



## SUSTAINABILITY UPDATE

Lavazza Professional's 2018 Progress Toward 2020

**LAVAZZA**  
PROFESSIONAL

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**Richard Bond**  
Global Senior Manager Sustainability  
Lavazza Professional



## Introduction

It will be no big surprise to hear that single use plastics was the main focus of our efforts during 2018 (and will continue to be in 2019). Particularly in relation to our KLIX cup which is made out of polystyrene and used across our European markets. As you will see from this report we are also progressing across the other elements of our sustainability strategy as we drive towards our 2020 sustainability goals.

### Tackling the challenge of single use plastics:

During 2018, the world turned its focus towards single use plastics, predominantly driven by the BBC's documentary 'Blue Planet' which highlighted the devastating impact of plastics within our natural environments. On the plus side this has ignited people's passion to make changes but there is a risk that uninformed decisions can have an even bigger negative impact further down the supply chain, particularly in relation to carbon footprint and the dangers of climate change.

At Lavazza Professional we have been working on alternative materials for our products for years, trying to find the ultimate solution to deliver a quality product, in a packaging format which protects the product, is environmentally friendly and has an end of life solution. We want to ensure that any packaging changes we make do not have a negative impact on our natural environment or the carbon and water footprint of our business or our customers.

We believe that plastic still has a place in our world but must be used responsibly, disposed of responsibly and recycled responsibly using circular economy principles that find a second life for that material rather than drawing virgin material from the earth. Our work on the evolution of our KLIX cups is utilising plastics which are more widely recycled as well as introducing alternative materials.

As a business to business solution provider, we have an opportunity to work together with our customers and distributors to ensure our products are disposed of and recycled correctly, whatever material they are made of, to ensure our products do not end up damaging our natural environment.

### 'A New Home'

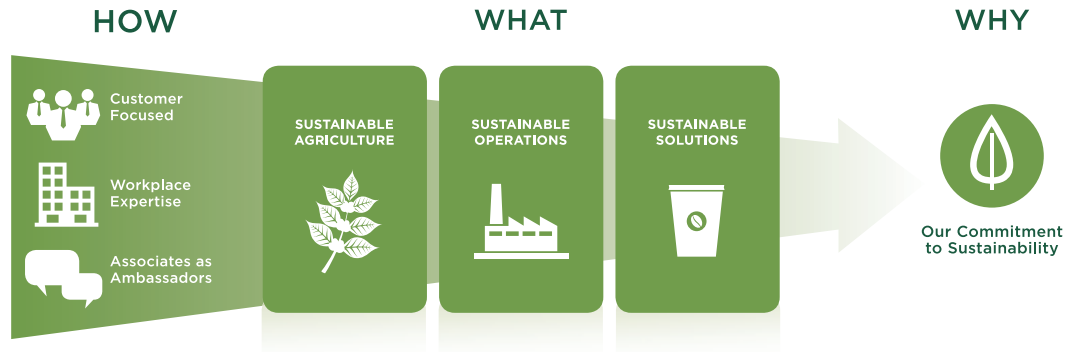
At the end of 2018, after 60+ years as part of Mars Inc. we moved to a new home as part of Lavazza. This offers us an exciting opportunity to take everything we have learnt and experienced during our time with Mars Inc. and use it to continue to drive our sustainability efforts forward within Lavazza.

From our short time together it is clear that Lavazza are very passionate and committed about making a truly positive impact to the planet and people connected to their supply chains. It is an exciting time for Lavazza Professional as we can make a significant contribution to that vision. We have already started to work with the Lavazza Sustainability Team to understand where we can align our work and contribute to each other's programs.

We are looking forward to playing a key role in Lavazza achieving its Sustainability vision.

## Our Progress to Date

In order for us to reach our 2020 targets, we set annual milestones to keep us on track. Below is our progress in 2018 against these milestones in the ultimate goal to deliver our 2020 targets.



## 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	Progress to Date
Lavazza Professional Owned Brand Products	Source, or continue to source, 100% third party certified coffee beans, cocoa and black tea leaves for our owned brand products.	<b>On Track</b> 100% of our coffee beans & black tea leaves for our owned brand products are third party certified. 100% of our total cocoa volumes for our DOVE and 92% of our total cocoa volumes for our GALAXY® branded drinks also now come from third-party certified sources.
	Complete supply chain mapping for our priority raw materials (coffee and black tea) and establish traceability for these supply chains.	<b>On Track.</b> In 2018 we again completed the supply chain mapping our coffee and black tea supply for our own branded products to understand the dynamics within our raw material supply chains.
	Complete impact analysis of our coffee and tea supply chains	<b>On Track</b> In 2018, the impact analysis of our coffee and tea supply chains supported our coffee and tea origin programs, which are focussed on positively impacting the lives of people within our supply chain. These origin programs are due to run from 2018-2020.
Licensed Brands	Establish sustainable sourcing guidelines for 100% of licensed brands for coffee, black tea and cocoa in the Lavazza Professional product portfolio.	<b>Delayed</b> This work is still outstanding and has evolved significantly since its conception due to the changes within our business dynamics. This will need to be assessed following our move to Lavazza to validate its value and importance to our strategy.
	Support a sustainable sourcing program with at least one licensed brand each year	<b>On Track</b> In 2018, we completed our commitment to the scale up program focussed on reducing the energy consumption of 67 tea factories in Kenya. This work was a follow up to our original program and required a collaborative partnership with Ethical Tea Partnership, Kenya Tea Development Agency, GIZ and one of our licensed brand partners, Taylors of Harrogate. See the year 1 results of this work later in this report.
Industry Engagement	Support at least one sustainable sourcing intervention a year via partnerships.	<b>On Track</b> We continue to collaborate with World Coffee Research and The Ethical Tea Partnership in this area. Our partnerships with these NGO's 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.	<b>On Track</b> In 2018, we started a new 3 year origin program with World Coffee Research in Central America —supporting their 'WCR Verified' initiative. This work is designed to create verified nurseries and plants for coffee farmers in Central America to ensure the identity and quality of the coffee plants they are buying. In addition we started our focus within tea in Rwanda. Working with the Ethical Tea Partnership we sponsored two programs, Farmer Field Schools and Village Savings and Loan Associations, both supporting farmers and their families.
	Inform 100% of customers about Lavazza Professional's efforts to support sustainable agriculture.	<b>On Track</b> In 2018 this was completed via a number of formats including our annual sustainability report, website updates, sales tools and local marketing. We will continue to focus our efforts in communicating the important work we do to support sustainable agriculture.

## Making an impact across our Supply Chain

### Raw Material Sourcing Countries:

 <p><b>Black Tea</b> Burundi India Kenya Malawi Rwanda Tanzania Uganda Zimbabwe</p>		<p><b>Coffee</b> Brazil Colombia Costa Rica El Salvador Ethiopia Guatemala Honduras Indonesia Kenya Mexico Peru Vietnam</p>
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### Tea Origin Program with Ethical Tea Partnership (2018 - 2020)



In 2018 we had a split focus within our tea origin program work. Part of our focus was on the continuation of our work in Kenya, combating climate change by working to reduce the energy consumed by processing tea. During 2017 this work had been scaled-up across all 67 KTDA factories via a collaborative partnership with ETP, KTDA, GIZ and Taylors of Harrogate. You will see to the right, the amazing impact this collaborative partnership has had within its first year. This impact will continue to benefit the people of Kenya even though our intention has moved to another country within our supply chain.

That new country is Rwanda. Working with ETP we have identified another collaborative partnership opportunity, taking the learnings from our previous experience to make the biggest impact. Due to the complexities and number of organisations involved, the full partnership will be formulated and started in 2019. In the meantime we wanted to make a start in Rwanda so in 2018 we supported two projects in Rwanda via ETP. These two projects were Farmer Field Schools (FFS) and Village Savings and Loan Associations (VSLAs).

#### Results of tea origin program



**67 FACTORIES**



**10,592,235 kwh**



**600,000+ FARMERS**



**365 (KES)**



**269,828 TREES**



**\$3.6 MILLION DOLLARS**

### Coffee Origin Program with World Coffee Research (2018 - 2020)



In 2018 we started a new origin program with World Coffee Research (WCR) in Central America. This program supports the work that WCR are doing to use scientific research to benefit the coffee growing community across the globe. This particular program of work focusses on their 'World Coffee Research Verified' program ensuring healthy and genetically pure plants. The verified program helps coffee farmers make informed decisions about which plants are best for them so they can lower their risk and grow a healthy and sustainable crop. Verified plants can only be sold at nurseries that follow the four pillars of the program:

1. Nursery Standards
2. Genetic Purity
3. Education
4. Breeder's Rights

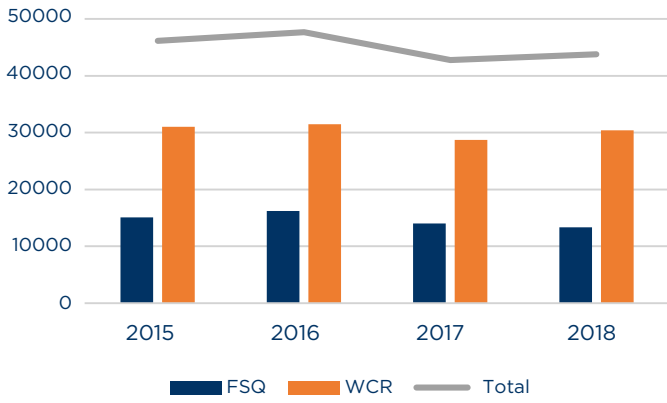


## Sustainable Operations

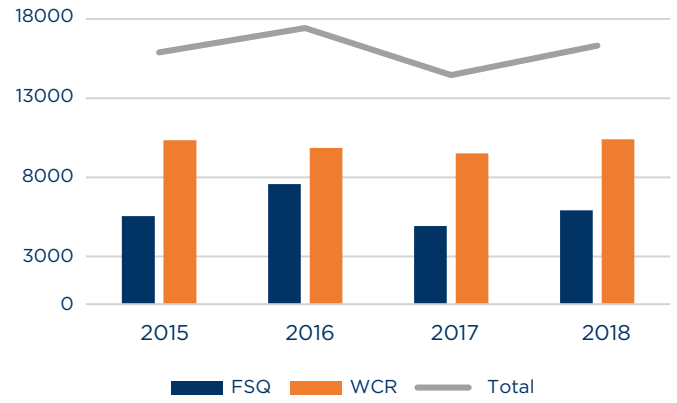
At Lavazza Professional we are inspired by the efforts of our parent company, Lavazza, and are driven by the expectations of people in the modern workplace who increasingly expect us to operate sustainably. At Lavazza Professional we continue to work to reduce our energy, water use and waste from our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

	2020 Targets	Progress to Date
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.	<b>On Track</b> In 2018, 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 greenhouse gas emissions (from 2007 baseline)	<b>On Track</b> Benefitting from the Mars Inc. renewable electricity projects and our efficiency work on site, we are able to make great progress in this area. As of the end of 2018 we have achieved an 89% reduction in GHG emissions. Following our departure from Mars Inc. we need to assess the viable options for us to continue this work within Lavazza.
	15% reduction in water intensity (from 2015 baseline)	<b>At Risk</b> We have seen an increase in water intensity of 37.26%. Fortunately we don't use a vast amount of water within production as our consumption is more 'domestic' use. That said our Supply teams are monitoring this and identifying ways to control this trend and drive it the other way.
	15% reduction in energy intensity (from 2015 baseline)	<b>At Risk</b> As of the end of 2018 we have seen an increase against our 2015 baseline of 3.41%. We have upgraded factory assets (air compressors) as well as added energy efficient LED lighting which is generating savings. We believe we can continue to make improvements in our energy consumption to deliver against our 2020 target.
	Maintain Zero Waste to Landfill at our West Chester, Pennsylvania and Basingstoke, UK sites	<b>On Track</b> In 2018, 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 and other supply chain partners to help them reduce their impacts.	<b>On Track</b> We are proud of the work we are doing with our Kenya tea suppliers to help them learn about energy reduction best practices in their factories and are delighted that this work has been scaled-up in 2018 to great effect.
Customer Focused	100% of customers rate their regular Lavazza Professional contact as knowledgeable about Lavazza Professional's sustainability efforts.	<b>On Track</b> 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.
Associates as Ambassadors	100% of Associates are knowledgeable about Lavazza Professional's sustainability efforts.	<b>On Track</b> We have been utilizing our site 'Town Hall' communications events and email newsletters to share work in this area as well as the introduction of a 'Playbook' for our Supply teams to help create the correct structure, governance and focus areas for the continued reduction in use of energy and water.
	100% of Associates understand the connection between sustainability and our brand.	<b>On Track</b> This is covered to some extent through our 'Drinks Academy' program and the internal communications we have delivered.
	100% of key Associates become Sustainability Ambassadors in the field (by demonstrating advanced level of knowledge on our sustainability efforts).	<b>On Track</b> As well as having Associates involved in cross segment work groups focused on the sustainability activities of Mars Inc. we also have a vibrant Mars Ambassador Program (MAP). During 2018 we had a group of Associates visit our tea origin program in Rwanda to learn about the work we are doing to support the tea industry in Rwanda through our work with Ethical Tea Partnership.

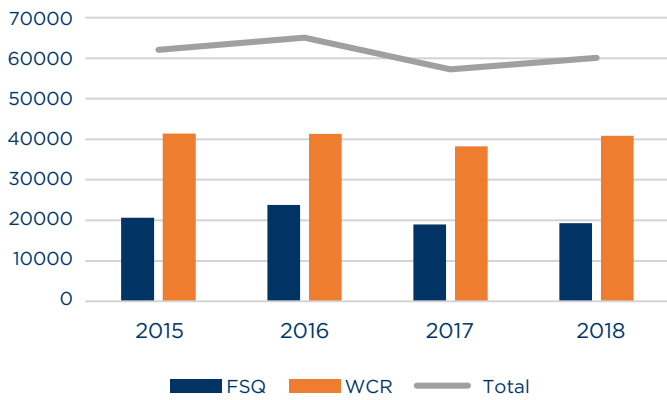
**Electricity Consumption (GJ)**



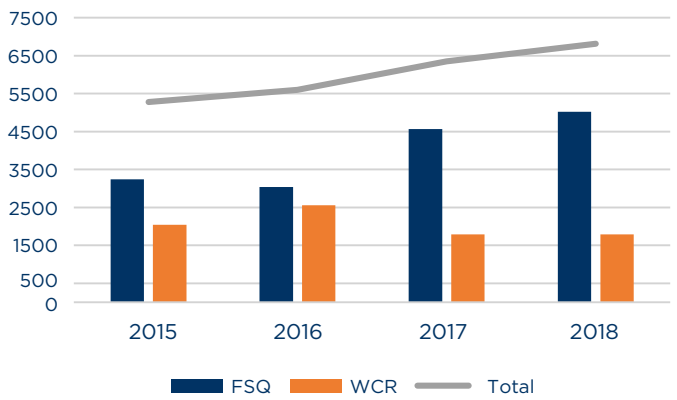
**Gas Consumption (GJ)**



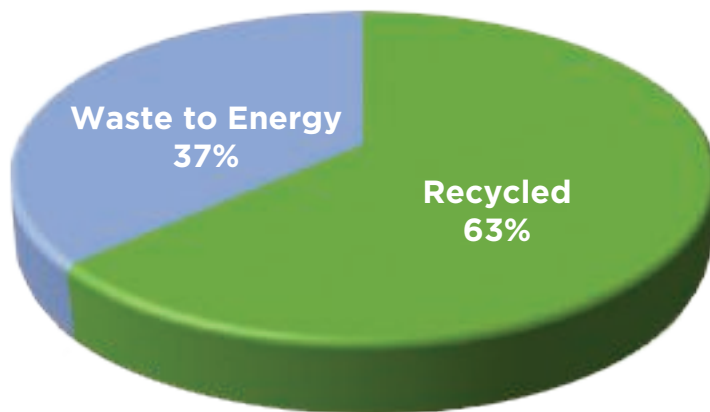
**Total Energy Consumption (GJ)**



**Water Consumption (m³)**



**LAVAZZA PROFESSIONAL - SITE WASTE**



## Sustainable Solutions

We are committed to ensuring our solutions meet the needs of people at work, while also being as sustainable as possible. We consider sustainability at every step by designing resource and energy efficient solutions, working with suppliers to use lower-impact materials and manufacturing processes ensuring our products have simple end of life solutions. Our single most important priority currently is to solve the waste challenge presented by drinks packaging and technology at the end of its life.

	2020 Targets	Progress to Date
Our Technologies	100% of new technology platforms are more sustainable than previous versions (from 2015 baseline)	<b>At Risk</b> Our engineers seek to develop innovative solutions to ensure energy efficiency is a consideration for each new technology we launch whilst balancing the customer requests for additional functionality within our technologies.
	Establish, or maintain, a recycling program for all Lavazza Professional technologies	<b>On Track</b> We currently have a program to refurbish, re-use or recycle KLIX® machines and aim to continue implementing similar programs for our FLAVIA® technologies during 2019 and 2020.
Freshpacks and Cups (single use plastic waste)	Source and design packaging materials to reduce carbon footprint of Freshpacks and KLIX® cups by 25% (from 2015 baseline)	<b>Making Progress</b> 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. We have not given up on this challenge and have continued our work to identify future opportunities for pack innovation which deliver against quality, taste, functionality and our sustainability strategy. The 2020 timeline is a significant challenge but we will continue this work to ensure we are moving forward in our efforts to reduce the carbon footprint of our products, whilst making them easier to recycle.  The innovation work we started in 2017 in relation to our KLIX® cup was a key focus during 2018. We collaborated with our cup manufacturers to accelerate the introduction of our polypropylene cup whilst continuing the research into alternative materials. The new polypropylene cup is targeted for a 2019 launch and will open up the opportunity for our KLIX® cups to be widely recycled via municipal services. This, as well as the infrastructure development work we have done on a closed loop solution with industry partners, will help to show a true carbon benefit for our KLIX® cups.
	100% Freshpacks produced in lower environmental impact pack (packaging that delivers a 25% reduction in carbon footprint)	<b>At Risk</b> Please see update above regarding Freshpack packaging change that occurred in 2017.
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.	<b>On Track</b> Our Drinks' packaging can currently be recycled in Germany via municipal programs. In the UK we have established a relationship with Terracycle ( <a href="http://www.terracycle.co.uk/en-UK">www.terracycle.co.uk/en-UK</a> ) and Simply Cups ( <a href="http://www.simplycups.co.uk">www.simplycups.co.uk</a> ) to provide a special program to collect and recycle KLIX® cups, paper cups and Freshpacks in absence of municipal programs. We currently offer a Recycle Your Freshpacks program in NA that enables customers to divert their used packs from landfill. We are working to make this program more accessible to more customers.
	Support external and internal collaborations in key markets to enable better access to end-of-life solutions for Lavazza Professional's products via municipalities.	<b>On Track</b> 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.
Workplace Expertise	Support customers in sharing information with their people, highlighting ways to keep Lavazza Professional's plastic waste out of landfills.	<b>On Track</b> 'Blue Planet' has helped to put this to the front of mind of a lot of our customers and consumers, which has given us 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.
Customer Focused	100% of customers are confident that Lavazza Professional provides the most sustainable solution for single-use waste	<b>On Track</b> 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 KNOW OUR CUSTOMERS CARE ABOUT OUR PLANET

### AND SO DO WE

That's why we've been making great strides forward in our mission to deliver more sustainable drinks vending solutions

## WE'RE TRANSFORMING INTO A MORE SUSTAINABLE BUSINESS

It is our goal to make Lavazza Professional the vending solution of choice for sustainability-minded businesses

We're determined to take the lead in prolonging the life of materials by using our resources in the smartest ways. Through innovation and by working with our customers, we'll help prevent plastic waste going to landfill.



**"We are very excited about our new, more sustainable cups which are part of our focus on innovation and sustainability."**

**We consider sustainability at every step - by designing resource and energy-efficient solutions, working with suppliers to use lower-impact materials and manufacturing processes, and ensuring our products have simple end-of-life solutions."**

Hossam Ashraf  
General Manager, Lavazza Professional Europe

We're excited to announce...  
**TWO NEW SUSTAINABLE  
KLIX CUPS**  
COMING SOON IN 2019



**EASIER-TO-RECYCLE  
KLIX® PP CUP**

**RECYCLABLE PAPER  
KLIX® ECO CUP**





## Supporting Communities within our Supply Chain

As part of MAP assignment in Rwanda, our Ambassadors had the opportunity to leave a lasting impact. Our business had committed to support the construction of a new tea collection hangar to benefit the local community within the KOBACYAMU tea co-operative.

These tea collection hangars are used for weighing tea leaves each day and the pickup location for the tea to be taken to the local factory. The original hangar being used was found to be unhygienic as it was next to a butchers, making it impassable for approval by the Rainforest Alliance. The group's craftsmanship skills were put to the test when they attempted to help with brick laying, cement mixing, and transporting bricks & rocks for the build.

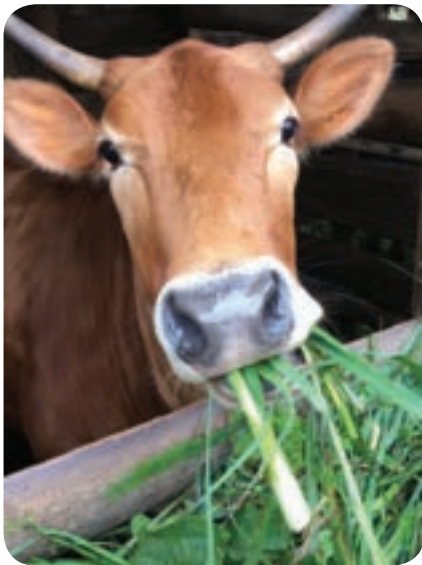
It was a great experience that brought the group together with the community and demonstrates the support our business gives to improving the lives of those within our supply chain.



### BEFORE / AFTER

As part of the assignment our Ambassadors, partnered with our hosts in Rwanda, organized two community 'Give a Cow' Events to support the local farming community. Ambassadors held fundraising activities within their respective markets and were able to collect over £4,500, translating into 18 cows for tea farmers who were in need and demonstrated good farming practices. As community members, farmers, ambassadors and children assembled, so did the cows. The ceremonies included a traditional African dance, speeches and of course, the presentation of the cows. Ambassadors were given the opportunity to dance with the community, take pictures with the new and proud owners of the cows and share this special moment with those assembled.

All in all, this gave the group a true connection to the tea farmers community and they were honored to be part of it thanks to their hard work and the generosity of their friends, families and work colleagues.



# 2020 & Beyond

Lavazza Professional will continue our work towards our 2020 commitments in an effort to become the most sustainable workplace drinks solution. We will provide updates on our progress along the way and we look forward to sharing our successes and challenges with you.

Following the acquisition of our business and our new home within Lavazza we will be looking at our sustainability strategy beyond 2020 to ensure its principals are aligned with those of Lavazza. We have already started that connection and our sustainability teams are working together to formulate a combined direction which will help to drive progress against the United Nations Sustainable Development Goals, a structure which Lavazza have adopted to shape their sustainability strategy.



## To find out more about Lavazza

and learn how they are progressing their sustainability work please visit [www.lavazza.com/en/sustainability](http://www.lavazza.com/en/sustainability)

