



Caffè Borbone

Caffè Borbone was founded in 1997 in Caivano (Naples) as a coffee roasting and packaging business, later becoming one of the main producers specialized in compatible capsules and pods, with a dense commercial network in Italy. It has been part of the Italmobiliare Group since May 2018, as **a subsidiary with a 60% stake**.

Caffè Borbone fully integrates the sustainable strategy of the Italmobiliare Group, through policies, management, operating methods and initiatives designed according to its specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of safeguarding the environment and actively involved in every aspect of business integrity. In so doing, Caffè Borbone upholds the Italmobiliare Group's commitment with the Global Compact, confirming its support for the Ten Principles and contributing to the Sustainable Development Goals, as well as to the broader objectives of the United Nations.

Furthermore, through active membership in the Italian Coffee Committee, it shares the commitment of the European Coffee Federation towards the creation of sustainable value in the entire supply chain.

Italmobiliare and Caffè Borbone recognize the sensitive aspects of the global agro-commodity sector. In fact, the sector highlights important issues for the sustainable success of the business, economic, social and environmental issues, which cover the entire value cycle, from the procurement of raw materials to the management of the products' end of life.

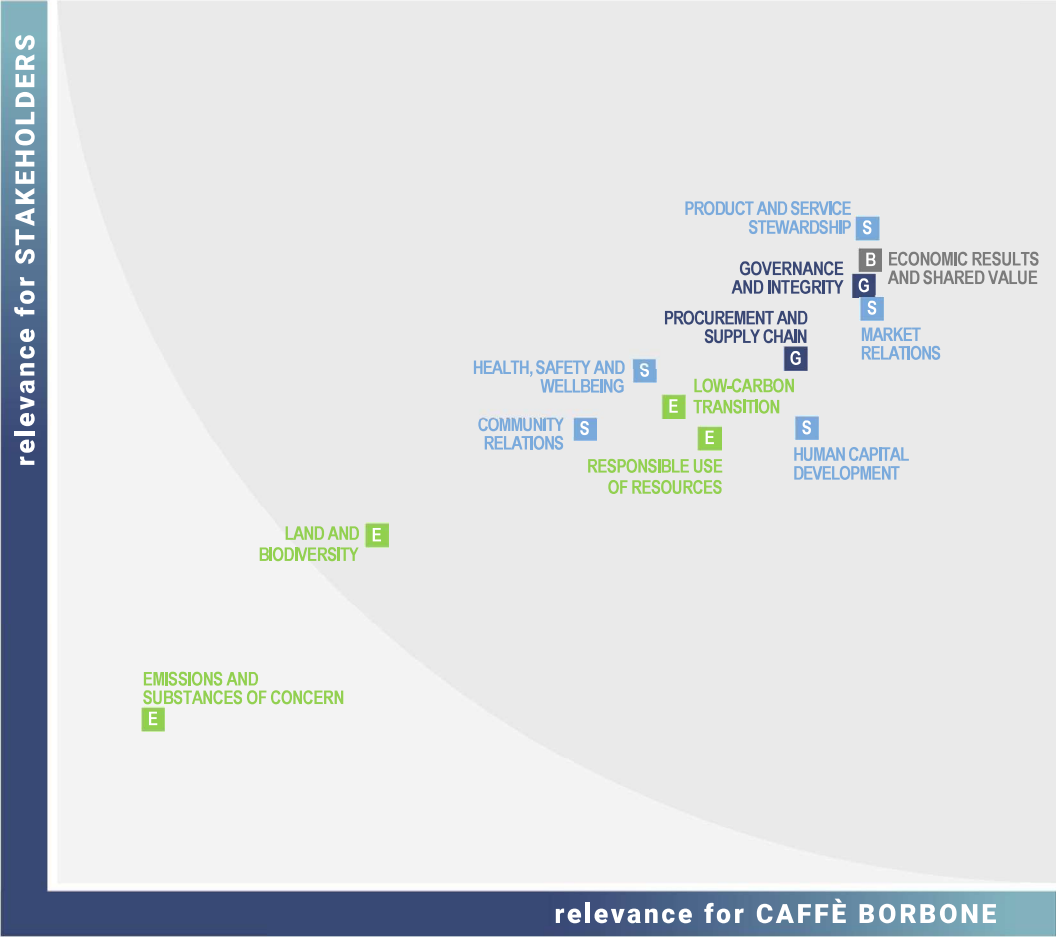
In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders. The resulting matrix is on the opposite page.

In addition, the SDG Action Manager analysis tool integrates B Lab's B Impact Assessment, the Ten Principles of the UN Global Compact and the SDGs, allowing effective self-assessment of progresses. The graph on the opposite page represents the contribution of Caffè Borbone.

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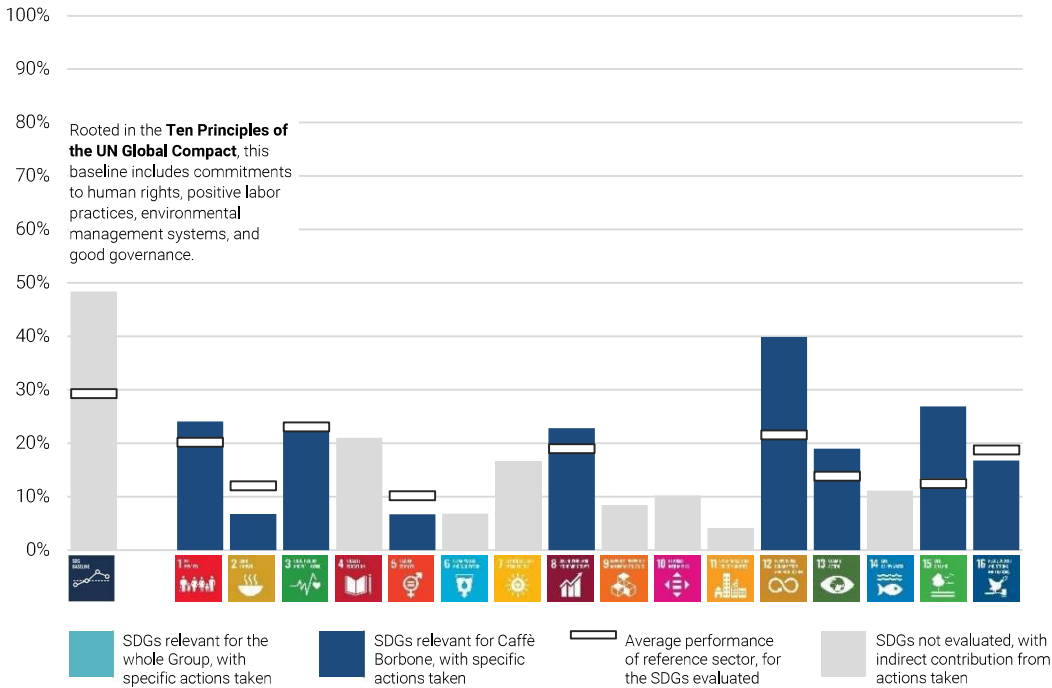
- Responsibility and integrity in the **supply chain** to promote agricultural practices in balance with ecosystems, resilient to climate change and attentive to social needs, women, indigenous peoples and farmers' families.
- Efficiency of **production** to reduce the direct and indirect environmental footprint, from renewable energy to sustainable packaging, and ensure food safety.
- Attention to **people** through the promotion of health, safety and wellbeing in an inclusive and progressive working environment.
- Involvement of the **community**, including that of consumers, with products and initiatives capable of promoting responsible lifestyles.
- **Integrity** of business as a lever for success, from adoption of the Code of Ethics to cooperation with entities, organisations, institutions and authorities.

MATERIALITY AND CONTRIBUTION TO SDGS



Materiality matrix

- B** The ultimate goal of the **business** is to create shared value, by identifying, understanding, measuring and managing all the levers of success in the best way possible.
- G** **Governance** levers: ethical management, risk management and pro-active compliance across the entire value chain.
- S** **Social** levers: people, from employees to the market, to local and global communities, united in the move towards sustainable lifestyles.
- E** **Environmental** levers: the fight against climate change and responsible management of natural resources.



B Impact Assessment (BIA)
Developed by B Lab, it is a tool for assessing sustainable performances, such as dynamic self-assessment, benchmarking and continuous improvement. It allows you to set growth objectives in the most strategic areas where development potential remains high.

SDG Action Manager
Developed by Global Compact together with B Lab, it integrates BIA as an assessment tool of one's contribution to the United Nations' Sustainable Development Goals. Due to its multidimensional and participatory nature, SDG 17 is not included in the assessment.

GOVERNANCE

GOVERNANCE AND INTEGRITY

Board of Directors

- 6 members
- 1 female members
- 1 independent member

The composition and management of the governance bodies, starting with the Board of Directors, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity.

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Caffè Borbone explicitly recall the Ten Principles of the United Nations Global Compact and are inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Caffè Borbone intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Caffè Borbone has adopted an Organisation, Management and Control Model, which is foreseen by law but not mandatory. It is designed to limit the risk of committing certain types of crimes, mainly in terms of corruption, bribery, fraud against the State, corporate offences, fencing, unintentional serious injuries or fatalities due to non-compliance with safety norms, serious environmental crimes, but also terrorism or violations against the individual, market abuse and others. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

Management systems

- Quality: ISO9001
- Food safety: IFS
- Environment: ISO 14001 ongoing

More generally, Caffè Borbone implements and strengthens the Enterprise Risk Management system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG issues. The process adopted allows the identification, measurement, monitoring and management of the risks to which the company is exposed, at the same time helping to strengthen the Group's approach.

At an operational level, the adopted management systems represent a fundamental asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

PROCUREMENT AND SUPPLY CHAIN

The main areas in the supply chain are the procurement of raw coffee, packaging materials and logistics and distribution services, which together accounted for over 60% of the total spending. In 2021, the main countries of origin of the coffee used were Uganda, Vietnam, India and Brazil.

In order to consolidate the governance of the supply chain, Caffè Borbone is refining the criteria and protocols for selecting suppliers and the contractual elements to support a sustainable supply chain.

The management of strategic supplies requires special attention. To this end, Caffè Borbone creates partnerships with coffee suppliers, relying on selected international intermediaries committed to sustainability, who offer ample guarantees to align with international standards and to actively promote a sustainable coffee supply chain. Caffè Borbone aims at combining quality with responsibility and integrity in the supply chain to favour agricultural practices in balance with ecosystems, resilient to climate change and attentive to social needs, women, indigenous peoples and farmers' families. In 2021, Caffè Borbone started evaluating the viable certification options for coffee supplies with Ofi, NKG and ECOM, which will be gradually introduced, and the opportunities for continued cooperation in social projects for local communities.

OFI

The Olam Food Ingredients Supplier Code is based on clear principles on governance and integrity, quality of goods and services, refusal of all forms of exploitation, respect for the environment, local communities and regulations. Furthermore, child labour, forced labour, the use of banned chemicals and pesticides, the encroachment of legally protected areas, critical habitats or areas with a high carbon stock are considered unacceptable.

NKG

The Supplier Code of Neumann Kaffee Gruppe defines criteria in matters of economy, society and the environment, in particular by rejecting the worst forms of child labour, forced labour and deforestation.

ECOM

The Supplier Code of ECOM Agroindustrial requires legal and ethical compliance, respect for human and labour rights, traceability and sustainability of supplies, environmental protection, health and safety of workers.

LDC

Louis Dreyfus Company adopts a Supplier Code that covers human and labour rights, health and safety, environmental protection and business integrity.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Caffè Borbone benefits from the value of 260 specialized and motivated people (overall turnover 20%, 45 new hires and 6 exits). Direct employees, by choice mainly of local origin, are all covered by collective bargaining agreements. 8% of managerial positions are held by women.

A significant use of non-employee workers, partly to enable job rotations. In 2021, there were 66 temporary agency workers, agents, self-employed workers and interns. Social dialogue flows in an open and constructive way, ensuring the protection of workers' health and the continuity of production activities, ensuring the health protocols necessary for the persistence of the pandemic emergency and supporting the provision of training at all levels.

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel									
TOTAL	8	191	199	8	210	218	17	243	260
<i>Managers</i>	1	3	4	1	5	6	1	7	8
<i>Middle managers</i>	-	-	-	0	4	4	0	4	4
<i>Office workers</i>	7	22	29	7	19	26	16	30	46
<i>Production workers</i>	0	166	166	0	182	182	0	202	202
Contracts (%)									
Permanent (vs. fixed-term)	100%	81%	82%	100%	90%	91%	94%	93%	93%
Full time (vs. part-time)	100%	81%	82%	100%	98%	98%	82%	98%	97%
Training (hours per capita)									
TOTAL	3.0	5.1	5.0	1.0	3.5	3.4	85.5	6.7	11.9
<i>Managers</i>	16	16.0	16.0	0.0	0.0	0.0	4.0	5.7	7.0
<i>Middle managers</i>	-	-	-	-	0.0	0.0	-	7.0	7.0
<i>Office workers</i>	1.1	3.3	2.8	1.1	0.4	0.6	90.6	19.0	43.9
<i>Production workers</i>	-	5.2	5.2	-	4.0	4.0	-	4.9	4.9
Performance assessment (%)									
TOTAL	100%	39%	11%	63%	10%	10%	24%	8%	9%
<i>Managers</i>	-	100%	100%	100%	100%	100%	100%	57%	63%
<i>Middle managers</i>	-	-	-	-	100%	100%	-	100%	100%
<i>Office workers</i>	100%	100%	63%	57%	42%	46%	19%	33%	28%
<i>Production workers</i>	-	0%	0%	-	0%	0%	-	0%	0%

HEALTH, SAFETY AND WELLBEING

Caffè Borbone promotes the health, safety and wellbeing of all employees, including companies, suppliers, visitors, customers and the local community in the approach.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. The interaction between people and mobile vehicles, process machines with moving mechanical parts and the presence of flammable materials are the prevailing risk conditions identified. A dedicated internal contact, the availability of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

In line with the adopted Sustainability Policies, Caffè Borbone intends to further develop the safety management, starting from management leadership that supports a motivational, organisational, and operational system. Far beyond simple legislative compliance, this approach aims to build a true culture of safety, protecting the safety of anyone involved in operational activities and, at the same time, improving managerial skills and motivations for achieving broader results objectives.

	2019	2020	2021
Employees			
Fatalities	0	0	0
Serious injuries <i>with absence from work for at least 180 days</i>	0	0	0
Injuries <i>with absence from work for at least 24 hours</i>	2	3	5
Frequency rate <i>number of injuries per million hours worked</i>	6.3	8.1	11.5
Severity rate <i>lost days per thousand hours worked</i>			0.11
Non-employees *			
Fatalities	0	0	2
Serious injuries <i>with absence from work for at least 180 days</i>	0	0	0
Injuries <i>with absence from work for at least 24 hours</i>	0	0	0
Frequency rate <i>number of injuries per million hours worked</i>	0.0	0.0	34.6

* Temporary workers and interns

PRODUCT AND SERVICE STEWARDSHIP

Responsible production and consumption

A very large part of the materials used in production and packaging are renewable, recycled or with recycled content, or they are easily recyclable at the end of their life.

- The pods produced are compostable, including the paper, as certified by the Italian Composting Consortium, and marketed in a wrapping recyclable as paper.
- The production of capsules made of compostable plastic has started.
- The paper or cardboard used for packaging is mostly recyclable FSC MIX certified, i.e. with at least 70% certified or recycled materials.
- Packaging aluminium is recycled and recyclable.

Caffè Borbone creates, produces and markets coffee in capsules, pods, beans or ground coffee according to quality regulations. Also in 2020 the level reached with various product lines was awarded a prize by taste experts and consumers.

Adding sustainable value to a recognised quality product is a clear line of strategy for Caffè Borbone. In addition to the responsible procurement of raw materials and the efficient management of the production site, particular attention is paid to the choice of ancillary materials used for the production of pods, capsules, ground coffee or beans and related wrapping and packaging.

All the coffee pods placed on the market (about 35% of production) are certified compostable by the Italian Composting Consortium and are distributed in a wrapping easily recyclable as paper. This activity, fully consolidated in 2021, is progressively being accompanied by the production of coffee in compostable plastic capsules, which allows for easier post-use valorisation.

Moreover, all paper waste produced by the Caivano plant is collected and sent to a local paper mill which processes it, returning products that can be used for packaging.

MARKET AND COMMUNITIES

Food quality and safety are ensured throughout the entire production process with advanced and integrated management systems, which thanks to the effectiveness demonstrated and verified over time have obtained formal third-party certification.

ISO 9001	The ISO 9001 standard lays down the requirements of an organisation quality management system. It is the reference standard for companies that want to submit their production process to quality control in a cyclical manner, starting with the requirements of customers, expressed or otherwise, through to the monitoring of the entire production process, from the procurement of raw materials and utilities to the finished products.	System certified by DNV-GL
IFS FOOD STANDARD	The IFS standard, which is applicable to companies in the food sector, identifies the specific elements of a management system focused on product quality and safety from a hygiene and health point of view. It provides for the adoption of reference good practices, a Hazard Analysis Critical Control Point (HACCP) system, a documented quality management system, control of standards for the workplace, for the product, for the process and for the staff. It also requires defined specifications for raw materials, intermediates/semifinished products and products, monitoring of suppliers and the proactive management of environmental aspects such as waste management and industrial hygiene.	System certified by DNV-GL

Attention to customers and consumers is completed by the management of customer satisfaction and data protection, adopting and continuously improving its application of the legislative and voluntary standards. This approach also includes the shopping experience through digital channels, which the company tries to optimise in terms of user-friendliness and security.

Caffè Borbone also intends to actively promote responsible lifestyles through its brand. Wrappers contain clear and detailed information on the correct way to dispose of waste after use, in order to benefit fully from the products' characteristics of compostability and recyclability.

The many social initiatives in the area and for the local community are also part of this logic by combining business, social value and environmental responsibility.

Caffè Borbone with Plastic Free
On the occasion of Earth Day 2021, Caffè Borbone supported a significant reclamation action of an extended area near the mouth of the Garigliano river in Campania. Organized by Plastic Free Onlus, the event was attended by over 400 volunteers including many employees. Still in Campania, Caffè Borbone also participated in the second annual event, organized on 26 September 2021 with 30,000 volunteers and 338 initiatives nationwide.

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

Raw materials and energy are procured on the basis of production demand, with the aim of maximising process efficiency and minimising waste. The computerised management of the entire cycle makes it possible to monitor the use of resources and improve traceability, which is also essential for guaranteeing food safety. The environmental management system adopted has passed the verification audits and is awaiting the formal certificate according to the ISO 14001 standard.

Water consumption at the plant is limited to sanitary uses. However, Caffè Borbone is aware of the significant water footprint of its supply chain estimated* for 2021 at around 500 million m³ of water, or 18,000 m³ per tonne of processed coffee.

* Chapagain, A. K. & Hoekstra, A. Y. 2007. The water footprint of coffee and tea consumption in the Netherlands. Enschede: University of Twente.

Circular coffee

In the roasting facility of the Caivano plant, approximately 35,000 tons of raw coffee are roasted with care and competence. In this phase of the process, the coffee has a weight loss of 15-20%. In addition, two by-products are recovered from the roasters: silverskin, the film that wraps the coffee bean, and screening coffee powders. Both fractions are sent for composting or other forms of valorisation. Even the coffee jute bags are at least partially sold to manufacturing activities managed by a social enterprise.

Responsible resources

- 83% renewable raw materials
- 66% recyclable products
- 43% recycled material in packaging

Renewable energies

A 70 kW photovoltaic system produces and feeds to the grid over 100,000 kWh of electricity per year. In 2022, a second 500 kW photovoltaic park is expected to go into operation, directly used by the production plant. Furthermore, it is budgeted to purchase only renewable electricity with guarantee of origin.

	units	2019	2020	2021
Raw materials				
Coffee		23,261	25,829	28,619
Compostable paper for pods and capsules		308	444	412
Plastic for capsules		2,128	2,388	2,614
Compostable plastic for capsules		-	-	3
CO ₂ refrigerant	t	552	761	700
Packaging		6,625	10,258	10,803
Aluminium		232	286	147
Cardboard		3,642	6,577	6,440
Plastic		258	323	299
Poly laminate (plastic prevalence)		2,493	3,072	2,526
Poly laminate (paper prevalence)		-	-	1,391
Energy				
TOTAL consumed		89,231	126,330	134,610
Thermal: natural gas		69,815	102,091	105,897
Electric: non-renewable purchased		19,415	24,239	25,470
Electric renewable purchased	GJ	-	-	2,183
Automotive: diesel		-	-	1,054
TOTAL self-produced renewable		386	392	379
Sold to the grid		386	392	379

The waste generated by the production process can become a resource for other consumption or production cycles. With this awareness, in 2021 almost 2,000 tons of waste were sent for valorisation. In any case, the remainder is sent to energy recovery or controlled disposal destinations, where further partial valorisation is possible.

	units	2019	2020	2021
Valorisation of waste generated				
Hazardous waste		4.4	0.2	1.4
% Material recovery		99%	57%	71%
% Energy recovery or disposal		1%	43%	29%
Non-hazardous waste	t	2,104.6	2,114.0	2,044.5
% Material recovery		88%	77%	77%
% Energy recovery or disposal		12%	23%	23%

LOW-CARBON TRANSITION

The carbon footprint largely depends on the supply of raw coffee beans. Pending an analytical assessment of emissions by the value chain (Scope 3), Caffè Borbone is committed to mitigating the climate-altering effects of its business. In addition to the efficiency of the production processes, the plant's photovoltaic system feeds over 100,000 kilowatt hours of electricity per year into the grid. Initiatives to improve compostability and facilitate packaging and product recycling further reduce the total footprint. In mid 2022, a second 500 kW photovoltaic park is expected to go into operation, directly used by the production plant. Furthermore, it is budgeted to purchase only renewable electricity with guarantee of origin.

	units	2019	2020	2021
Carbon footprint				
Scope 1		3,956	5,767	6,046
Scope 2 market based		2,607	3,138	3,244
location based		1,936	2,262	2,420
Scope 3	t CO ₂	-	147,150	170,832
TOTAL		-	156,055	180,122
Emissions avoided (location based)				
From photovoltaic production		38	37	36
From renewable electricity purchased		-	-	191
Carbon intensity				
Scope 1+2 market based	t CO ₂ /M€ EBITDA	126	118	112

Scope 1

Direct emissions from fuels

Scope 2

Indirect emissions from the purchase of electricity

Scope 3

The CO₂ emissions of the upstream and downstream value chains are accounted from activity data and emission factors obtained from technical literature or public databases.

Scope 3 upstream	44%
Coffee	21%
Other raw materials	13%
Logistics	11%
Scope 1+2	5%
Scope 3 downstream	50%
Logistics	3%
Use of products	47%
End-of-life	<1%