




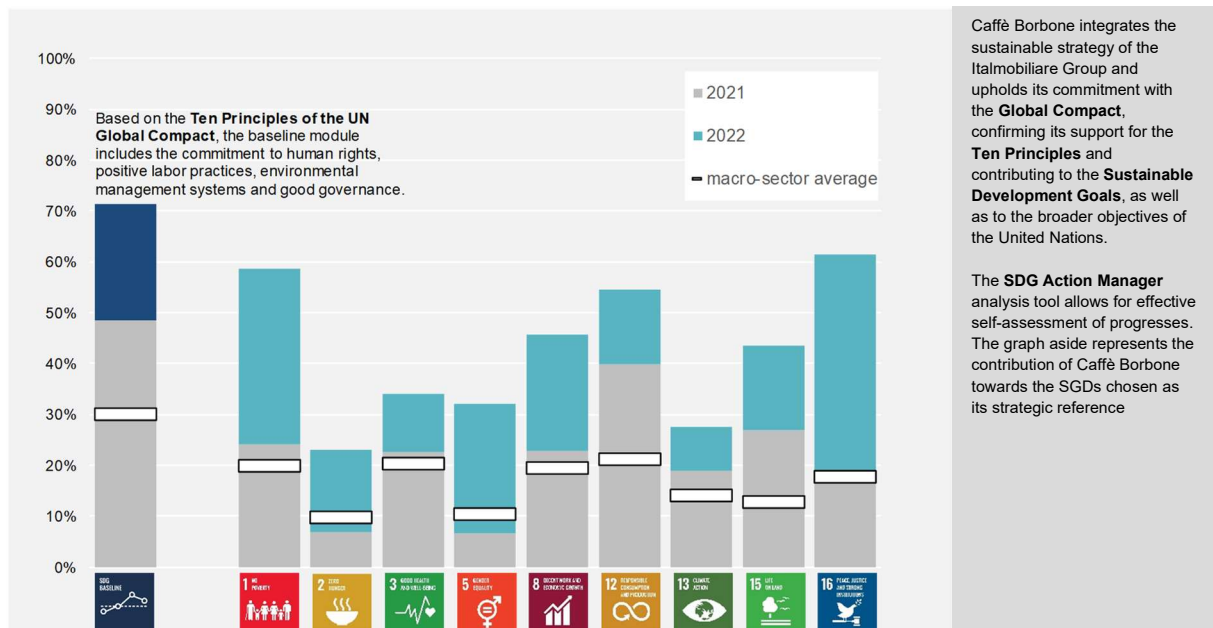
Caffè Borbone

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**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	 EcoVadis' Silver Medal reflects the quality of the sustainability management system.	Zero CO₂ Scope 2 since 2022 From 2022, Caffè Borbone uses only renewable electricity. Activated a new 500 kW photovoltaic system.	-42% Injuries vs 2021 Improvement of the frequency rate, strong improvement also vs 2020. It is the starting point for the zero- injuries goal.	96% People trained Training activities have resumed in full swing after the lock-down period with renewed skills development initiatives.
<i>Next challenges</i>	100% Value chain aligned with Caffè Borbone's model, including through increasing certified coffee supplies.	100% Products & services Aligned with carbon footprint mitigation and offset plans.	100% People with full safety culture as a model of ethics and business efficiency.	100% People covered by development plans aimed at growth, inclusion and gender equality.

CONTRIBUTION TO SDGs



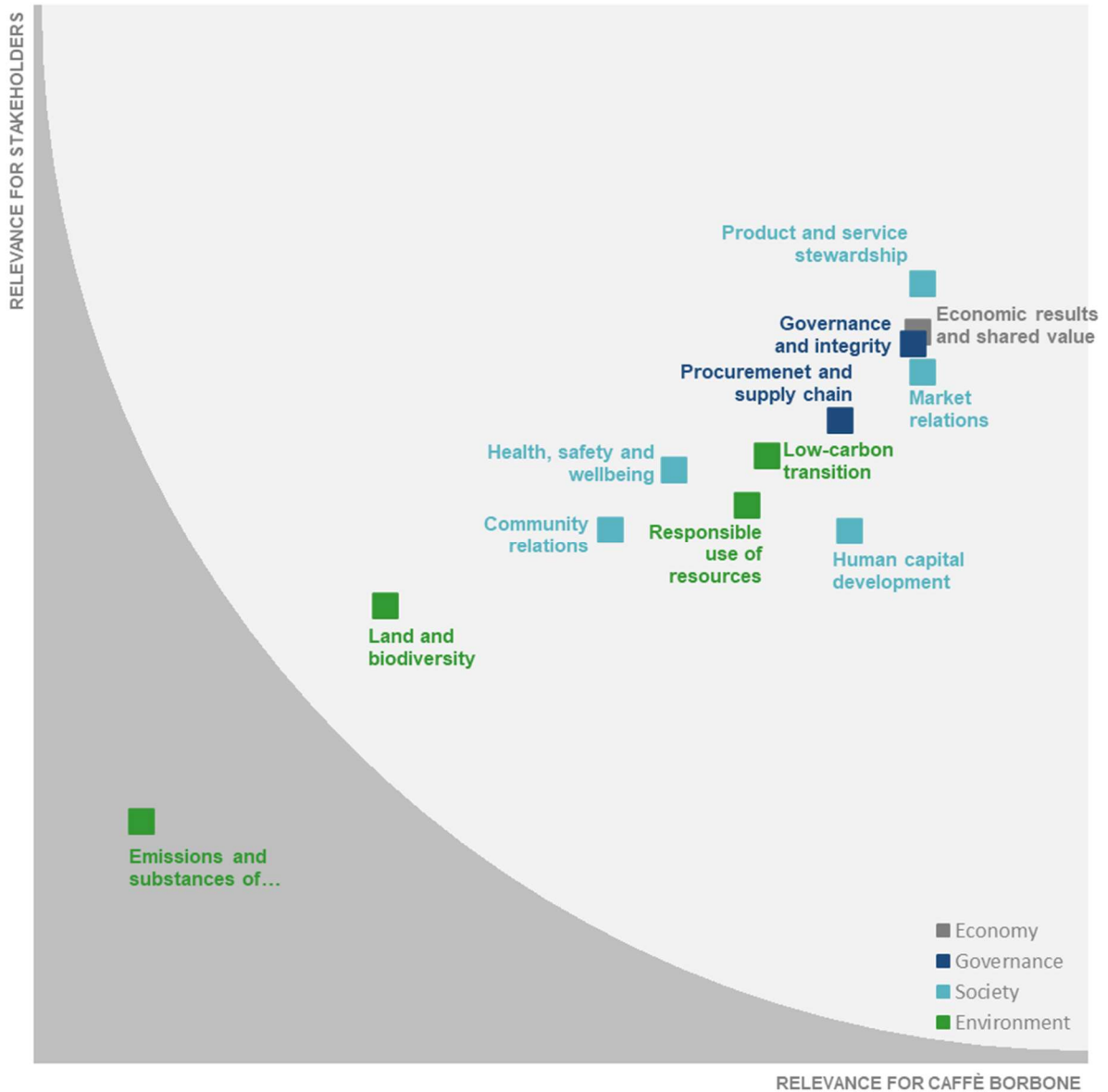
MATERIALITY

Italmobiliare and Caffè Borbone recognize the sensitive aspects of the sector, highlighting 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 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 materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

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. Women participation in the Board of Directors is at 17% (1 director out of 6).

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 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, to limit the risk of committing specific relevant crimes. 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 a whistleblowing procedure, 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.

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, including climate risks, and helps consolidating the Group's approach.

At an operational level, the **management systems adopted for quality, food safety and environment**, represent fundamental assets 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 2022, the main countries of origin of the coffee used were Uganda, India, Vietnam, and Brazil.

Coffee supplies require particular attention to the risks associated with respect for human and labour rights, as well as for environmental aspects such as deforestation and those of business integrity. 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 2022, it has adopted the **Supplier Charter**, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. Moreover, it has started sourcing with **certified supply lots**, in particular with the AtSource+ program by Olam Food Ingredients (Ofi), which ensures:

- Traceability of origin, with data and insights by geographical area.
- Third-party verification, covering also the application of the Olam Food Ingredients Supplier Code.
- Initiatives and programs aimed at the economic, social and environmental development of farmers.

In 2022, this supply represented 10% of coffee purchases, with a clearly increasing trend also involving other traders with similar certification schemes.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Caffè Borbone benefits from the value of 278 specialized and motivated people (overall turnover 16%, 31 new hires and 13 exits). Direct employees, by choice mainly of local origin, are all covered by collective bargaining agreements. 18% of managerial positions are held by women.

A significant use of non-employee workers, partly to enable job rotations. In 2022, there were 48 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 and supporting the provision of training at all levels.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	8	210	218	17	243	260	22	256	278
<i>Managers</i>	1	5	6	1	7	8	1	7	8
<i>Middle managers</i>	0	4	4	0	4	4	2	7	9
<i>Office workers</i>	7	19	26	16	30	46	19	31	50
<i>Production workers</i>	0	182	182	0	202	202	0	211	211
Permanent contracts	100%	90%	91%	94%	93%	93%	86%	93%	93%
Full time contracts	100%	98%	98%	82%	98%	97%	86%	97%	96%
Training (hours per capita)	1.0	3.5	3.4	85.5	6.7	11.9	35	10	12
<i>Managers</i>	0.0	0.0	0.0	4.0	5.7	5.5	33	37	37
<i>Middle managers</i>	0.0	0.0	0.0	0.0	7.0	7.0	20	15	16
<i>Office workers</i>	1.1	0.4	0.6	90.6	19.0	43.9	36	19	25
<i>Production workers</i>	0.0	4.0	4.0	0.0	4.9	4.9	0	8	8
Performance assessment (%)	63%	10%	10%	24%	8%	9%	36%	13%	14%
<i>Managers</i>	100%	100%	100%	100%	57%	63%	100%	100%	100%
<i>Middle managers</i>	0%	100%	100%	0%	100%	100%	100%	86%	89%
<i>Office workers</i>	57%	42%	46%	19%	33%	28%	26%	48%	40%
<i>Production workers</i>	0%	0%	0%	0%	0%	0%	0%	2%	2%

	2020	2021	2022
Gender pay gap	--	--	32%
<i>Managers</i>	--	--	53%
<i>Middle managers</i>	--	--	-24%
<i>Office workers</i>	--	--	-12%
<i>Production workers</i>	--	--	--

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.

In parallel, the process of alignment the safety management system to the ISO 45001 standard has been initiated, targeting the certification.

		2020	2021	2022
Employees injuries		3	5	3
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	1
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	3	5	2
Frequency rate	number of injuries per million hours worked	8.1	11.5	6.6
Severity rate	lost days per thousand hours worked	0.0	0.1	0.3
Non-employees injuries		0	2	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	2	0
Frequency rate	number of injuries per million hours worked	0.0	34.6	0.0

PRODUCT AND SERVICE STEWARDSHIP

Caffè Borbone creates, produces and markets coffee in capsules, pods, beans or ground coffee according to quality regulations.

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 materials used for the production of pods, capsules, ground coffee or beans and related wrapping and packaging.

In 2022, 34% of production volume consists of coffee in pods certified as compostable and distributed in packaging, easily recyclable as paper. In addition, the product range includes growing shares of coffee in compostable and aluminium capsules, both solutions that allow for easier post-consumer valorisation. Finally, the coffee sold as ground or in beans through e-commerce qualifies as "Climate Pledge Friendly" thanks to packaging with an efficient design for shipping.

The paper and cardboard used for packaging are FSC MIX certified, with at least 70% FSC certified or recycled materials.

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.

<p>ISO 9001</p>	<p>The ISO 9001 standard lays down the requirements of an organisation quality management system.</p> <p>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.</p>	<p>System certified by DNV-GL</p>
<p>IFS FOOD STANDARD</p>	<p>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.</p> <p>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 pro-active management of environmental aspects such as waste management and industrial hygiene.</p>	<p>System certified by DNV-GL</p>

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 actively promotes 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.

Caffè Borbone is aware that some activities in the value chain can have significant potential and actual negative impacts on local communities. Promoting sustainability also means taking care of those who, at the origin of the coffee supply chain, are committed to improving the yield and quality of crops, supporting fair and inclusive ways of working and contributing to global challenges by adopting sustainable agricultural practices. In 2022 Caffè Borbone launched a project in Uganda in partnership with Olam Food Ingredients (Ofi), called **Mwanyi** (coffee in the local language). Thanks to a contribution of €100k per year for five years, the project aims to increase the participation of young people and women in the sustainable production of coffee, increasing employment, providing better product quality, improving profitability for small producers and fighting precariousness and rural exodus. Financial literacy, sustainable cultivation competences and facilitation of access to credit are the main levers.

The many social initiatives on the national territory and for the community close to the production plant in Italy also fit into this same logic.

Caffè Borbone supports with scholarships, donations, in-kind activities and the provision of people, non-profit organizations committed to the recovery of complicated quarters of five Italian cities selected according to commitment and need, to combat early school leaving.

Finally, Caffè Borbone chooses the most active universities in the field of research to start collaborations aimed at improving the circularity of its production, for example by enhancing the use of coffee as a raw material for the production of bioplastics and pallets.

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. As an example, in the roasting phase, coffee beans have a weight loss of 15-20%. 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 partially sold to manufacturing activities managed by a social enterprise

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 received the certification 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.

	units	2020	2021	2022
Raw materials		39,680	43,150	42,017
Coffee		25,829	28,619	28,147
Compostable paper for pods and capsules		444	412	341
Aluminium for capsules		0	0	5
Plastic for capsules		2,388	2,614	2,568
Compostable plastic for capsules		0	3	2
CO ₂ refrigerant	t	761	700	511
Packaging		10,258	10,803	10,443
Aluminium		286	147	189
Cardboard		6,577	6,440	6,072
Plastic		323	299	284
Poly laminate (plastic prevalence)		3,072	2,526	1,657
Poly laminate (paper prevalence)		0	1,391	2,242
	units	2020	2021	2022
Energy consumed		126,330	134,605	123,605
Thermal: natural gas		102,091	105,897	92,398
Non-renewable energy purchased		24,239	25,470	0
Renewable energy self-produced	GJ	0	2,183	29,678
Automotive: diesel		0	1,054	1,376
Energy sold to the grid		392	379	407
Renewable energy self-produced		392	379	407

The waste generated by the production process can become a resource for other consumption or production cycles. With this awareness, in 2022 around 1,600 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	2020	2021	2022
Valorisation of waste generated		2,114	2,046	1,829
Hazardous waste		0	1	0
% Material recovery		57%	71%	50%
% Energy recovery or disposal	t	43%	29%	50%
Non-hazardous waste		2114	2045	1829
% Material recovery		77%	77%	87%
% Energy recovery or disposal		23%	23%	13%

LOW-CARBON TRANSITION

Caffè Borbone supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

Caffè Borbone is committed to mitigating the climate-altering effects of its activity along the entire value chain. Supplier selection, production process efficiency, eco-design of product and packaging, logistics optimization are the areas of greatest attention. Two photovoltaic systems are active at the plant. The first, of around 50kW, feeds over 100,000 electric kilowatt hours into the grid a year. The second, of 500 kW, went into operation at the end of 2022 and is entirely dedicated to self-consumption. Since 2022, the Caffè Borbone production plant has used exclusively renewable electricity, through self-production, dedicated supply contracts or the purchase of certificates of guarantee of origin.

	units	2020	2021	2022	2022
Carbon Footprint		156,055	180,122	183,817	
Scope 3 Upstream		65,421	79,696	87,828	48%
1. Purchased products and services		51,491	60,380	66,527	36%
2. Capital goods		n.m.	n.m.	n.m.	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)		--	--	--	0%
4. Upstream transportation and distribution		13,930	19,316	19,424	11%
5. Waste generated by the sites		n.m.	n.m.	0	0%
6. Business travel		n.m.	n.m.	60	0%
7. Employee commuting		n.m.	n.m.	1,817	1%
8. Upstream leased assets		--	--	--	0%
Scope 1	t CO₂	5,767	6,046	5,304	3%
Scope 2 market based		3,138	3,244	0	0%
<i>location based</i>		2,262	2,420	2,597	
Scope 3 Downstream		81,729	91,136	90,685	49%
9. Downstream transportation and distribution		4,484	4,969	5,493	3%
10. Processing of sold products		--	--	18,382	10%
11. Use of sold products		76,627	85,492	66,148	36%
12. End-of-life treatment of sold products		617	675	662	0%
13. Downstream leased assets		--	--	0	0%
14. Franchises		--	--	0	0%
15. Investments		--	--	0	0%
Emissioni evitate (location based)		37	224	2,632	
From photovoltaic production	t CO₂	37	33	36	
From hydroelectric production		0	0	0	
From renewable electricity purchased		0	191	2,597	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	40.6	36.8	20.2	