Professional contact as knowledgeable about Lavazza Professional's sustainability efforts.

Made Progress

Our highly engaging and informative 'Drinks Academy' is our tool to ensure our key customer facing associates are knowledgeable about our business and our products. As well as covering the essentials of coffee and tea, the course gives participants insights into our sustainability efforts. We don't, however, have the tools internally anymore to validate the 100% target therefore we decided to mark it as 'Made Progress'.

Associates as Ambassadors

100% of Associates are knowledgeable about Lavazza Professional's sustainability efforts

Made Progress

We have been utilizing our site 'Town Hall' communications events and email newsletters to share work in this area as well as ensuring it is covered as part of our induction training program. We don't, however, have the tools internally anymore to validate the 100% target therefore we decided to mark it as 'Made Progress'.

100% of Associates understand the connection between sustainability and our brand.

Made Progress

This is covered to some extent through our 'Drinks Academy' program and the internal communications we have delivered. We don't, however, have the tools internally anymore to validate the 100% target therefore we decided to mark it as 'Made Progress'.

100% of key Associates become Sustainability Ambassadors in the field (by demonstrating advanced level of knowledge on our sustainability efforts).

Achieved

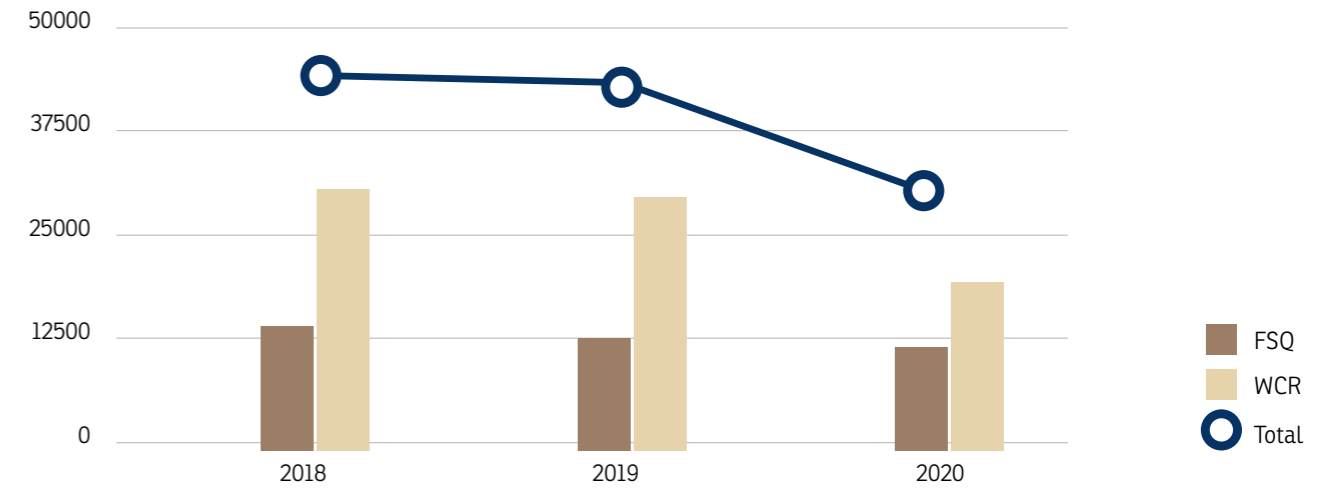
As well as having associates involved in cross segment work groups focused on the sustainability activities of the Lavazza Group we also have a vibrant Lavazza Global Ambassador (LGA) programme which successfully creates sustainability ambassadors to tell the Lavazza Professional sustainability story with knowledge, experience and commitment.

Understanding our operations impact

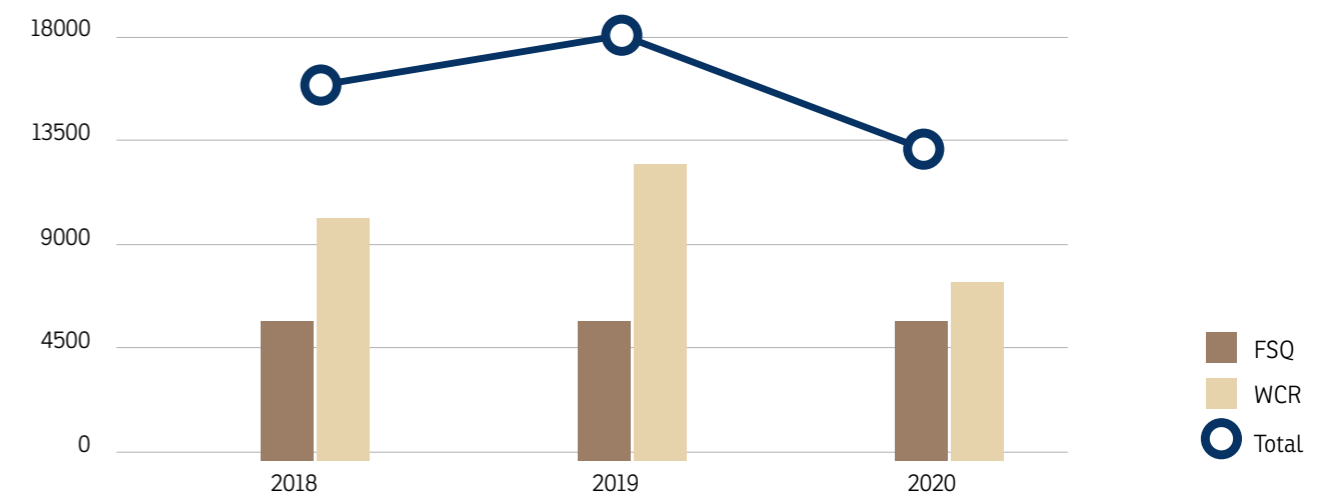
It is important for us to track, monitor and assess our energy consumption, water consumption and waste generation across our production facilities. We have production sites in the UK (Basingstoke) and in the US (West Chester, PA). It is in the DNA of our supply associates to reduce consumption and increase efficiencies wherever and whenever possible, whilst always maintaining high standards of quality, cleanliness, and reliability.



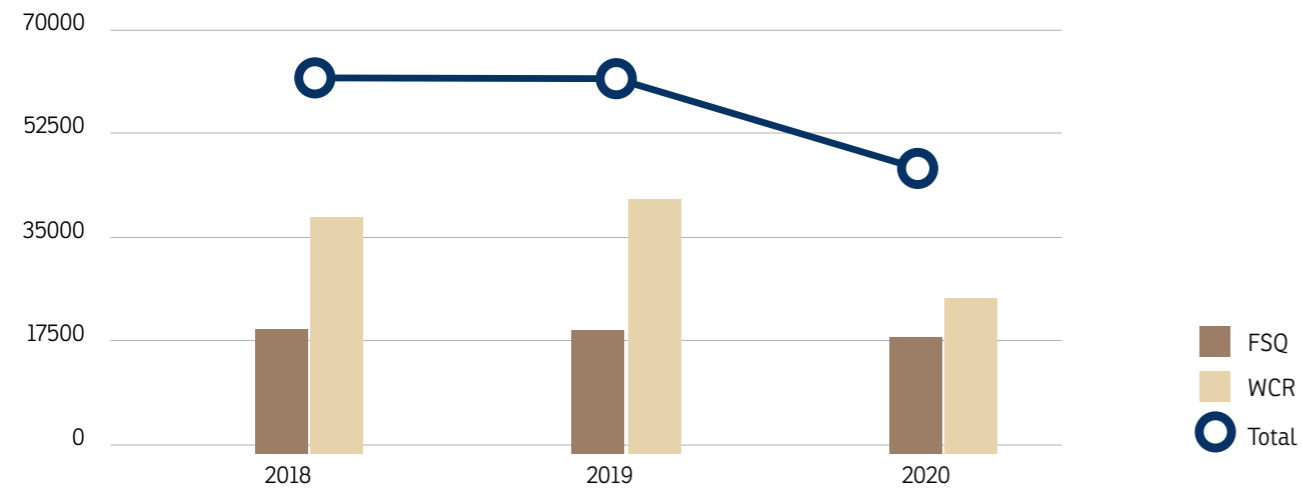
Electricity Consumption (GJ)



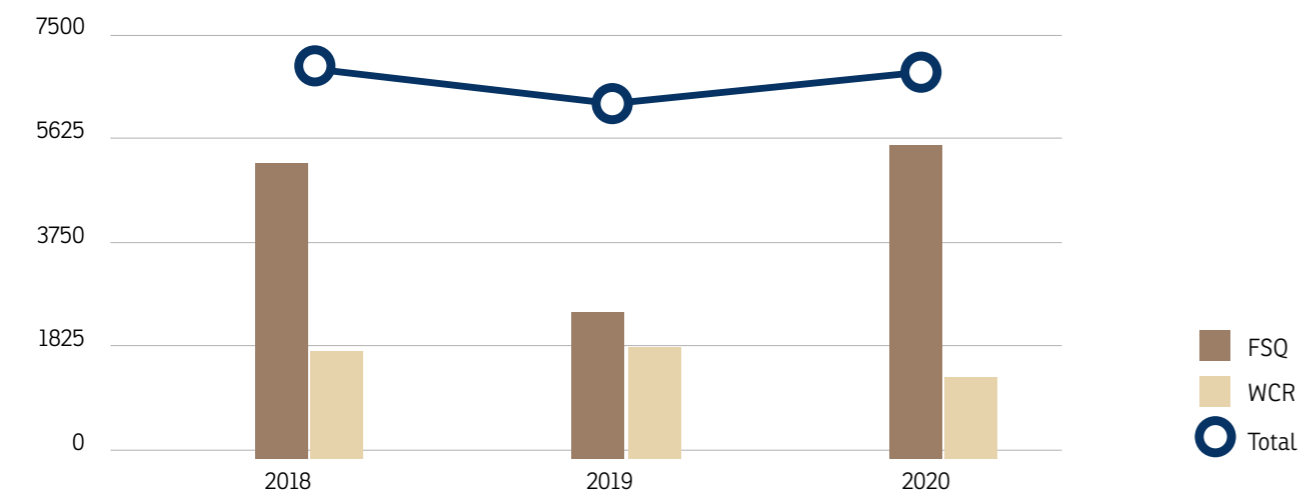
Gas Consumption (GJ)



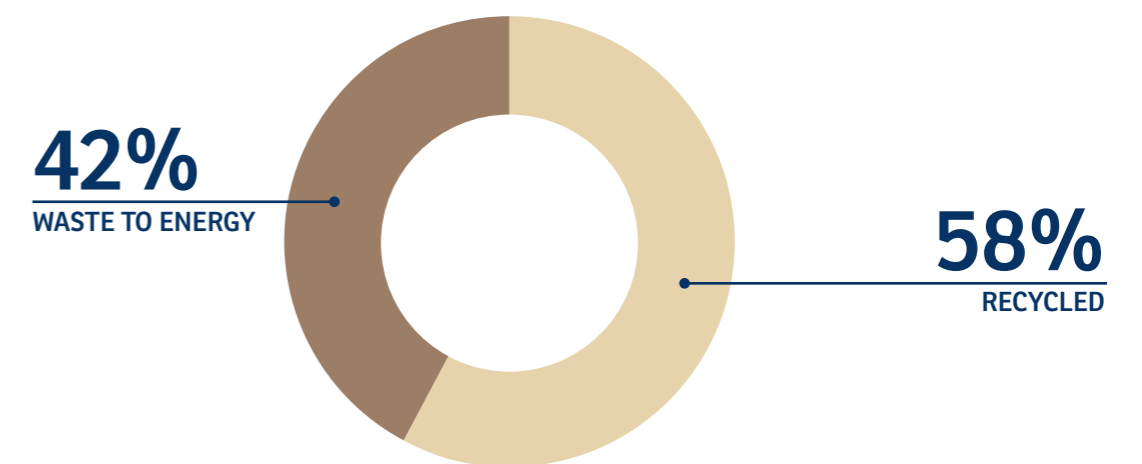
Total Energy Consumption (GJ)



Water Consumption (m³)



Lavazza Professional - Site Waste





2020 Targets

Our Technologies

100% of new technology platforms are more sustainable than previous versions (from 2015 baseline)

Establish, or maintain, a recycling program for all Lavazza Professional technologies.

Freshpacks and Cups (single use plastic waste)

Source & design packaging materials to reduce carbon footprint of Freshpacks & KLIX cups by 25% (from 2015 baseline)

End of Life Solutions

100% of workplace customers in the US, UK and Germany have access to a sustainable end of life solution for all Lavazza Professional technologies, KLIX cups and Freshpacks

Support external and internal collaborations in key markets to enable better access to end-of-life solutions for Lavazza Professional's products via municipalities.

Workplace Expertise

Support customers' in sharing information with their people, highlighting ways to keep Lavazza Professional's plastic waste out of landfills.

Customer Focused

100% of customers are confident that Lavazza Professional provides the most sustainable solution for single-use waste.

Progress to Date

Made Progress

Our R&D teams have worked hard to balance the increased functionality and consumer interaction required of our machines with a focus on energy efficiency and sustainability. The new KLIX Momentum machine has an A+ energy rating* as well as a new 'energy save' mode and improved chiller insulation, which both save energy. The chiller upgrade also eliminates the use of R134a gas, replacing it with R290 (propane), which is non-toxic, free of ozone-depleting properties and has a low GWP (Global Warming Potential). Our FLAVIA C600 brewer includes a new insulated hot tank design, reducing the energy losses when heating and holding water at the optimal vend temperature. To further improve recycling opportunities for the brewer when it comes to the end of its life, our R&D teams have moved away from moulded brass inserts to clip-on threaded nuts, making it easier to segregate materials during the recycling phase. As part of the ground up re-design on this brewer innovation, serviceability to improve access to key system components was a key focus to make it significantly easier to service and maintain, thus prolonging the life of the brewer.

Achieved

We have a program to refurbish, re-use or recycle KLIX machines across our European markets and work closely with our distributor partners in North America and the UK to support them with refurb and recycling opportunities for our FLAVIA technologies.

Achieved

In 2020 we launched our KLIX Eco Cup, an alternative to plastic made primarily with paper and a patented water-based dispersion barrier. This is a replacement to our original polystyrene (PS) KLIX cups. This change of material represents a 56.6% decrease in carbon footprint in relation to the materials, conversion and logistics phases. The change in material also increases the opportunities for the cup to be recycled offering an increased carbon footprint reduction.

Not Achieved

In 2017 we took the decision to remove the lower carbon footprint Freshpack out of the market due to an increasing volume of quality issues. During 2019 we carried out customer research in both the US and UK to understand their views and needs with regards to sustainability. We also completed an extensive evaluation of technologies and packaging materials to determine the most appropriate solution and future plans to meet customer needs. In 2020 we continued the research and development phase to define more sustainable pack options for our Freshpack. This development will continue to be a focus within our new sustainability strategy, linking into the Lavazza Group 'Sustainable Packaging Roadmap'.

Achieved

Our Drinks' packaging can currently be recycled in Germany and France via municipal programs. In the UK we have joined the Valpak National Cup Recycling Scheme to increase the options available to our customers to recycle their KLIX Eco Cups. We continue to work in partnership with TerraCycle (www.terracycle.co.uk/en-UK) and Simply Cups (www.simplycups.co.uk) to provide a special program to collect and recycle KLIX plastic cups and FLAVIA Freshpacks in absence of municipal programs. We continue to offer a Recycle Your Freshpacks program in NA through our long-term partnership with TerraCycle. This program enables our customers in both the US and Canada to divert their used packs from landfill and ensure the materials are recycled.

Achieved

We continue to work as a member of the Paper Cup Recovery and Recycling Group to help identify improved solutions to recycling paper cups as well as active involvement within organisations such as RECOUP (UK) and EPRO (EU), both focussed on plastic recycling. We sit on the environmental subcommittee of the Automatic Vending Association (AVA) as the group supports the vending industry's response and implementation of upcoming government legislation.

Achieved

The sustainability credentials of our products are a concern to our customers and consumers, and we have a role to play in helping them find ways to keep plastic waste out of landfill. This provides us with a great opportunity to demonstrate the benefits of recycling our products, post consumption rather than using landfill as a solution. The life cycle analysis data and industry knowledge we have gathered helps us to support our customers and distributors to make the right decisions.

Made Progress

We have continued to work with our Sales & Marketing Teams to generate tools to help articulate the work our R&D teams are doing to innovate our products to make them more sustainable and easier to recycle. We have also utilised our other assets, our people, to work within our local markets and engage with customers/distributors to share knowledge and learnings. We don't, however, have the tools internally anymore to validate the 100% target therefore we choose to mark it as 'Made Progress'.

* As per European Vending Association (EVA) Energy Measuring Protocol (EMP) for hot only vending machines

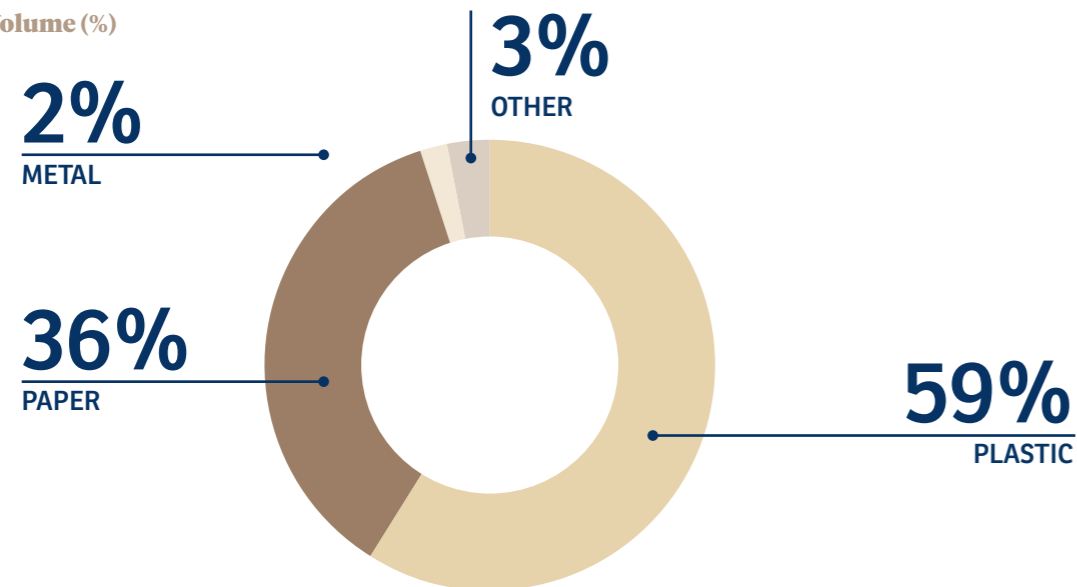
Lavazza Professional Packaging Data

Lavazza Professional strives to use packaging materials, to create our drinks products, that balance quality, taste and safety, whilst endeavouring to protect the health of our planet and our consumers. To support this, it is important that we understand what we currently buy and where we buy it from so we can assess the impact of new innovations as part of the Lavazza Group's Sustainable Packaging Roadmap.



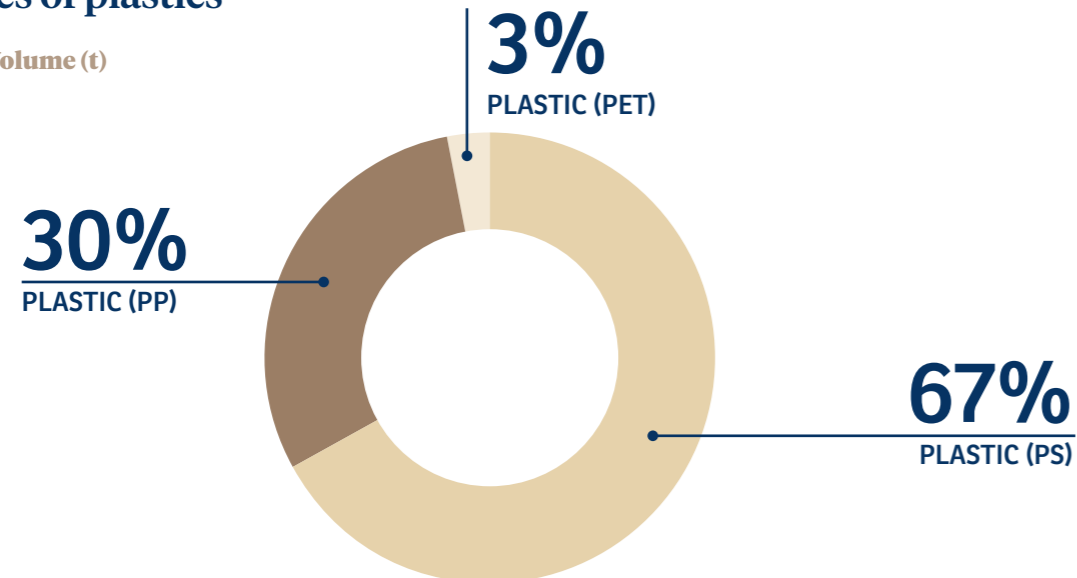
Packaging materials

2020 Volume (%)



Types of plastics

2020 Volume (t)



R&D Machines Supporting the Carbon Footprint Reduction of KLIX

Our R&D Machines team have had a very busy year in 2020 as they continued to support the introduction of our KLIX Eco Cup across our European markets. The switch from a single use plastic cup to a paper version is a critical component of our long-term sustainability strategy and supports the needs of our customers and their own CSR ambitions. Quality and reliability have always been integral to our KLIX vending solutions and that was a standard we needed to maintain whilst accommodating the new cup type. Several new innovations have been introduced to our KLIX machines to ensure we can give our customers a new KLIX Eco Cup whilst protecting the quality and reliability they expect. Please see below for further details on those innovations:



- **Counter Rotating Scrolls** – New function introduced for KLIX Momentum and derivatives to enable the reliable vending of our new KLIX Eco Cups. With the introduction of our new paper KLIX cup we needed a greater unlocking force capability, compared to our existing splitter system to ensure our KLIX Eco Cups are vended reliably.
- **KLIX 450 Upgrade** – Our existing KLIX 450 machine base has been retrofitted with a new cup handling system to enable the new KLIX Eco Cups to be used. Without this innovation and upgrade, the KLIX 450 would have been made obsolete.
- **KLIX Machine Chiller System** – Conversion to a new gas usage to comply with incoming legislation and improved insulation to help save energy.



Lavazza Professional KLIX Eco Cup

KLIX Eco Cup, our biggest innovation in 2020 played a key role within our sustainability vision. Created to answer to a call for reduction in single-use plastic for food and drink containers, KLIX Eco Cup is addressing not only the request of our customers for a more sustainable offer but also the new European directive putting restrictions and bans on single use plastic items. Thanks to an enormous cross-functional effort for a continuous development to drive to a better cup experience, we have finally been able to communicate that Lavazza Professional developed a first in vending: a cup with a PE-free lining, which makes it potentially recyclable into paper waste like a newspaper or a cereal box.

In fact, the new KLIX Eco Cup is made from paperboard with a bio-based coating which increases the environmental credentials of our cups whilst meeting the needs of our customers. This step change in offering will have a greater impact on the carbon footprint of our KLIX cups based on materials used and ability to recycle. Indeed, in the first year from launch, switching from our PS to KLIX Eco Cup allowed us to save 430 tonnes of CO₂ emissions, equal to the emissions generated by 550 people travelling by Eurostar between London and Paris every day for a year!

Due to the importance of KLIX Eco Cup launch within Lavazza Professional sustainability strategy, our three markets delivered an unprecedented integrated marketing plan. Aim of the plan was not only to drive awareness (and therefore boost adoption) of the new solution, but also to educate on the sustainability topic both internally and externally. Therefore, we started from the inside, an e-learning for all associates to correctly identify the environmental challenges and why KLIX Eco Cup represented a real answer within Lavazza Professional's commitment to sustainability. The phased roll out of existing and new products into the KLIX Eco Cup led to an articulated communication plan toward not only customers but also end consumers.



KLIX Eco Cup has considerably reduced CO₂ emissions, compared to our PS cups

In its first year from launch, using KLIX Eco Cup has saved

430 tonnes of CO₂ emissions



Lavazza Professional France

Facing the challenge of the French Government that wants to be rigorous and apply restrictions to single use plastic ahead of any other country in Europe, the proposition of a KLIX Eco Cup has been key to play a role in the commitment to sustainability of customers. The launch of KLIX Eco Cup started with the training of the whole sales force, educating on the key concepts around sustainability and promoting a virtuous behaviour every day.

This came together with an enormous production of sales assets and digital campaigns to boost awareness on the difference between our cup compared to any other standard paper cups on the market, and the importance of switching to a more recyclable and eco-friendly solution.

The launch of Carte Noire Classique, the first product of the Lavazza Group portfolio to be available in KLIX Eco Cup, was welcomed by the external stakeholders as the most important declaration that KLIX Eco Cup could have been, not only one of the several sustainable solutions in the market, but a real game-changer for France. This was because Carte Noire, being the leading brand of French coffee and loved by the French population, allowed us to leverage on the popularity and reputation of the brand to increase the credibility of the cup solution. This resulted in a huge attention also offline, on trade media with coverage and covers dedicated to KLIX Eco Cup and to Carte Noire and online, with the Lavazza Professional LinkedIn page hitting 15,000 views on a sponsored post and an average of 1,000 organic views on KLIX Eco Cup related posts.

In application of the local laws that will ban several single use plastic items by July 2021, our French market will be the first one to turn entirely its KLIX product offer into paper by July 3rd, 2021.

Lavazza Professional Germany

With the launch of the KLIX Eco Cup we have established Lavazza Professional as pioneers in the German vending market for what concerns sustainability. With us, our customers are relying on the right partner to do a good thing for the environment and to be optimally positioned for the legal requirements of the future. The intensive development work of the last three years in KLIX Eco Cup enables every single one of us from Lavazza Professional to pave the way for a more sustainable business.

With the help of various communication, promotion, and sales strategies, we at Lavazza Professional have taken our customers and end-consumers on an exciting journey that will not end for years to come.

- Individual communication in the outstanding KLIX Eco Cup design as well as various materials (e.g. machine sticker, bin sticker, flyers) were created to support the launch of a new era
- A video to introduce our new product Lavazza Caffè Crema was implemented and a new promotion GlùxRad "the fortune wheel" was launched to drive excitement as well as educate and raise awareness on the end-consumer

The objective of all these measures is always to be the innovators of the market, to take our customers along as part of this exciting journey and to win new customers for our sustainable business.

To reach the maximum effectiveness in our customer communication and prove the quality of our sustainable solution, we have created a partnership with an independent consultant who allowed us to gain local credits and certifications on recyclability into paper waste.

Lavazza Professional UK

Since introducing the revolutionary KLIX Eco Cup in February 2020, we are proud to have launched 29 drinks into a new sustainable cup, almost 60% of our KLIX drinks portfolio. This includes all our 7oz coffee, tea and cold drinks ranges with many more KLIX favourites to follow in 2021 from our café style, soup and 9oz drinks ranges. Click here to see the full range: <https://www.lavazzapro.co.uk/klix-eco-cup-range>.

As part of our commitment to solving the waste challenge posed by disposable cups, in 2020 we became members of the National Cup Recycling Scheme operated by Valpak. The Scheme aims to make the collection of cups commercially attractive to waste collectors by offering an additional financial incentive of £70 per ton of cups collected.

As we have continued our sustainability journey, we have been proud to have been recognised for our efforts to improve the environmental footprint of our business.

Awards and recognitions:

- Won Large Business of the Year Award for Basingstoke & Deane Borough Council at Inspire Business Awards 2020
- Business in the Community Responsible Business Champion 2020
- Shortlisted for IEMA Sustainability Impact Awards 2020

To encourage others within the market and beyond to explore similar solutions to boost the rate of recycling for this type of cup, we have played an active role in sharing our progress via social media and press releases.



Flavia® Creation 600

2020 saw the launch of our new FLAVIA Creation 600 brewer in North America, with the UK launch following in 2021. The arrival of our new FLAVIA Creation 600 signals 'the single biggest step change Flavia has ever accomplished'. It features app connectivity so users can order drinks using an app, provides drink customisation options, milk frothing technology, and can dispense up to 20 drink choices. Notably, the machine can also use plant-based milks such as soy or almond milk, with 'zero-risk of cross-contamination', making it a suitable solution for vegan users. All of this and it also has several notable sustainability benefits:



Compared to one of the leading bean-to-cup machines, our C600 brewer uses 70% less energy and has a 55% lower carbon footprint per cup of coffee¹.



Our Freshpack drink packaging is designed for high coffee extraction, so less coffee is needed to make the perfect cup. More efficient coffee usage greatly reduces the water footprint¹.



A cup of coffee brewed with Flavia can save as much as 5 gallons of water².

For a 100-person office drinking 1 cup of coffee per day this means

122,500

gallons of water saved per year—that's more than enough to fill 3 large inground swimming pools^{2+3!}

1. FLAVIA C600 compared to the VKI Eccellenza Touch brewing 30 cups of coffee over a simulated 24-hour period of workplace consumption.
 2. Versus bean to cup. The Dutch have determined the 'virtual water content' of coffee by looking at water requirements in each production stage (The Water Needed to Have the Dutch Drink Coffee, UNESCO-Institute for Water Education, August 2003). One cup of coffee needs about 140 liters of water—much of it is rainwater, but also wet processing. This was used to assess the amount of water used per cup of coffee. A typical cup of coffee brewed with FLAVIA Freshpack uses about 8 g of coffee compared to about 13g typically recommended by leading bean-to-cup manufacturers.
 3. Based on 100-person office with each person drinking 1 cup of coffee/day, 5 days/week, 49 weeks/year. Assumed largest inground pool volume of 39,600 gallons. Source.
 4. 2019 LAVAZZA Sustainability Progress Report, TerraCycle (email, April 27, 2021).

C600 Cold Drinks Offer a Smart Option for a Warming Planet



The C600 Chill module replaces the need for vending machines and cold drink bottles and cans. Instead, staff can reuse their own cups and still enjoy the cold drinks they crave.



No need to use energy from vending machines or drink refrigeration. The C600 goes into standby mode when not in use so it reduces your workplace's drink refrigeration energy.

C600 Drink Packaging Can Turn Into Park Benches

Not only are they lightweight and coffee extraction-efficient, but Freshpacks are also 100% recyclable through TerraCycle[®]



With help from distributors and offices, the program has recycled over 166 million Freshpacks (and counting)⁴.

In 2020, Flavia celebrated

11

 years

of the Recycle Your Freshpacks program

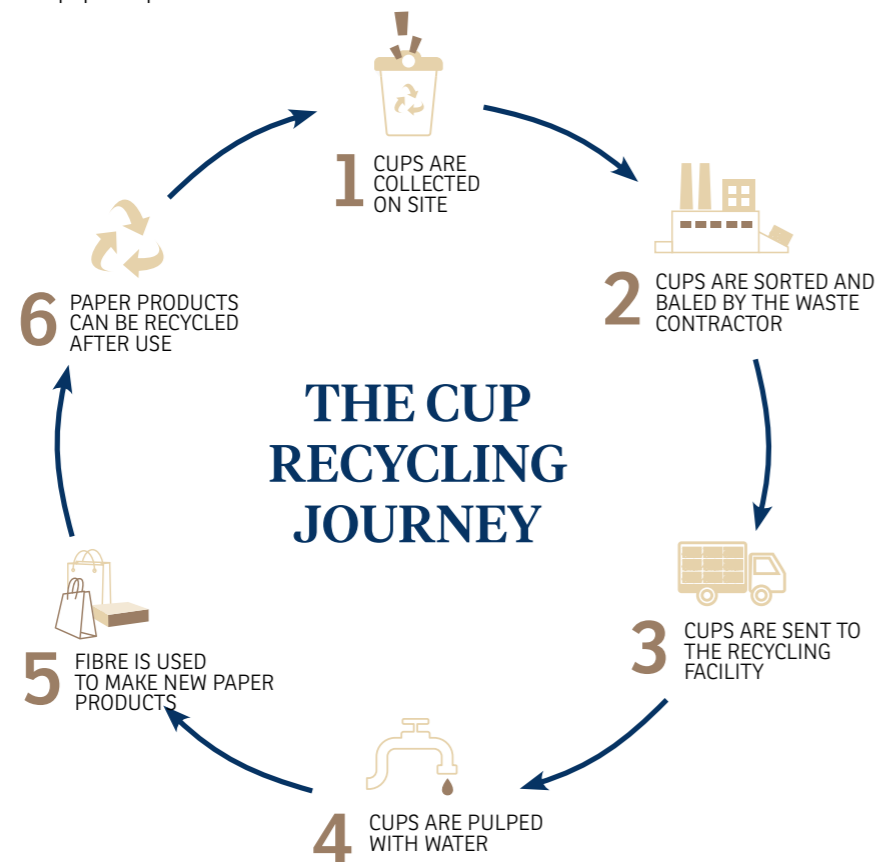


Recycling Initiatives

An insight into the sustainability initiatives we have in place to increase the recycling opportunities for our customers when it comes to our products at end of life.

Lavazza Professional UK joins National Cup Recycling Scheme

As part of our commitment to solving the waste challenge posed by disposable cups, in 2020 we became members of the National Cup Recycling Scheme operated by Valpak alongside several high street coffee shop brands. The National Cup Recycling Scheme is the UK's largest paper cup recycling scheme. The Scheme brings together major retailers, waste management companies and UK paper mills all with the shared aim of growing the infrastructure needed to increase the number of paper cups being collected and recycled in the UK. The Scheme aims to make the collection of cups commercially attractive to waste collectors by offering an additional financial incentive of £70 per ton of cups collected. Since the scheme conception in April 2018, it has recycled 159 million paper cups.



Recycling Our FLAVIA Packs

Lavazza Professional partner with innovator TerraCycle to provide a second life to their used FLAVIA Freshpacks across North America and the UK. TerraCycle is a highly awarded, international upcycling and recycling company that collects difficult-to-recycle packaging and products and repurposes the material into affordable, innovative products.

Our 'Recycle Your Freshpack' scheme allows our customers to find a way to recycle the waste generated by our single use Freshpacks, ensuring the materials (both organic and packaging), can be used in a secondary life (see infographic above). Since the start of our partnership with TerraCycle, over 165 million Freshpacks have been recycled globally.



Telling our Story

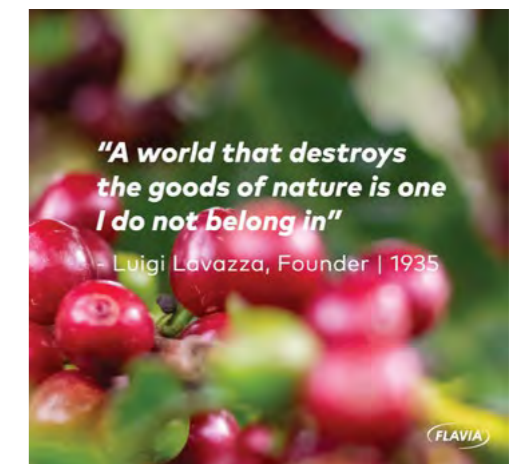
Connecting with our Customers

Customer Focussed Marketing

Connecting with our customers across the globe is an important way to actively demonstrate the many initiatives and activities, we at Lavazza Professional, are involved in and to help tell our sustainability story.

It also gives us an opportunity to share the ambitious and wonderful sustainability initiatives taking place within the whole of the Lavazza Group.

Some examples of our 2020 sustainability marketing are below:



Partnering with our Distributors

Our distributors truly are valuable partners to our business. In many cases, they are the voice and face of our company's products and services. It is therefore very important that we give them everything they need to tell our sustainability story in its fullest. Our Drinks Academy distributor training sessions give our distributor partner that valuable insight and knowledge that allows them to provide the right solution to our customers, benefitting all involved.

Lavazza Professional North America – Drinks Academy with a Difference

In 2020, things were a little different for our Lavazza Professional Drinks Academy on the road truck and Lavazza training centre associate, Frank LaRusso. The global pandemic meant restrictions were in place to prevent us delivering the Drinks Academy training to our distributors in the same way we did last year... but that didn't stop us! In the height of the pandemic the training was delivered purely online as Frank welcomed attendees to virtually visit his home training centre to receive the same high-quality training. As restrictions eased, the truck was prepared and back on the road. Ensuring safety was always the top priority, the Drinks Academy hit the road again in late 2020. Training had to be conducted in smaller numbers, respecting social distancing and the addition of face masks for everyone. For most of these training sessions the delegates were sat outside the truck and could see and hear Frank deliver the training via the live feed shown on screens outside.

DURING 2020

1,779

Distributor Sales, Customer Service, & Route Drivers Trained Virtually or in Person

Lavazza Professional UK – Distributor Training

Drinks Academy training with our Indirect distributor partners moved online during the pandemic as our trainers continued to deliver this valuable training course. As well as focussing on our new C600 machine and new Lavazza FLAVIA products the training also included focus on:

- Our sustainability story from origin to factory to cup
- Product certifications and what they mean
- Our ambassador program, what it means to be an ambassador
- Our Cup Innovations (PP KLIX cup and KLIX Eco Cup)
- Machine energy rating.

DURING 2020

220

People Trained Virtually



Engaging with our Associates

At Lavazza Professional we are very proud of our sustainability story and the positive impact we can make across our supply chain from an environmental and social aspect. Our associates play a critical role in us achieving our sustainability goals, without their passion, drive and commitment we would not be able to make half of the impact we are currently able to do. This is not limited to those associates who have sustainability within their role but to all our associates, it is in our DNA to try and make a positive impact through our day to day role.

Lavazza Professional – Drinks Academy

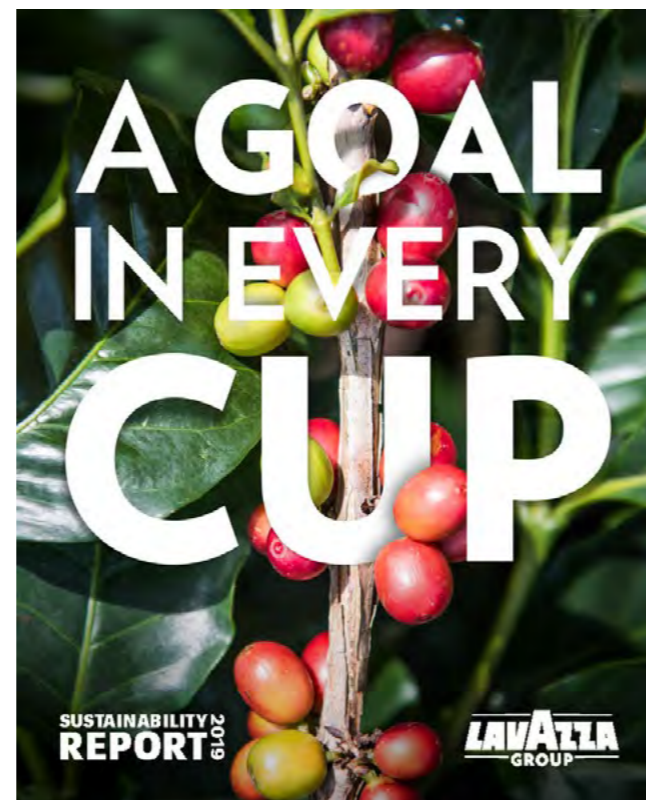
Our Drinks Academy training is a great tool to either induct new associates into our business or to re-engage with existing associates. The Drinks Academy training takes our associates through various sections including the structure of our business, the wider Lavazza Group, and the ethics of Lavazza. In relation to our sustainability story the following areas are covered:

- Our ambassador program - which includes a previous ambassador to talk about the program and the impact it had on them professionally and personally.
- Our innovation work in relation to the packaging of our products.
- The origins of our raw materials and the impact we have there through our Lavazza Professional origin program.
- Certification of our raw materials (coffee, tea, cocoa, palm oil and paperboard).

In 2020 our trainers had to move to a virtual classroom, but this didn't stop over 300 associates receiving training on our company and our products. In conjunction with the launch of our KLIX Eco Cup, an Eco Cup e-learning module was created and assigned to all associates across Europe to share details about this innovation and how it supports our sustainability and business ambitions.

Annual Sustainability Reports

Each year we create our Lavazza Professional annual Sustainability Report, a great way to engage with our associates and our external followers to tell our sustainability story. It serves as a way of recognising our achievements, facing up to the new challenges ahead of us and shaping our future sustainability ambition. As we continue our full integration into the Lavazza Group our stories will be included within the Lavazza Group Sustainability Report which highlights the fantastic work that is happening across the group, driving us to the major ambitions of Lavazza.



Lavazza Global Ambassador

We are proud to offer our associates the chance to take part in our Lavazza Global Ambassador programme. It's a programme that gives our associates a chance to travel to an origin country, that we source our ingredients from, and to see the impact of the work we conduct with our in-country partners to support farmers, their families and the industry as a whole. We are very excited that this programme is something that the Lavazza Group would like to adopt across the wider group.



Lavazza & Community

Our associates have the opportunity to make a positive impact to those around them through our 'Lavazza & Community' programme. At Lavazza Professional we have always been keen supporters of our local community through the provision of our products, our services and our most valuable assets – our associates. As well as supporting local charity & community events with volunteers, participants and products we also encourage our associates to volunteer as an individual or as a team to support local charity & community organisations.



Supporting our Communities



Home & Abroad

Each year, through our Lavazza & Community programme, we donate our Products, our Associates, our Time, our Passion & Commitment to give something positive back to our local community, and in 2020 this community need was higher than ever. Although, we were restricted by the global pandemic, it didn't stop us, and we were still able to offer our support to those in need of a helping hand both at home and abroad. In particular, supporting our wonderful healthcare and key workers as they worked tirelessly to support us all during these challenging times.



Response to the Global Pandemic

2020 was a challenging year for us all as the world responded to, and continues to do so, against the impact of the Covid-19 pandemic. Our thoughts go out to everyone affected by the pandemic and our thanks go out to every single healthcare and key worker across the globe for everything they do to keep us safe.



Lavazza Professional Responds to the Global Pandemic



Lavazza Professional UK

Ensuring our NHS Workers get a well-deserved cuppa

The team at Lavazza Professional are passionate that everyone gets a chance to energise and refresh when they can. After hearing of the NHS Coffee Appeal's mission following a call to action to donate much needed coffee supplies from the Automatic Vending Association (AVA), we were determined to assist our local key workers in need. Lavazza Professional are proud to support and give back to the local communities in which we live and work and were eager to get involved. Our team were quick to respond and worked with the NHS Coffee Appeal to contact our local hospital and offer our services.

To date, Lavazza Professional have chosen to support our local NHS workers at the Basingstoke and North Hampshire Hospital directly with our FLAVIA machines and drinks. We are also delighted to know that our parent company Lavazza have made donations to over 30 hospitals across the UK.

Lavazza Professional Helping to make Face Masks

During this turbulent time, we're incredibly grateful to the heroes working across our key industries in the UK. We're therefore doing all that we can to support them in as many ways as possible. This includes maintaining our supply of drinks for as long as we possibly can, and now also extends to more innovative solutions in the form of personal protective equipment. We've been able to utilise some of our production facilities to help in the manufacture of PP face masks for NHS staff and other key workers in need. By using the 3D printers that are usually used for our prototyping of parts, we're able to produce vital components used in the assembly of protective face masks. None of this would be possible without the dedication of our R&D, Product Assurance and Machine Spares team who are coordinating efforts to bring this activity to life. They're keeping the printers running and packaging parts ready for shipment on their planned visits to the factories.



The Power of Partnerships

The parts that we produce (along with parts produced by other companies and hobbyists around the UK) are then safely packed and shipped to the head office of our CAD software supplier. At this temporary assembly and distribution centre, they are fully assembled and dispatched to those in need. It's incredible that a whole new supply chain has been set up to meet this important demand for personal protective equipment. We're very proud that we can be a part of it thanks to the dedication of our associates, the flexibility of our business and the relationships that we hold with our partners. 3D printing is a fast and effective way to meet the short-term need for this equipment, while other companies work to help meet the longer-term need on a larger scale. We wish them every success in their endeavours.



Lavazza Professional NA

Partnership with Sharing Excess

The last thing we wanted small businesses to worry about when getting back up and running after the impact of Covid-19, was providing their teams with a great cup of coffee. We were honoured to partner with our neighbours at Sharing Excess to bring a sense of "normal" to small businesses in the Philadelphia area, equipping them with our C150 brewer and an assortment of Freshpacks. Sharing Excess connects colleges and communities to reduce food waste & hunger. In communities everywhere, vital basic resources are going to waste, while people continue to suffer from the lack of those very same resources. Through this partnership Lavazza Professional committed to offering 1,000 brewers and over half a million cups of coffee to support local small businesses as Philadelphia starts to recover from the pandemic.

Revival Survival Kits

The Greater West Chester Chamber of Commerce teamed up with Lavazza Professional and ServPro of West Chester to offer complimentary Revival Survival Kits to make it easier for small businesses to reopen safely. Each Revival Survival Kit was sponsored by Lavazza Professional and ServPro of West Chester and included 100 disposable face masks, 100 pairs of disposable gloves, and a 1/2-gallon jug of hand sanitizer. As a special bonus, Lavazza Professional offered a free FLAVIA beverage machine, along with a few months' supply of hot beverages, to help keep small and mid-sized businesses well-caffinated during this time.

Supporting our US Healthcare Workers

On its days off from delivering training to our distributor partners, the Lavazza Professional Drinks Academy truck was on the road again to give something back to our wonderful US healthcare workers. Along with donations of brewers and product to local medical centres to keep them refreshed as they support communities dealing with the pandemic, Lavazza Professional was able to organise 'Healthcare Worker Appreciation Days' as our Drinks Academy truck parked up and offered healthcare workers a Lavazza coffee shop experience in the car park. Just a small token of our appreciation for everything they do.



Lavazza Professional Global

Introduction

The Dignity Kit Programme was part of the Covid-19 response taken using funds from the Ethical Tea Partnership (ETP) Covid-19 response fund to which Lavazza Professional contributed. The focus of the programme was to restore the dignity, confidence and esteem of young boys and girls in tea communities by providing them with basic hygiene products. Dignity Kits are individual packages containing hygiene supplies including sanitary pads, soap, towels and other essential items like torches and bags. Distribution of these kits is a necessary humanitarian response, especially in times of global crisis, in this case being COVID-19, wherein the needs of boys and girls are not being adequately met. In response to this gap, the ETP Covid-19 Response fund with distribution support from KTDA Foundation provided gender-differentiated kits that included both basic hygiene items and items specific to the needs of boys and girls between the ages of 15 and 20.

Dignity Kit Distribution

A total of 230 kits were donated by the fund and were distributed among KTDA tea communities. The dignity kits were donated to the five special projects factories which include Momul, Imenti, Kapkoros, Mungania and Makomboki and beneficiaries identified by gender committees and VSLA groups. Other kits were donated to the Lavazza-supported scholarship children, participants of previous Lavazza-supported mentorship events and Form Four KTDA Foundation National Tea Scholarship beneficiaries. The kits were distributed by members of ETP VSLA groups, ETP Gender Committees, KTDA Foundation staff as well as ETP's Programme Manager, Jane Nyambura.

Boys' Dignity Kits

To ensure gender inclusion in the distribution of dignity kits, 80 boys also benefited from the programme. The kits were tailored according to their needs and wants. These kits will not only boost their self-worth but will also give them confidence to participate in their day-to-day school activities and to engage their peers freely. One kit contained a pair of sandals, a bag, a torch, a towel, underwear, a comb, toothpaste, and a toothbrush, two bars of soap, four rolls of tissue paper and razors.

Girls' Dignity Kits

Girls who fall within the reproductive ages are in dire need of sanitary wear to strengthen resilience in the face of the multiple effects of the Covid-19 pandemic. The dignity kits have helped 150 vulnerable girls from needy homes gain access to sanitary towels for an estimated period of seven months. This will help reduce period poverty and the stigma and shame around menstruation. The dignity kits contain a mirror, a torch, a towel, a sarong, seven packets of sanitary towels, a pair of slippers, four rolls of tissue paper, a toothbrush and toothpaste, a comb, underwear, petroleum jelly, two bars of soap and a bag.

The dignity kits have been very well received by the 230 boys and girls who had been identified as most in need by their fellow community members. Whilst this was a one-time donation, the households of beneficiaries will continue to be supported by their community through household visits by gender committee members or community health workers. Scholarship beneficiaries will continue to have occasional check-ins via updates from the school principal. Emerging issues and lessons will be documented and used to adjust if further distributions are planned or shared with others to ensure lessons and good practice are followed during distribution. For example, in a future distribution, we would recommend adding shoe polish, brushes, ballpoint pens, and sexual reproductive and mental health information.



"The dignity kits not only restore the confidence and dignity of the beneficiaries, but also go a long way in ending period stigma. Menstruation is often treated as taboo topic in the society, but in the distribution of the kits, more people will cease from treating it as a shameful topic while it's a normal body function"
(Betty, KTDA Foundation)

Lavazza & Community

Our Lavazza & Community programme allows us to utilise our most valuable assets, our products and our people, to support those in need within our local communities. Although the pandemic restricted the level of our involvement during 2020, it was wonderful to see and hear about how our associates had been busy supporting local causes across the globe.



PROUDLY SPONSORING
 BASINGSTOKE, 2020
virtual half marathon & 10k
 LAVAZZA PROFESSIONAL

Getting Basingstoke Running

It was a little bit different this year as our annual support of the Basingstoke Half Marathon and 10k runs turned into a virtual event rather than the famous in-person sporting event that it has become. Runners and walkers, including several Lavazza Professional associates, were still able to enjoy the scenic views and rolling hills of Basingstoke but at least could choose their own route and avoid some of those big hills.

Supporting Children's Hospice Event

Thank you to our associates who helped serving teas, coffees and hot chocolates to the Naomi House & Jacksplace Clarendon Way walkers and volunteers, who all took part in a very successful COVID-19 safe fundraising event. 300+ walkers took part in this event, all raising much needed funds to support this children's hospice and the wonderful work it does.



Spreading Christmas Joy

In 2020 more than ever, it was important that we took the time to give back to our local communities and help those in need at Christmas. Lavazza Professional UK took the opportunity to positively impact our community, partnering with the organisations that we support through our 'Lavazza & Community' program to make the following donations:

- St Michaels Hospice – Donation of £500 as well as Xmas gifts for Hospice Staff and Patients
- Naomi House & Jacksplace Children's Hospice – Donation of Sensory Toys for their Care Floor Team
- National Animal Welfare Trust – Donation of £700 towards new dog agility equipment for their Berkshire centre
- Basingstoke Hospital – Donation of FLAVIA products to keep front line staff energised over the Christmas period
- Basingstoke Foodbank – Donation of Xmas Gift Sets, Xmas Hampers, Xmas Treats and Everyday Groceries

Support Across Europe

Our French and German markets were also able to make a positive impact supporting several community-based projects during 2020. Donations were made to the following charity and community organisations covering both environmental and social impacts.





Supporting the Coffee Community

Over the years Lavazza Professional North America have been actively supporting the children of coffee growing families we buy our coffee from, at an orphanage called Hogar Inmaculado Corazón de María in Sonsonate, El Salvador. We call these children our “Coffee Kids”.

In 2020 we set out on a mission to help support our “Coffee Kids” as they battled with the impacts of Covid-19 in their country. 52 children and 6 teachers at the orphanage had specifically been affected by this pandemic. Working with our partners in El Salvador, The COEX Foundation, we identified that \$36,044 was needed to provide 52 scholarships for these remote children who will get, as part of this scholarship, a mobile device to be able to receive and submit schoolwork and to communicate with their teachers remotely. In addition, it was identified that funds were required to support the pay of 6 teachers to deliver lessons, all of which have had no income since the pandemic hit in El Salvador. Inspired by the quote “Changing the world one small act at a time” our associates got to work fundraising.

Lavazza Professional North America – ‘Rocky Run’ 2020

16 associates from Lavazza Professional North America took part in the annual ‘Rocky Run’ to help support the orphanage fundraising efforts. Normally thousands of runners from around the world would gather in Philadelphia for the official ‘Rocky Run Italian Stallion Challenge’ but in 2020, it was a different version of the famous ‘Rocky Run’. Our associates, from coast to coast, completed a virtual walk or run over the event weekend to help raise funds to support the ‘Coffee Kids’ of the coffee growing region of El Salvador that Lavazza Professional supports. A huge thank you to all our participants for their fundraising efforts!



‘Thanks for Giving’

In 2020, it was a very happy Thanksgiving indeed as we were able to announce that we had done it! A grand total of \$37,694 had been raised by over 100 Lavazza Professional North America and Lavazza Group associates, their friends and family, friends at the Society for Hospitality and Foodservice Management, Lavazza Global Ambassadors and especially the Lavazza Foundation for their kind donation which helped us to not only hit, but to exceed our fundraising goal for 2020. This means we were able to help those 52 children and 6 teachers at an orphanage that had been affected by the global pandemic.

Again, we would like to say ‘Grazie’ and ‘Thank You’ to every single person involved in this wonderful fundraising achievement.

Fundraising for El Salvador Orphanage

One of the other fundraising activities undertaken by our associates was the selling of handmade coffee vests and bags made from coffee bean burlap sacks. These were sold to raise funds to provide English class education to the orphanage. 100% of the costs of these items went towards the project fundraising goal. A total of \$1,200 was raised through this activity which paid for 12 children to receive the English classes and study books.



Lavazza Global Ambassador

Sadly, our planned Lavazza Global Ambassador assignment in Rwanda was unable to go ahead in 2020 due to the global pandemic. As much as we would have loved to send some new ambassadors to Rwanda to learn about the environmental and social challenges facing tea farmers and their families, it was impossible to do that safely. We have stayed in contact with our partners to offer our support during these challenging times. Normally when we organise a Lavazza Global Ambassador assignment, we try to incorporate a community support activity, both at a corporate level through a company donation, and at a personal level via ambassador fundraising. Even though we were unable to travel we wanted to honour that commitment and still contribute to community support activities.



Corporate Donation to Support Small Animal Fairs at Gatare

Lavazza Professional made a corporate donation to support a community enhancement activity in the tea farming regions of Rwanda that we would have visited as part of our Lavazza Global Ambassador assignment. With the support of Ethical Tea Partnership (ETP) and their in-country representative, Janvier, it was agreed that the best use of these funds would be to support several small animal fairs. The small animal fairs are operated via a voucher system. Vouchers are handed to beneficiaries (tea farmers) who use them to buy the small animals they want from vendors at the fair. Before transactions begin, a communication is done to inform participants, both beneficiaries and vendors, that vouchers are equally valuable than bank notes at the fair. This ensures everyone is aware and that vendors don't reject vouchers as a method of payment. Once all exchanges have taken place, vendors are paid in cash the amount equivalent to the value of vouchers they have.

The small animal fairs planned in Gatare tea region will provide small animals to 163 out of 309 tea farmers participating in the STA Farmer Field Schools and who are members of COOTHEGA, a cooperative of tea farmers of Gatare. The first round of small animal fairs were conducted on the 15 Feb 2021 and 25 farmers got their animals, mainly goats. A second round took place on the 17 Feb 2021 and served 42 farmers, totaling 67 beneficiaries so far. The remaining 96 farmers shall be served later in the year once the small animal fairs are organised. It is planned that beneficiaries of these animals will pass on any off springs to the other 146 farmers within a period of one year, therefore ensuring the benefit is shared to a wider number of farmers and their families. Small animal rearing is seen in rural areas as a quick source of income for any emergencies since selling a small animal when needed is not so difficult compared to cattle. In addition, the small animals provide manure needed to increase soil fertility.



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Ambassadors take on a 'Virtual' Challenge

We may not have been able to travel to Rwanda last year, as part of the Lavazza Global Ambassador Programme but we still wanted to make a positive impact! Our Global Team of Ambassadors came together to take on a unique challenge in an attempt to raise funds for tea farmers and their families in Rwanda, where our 2020 Ambassadors would have been travelling were it not for pandemic travel restrictions. On Wednesday 25th November 2020 our team of Ambassadors took part in a 'Virtual Relay', either walking, running or cycling their section of the relay. With 17 Ambassadors from 6 countries (UK, France, Germany, US, Canada and Japan) taking part, the relay was scheduled to last 18 hours and cover 120 miles! All of our Ambassadors have been lucky enough to visit one of the countries we source our raw materials from and see first-hand the impact of our origin program partnerships with Ethical Tea Partnership and World Coffee Research, as well as our community support activities. This year, we were raising money to gift cows to less fortunate farmers and families in Rwanda. One cow makes such a difference to the lives of these families and their communities.



Cow Event at ASSOPTHE and HOT Cooperatives

The Government in Rwanda has been implementing the Girinka: One Cow per Poor Family programme since 2006 to contribute towards poverty reduction, reduction of child malnutrition as well as to promote climate resilience among poor rural families. Under the programme, families who meet nationally defined poverty criteria can receive a dairy cow. Any calves produced by the cow are passed onto other families in need within the community, thus amplifying the impact. The funds raised by the Ambassadors purchased cows to be given to tea farmers in Rwanda through cow giving events in conjunction with the local co-operatives. These events were scheduled to take place during the later stages of 2020, however, due to the Covid-19 pandemic and its containing measures, it wasn't until March 2021, that it was possible to conduct the events. In total 16 cows were given to 16 tea farmers from two cooperatives. 11 of them were from ASSOPTHE and 5 were members of HOT Cooperative, both supplying SORWATHE Tea Company located in the Northern Province of Rwanda, in Rulindo district. This brings the total number of cows given by Lavazza Professional Ambassadors to 49 since 2018. Once the cows give birth, beneficiaries will pass them on to more beneficiaries and keep calves. By doing as, as opposed to other regions where calves are the ones passed on, the process of availing cows to poorest members of the community will be quicker due to passing on adult cows already in the reproductive phase.

New Strategic Direction

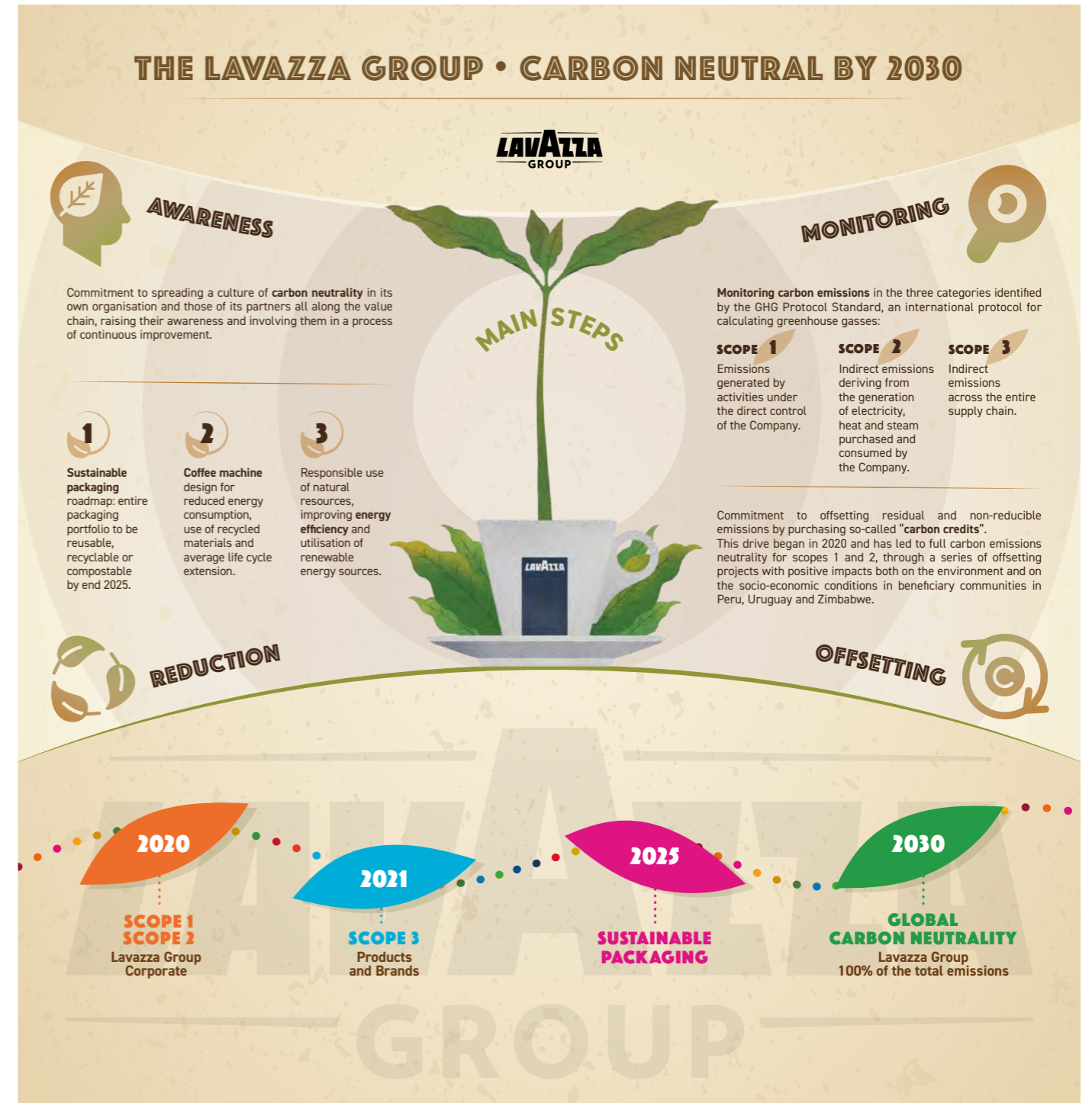
2020 marked the end of our existing Lavazza Professional sustainability strategy. As we continue to fully integrate ourselves within the Lavazza Group, this is the perfect time to ensure our new sustainability strategy is fully aligned to the direction and ambitions of the group. In 2021, we will be formulating our new Lavazza Professional 5 year sustainability strategy ensuring that we demonstrate how our actions and initiatives play a significant role in helping the Lavazza Group to achieve their over-arching goals, targets and ambitions, as well as ensuring we continue to meet the ongoing sustainability needs of our customers, distributors, partners and associates. In the meantime, we maintain our focus on existing sustainability activities across our supply chain as they have become part of the DNA of how we do business. Several of our key initiatives will enhance the contribution that Lavazza Professional can have towards the Lavazza Group's 'Roadmap to Zero', a commitment that the Lavazza group will be carbon neutral by 2030. In 2021, our work to introduce carbon neutral FLAVIA coffees in North America as well as our ongoing operational efficiency activities will contribute to this roadmap. The continued transition of KLIX to our new Eco Cups will not only help to reduce our own carbon footprint but will be fully aligned to the aims of the Lavazza Group's 'Sustainable Packaging Roadmap'.

Sustainability is in our Corporate DNA

'Blend for Better' sets out the Group's approach to Corporate Social Responsibility, building on deeply held values to define our current commitment: to not only produce top-quality coffee, but to do so in a sustainable way that integrates the principles of sustainability in all processes. This means looking at value creation in a fresh light, one in which corporate decisions take social and environmental factors into account, as well as economic ones.

Blend for Better embraces the responsibility shouldered by the Company and its brands in relation to sustainability, taking the form of a commitment to the Sustainable Development Goals (SDGs) of the United Nations' Agenda 2030, and of a wide-ranging programme of activities, divided into four distinct areas: Care for the environment, Spin a virtuous cycle, Open up opportunities, Educate for change.

With the Sustainability Manifesto, the Lavazza Group has declared its commitment to helping achieve the Sustainable Development Goals (SDGs) of the United Nations' Agenda 2030. The Manifesto reflects the deep sense of responsibility that the Group has always demonstrated towards the communities with whom it operates, particularly coffee-producers, its own employees, and consumers.





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