



CLIMATE TRANSITION PLAN



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// The role of the industrial company in the modern society is primary and essential, but the sole profit isn't enough to justify its actions, which have to be fully integrated with the respect for the human being, the community and the environment.

Ernesto Illy



# Introduction

This Climate Transition Plan defines the strategic process through which illycaffè intends to make a solid contribution to climate change mitigation, on a consistent basis with the objectives of the Paris Agreement and the most advanced scientific standards in the field of decarbonisation. The document outlines the envisaged actions, quantitative targets and timescales associated with the reduction of greenhouse gas emissions throughout the entire value chain.

This plan is fully in line with illycaffè's mission, corporate vision and values.

Sustainability, a founding cornerstone of the company's strategy, is translated in this document into a solid and measurable commitment to climate transition.

By means of the Climate Transition Plan, illycaffè intends to strengthen its role as a responsible company, promoting a systemic and scientifically based approach to managing climate risks and creating environmental, social and economic value over the long term.

## Mission

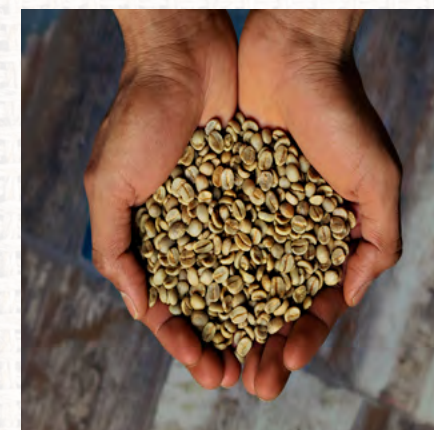
Delight those passionate about the beautiful and good in the world with the best coffee nature has to offer, enhanced by technology and the beauty of art

## Vision

We want to be the reference point for coffee culture and excellence around the globe. An innovative company, a high-end leader, offering unique experiences

## Values

Ethics, understood as the creation of long-term value through sustainability, transparency, and personal growth. Excellence, understood as a devotion to the beautiful, the good and the well-made



# 1. Climate Transition Plan

Climate change is one of the main threats to the balance of global ecosystems, with increasingly evident impacts on food security, natural resource availability and economic stability. In this scenario, the coffee sector faces particularly critical challenges.

Rising average temperatures, irregular rainfall patterns, the increased frequency of extreme events such as droughts, frosts and floods, and the spread of pests and diseases are already showing unprecedented effects on the rising market price of the raw material. Added to this is the socio-economic vulnerability of the millions of small producers, who often lack adequate tools to adapt to these changes.

illycaffè, as a Benefit Corporation, has long recognised the urgency of a tangible commitment to reduce climate-changing emissions and contribute to social and environmental co-benefits useful for the growth of economic value for stakeholders, by means of the

pursuit of well-being, the circular economy and the regeneration of ecosystems.

With this in mind, in 2024 illycaffè defined a transformational business framework: from an extractive company to a Regenerative Company, a model that aims to further the well-being and regeneration of ecosystems in order to create shared value.

This framework integrates with the Net Zero goal to progressively reduce greenhouse gas emissions and achieve net zero emissions throughout the value chain by 2050.

It is in this context that illycaffè's Climate Transition Plan came about. Its strategy is based on three main areas of intervention, outlining the company's transition plan to achieve its targets for reducing climate changing emissions.

## 2033 TRANSITION STRATEGY TOWARDS NET ZERO



**FURTHER REGENERATIVE AGRICULTURE IN ILLYCAFFÈ SUPPLY CHAINS**

Ensuring by **2033** that **80%** of Brazil's coffee comes from **regenerative agriculture**



**MAKE ENERGY RESOURCES EFFICIENT AND FURTHER THE TRANSITION TO RENEWABLE SOURCES**

Use **100% renewable electricity** in operations by **2033** and promote **energy efficiency**



**OPTIMISE THE USE OF RESOURCES AND INCENTIVISE CIRCULARITY**

Adopt only **recyclable packaging** by **2030** and maximise the reuse of **coffee waste**



# 2. Governance

## 2.1 SUSTAINABILITY GOVERNANCE

Ensuring the right level of accountability is key to achieving an ambitious decarbonisation plan and implementing business transformation.

### Board of Directors

illego's Board of Directors (BoD) works to ensure the sustainable development of the business in line with illego's objective as a Benefit Corporation. It remains responsible for the control and strategic direction of the Group, including the approval of the Sustainability Plan and the monitoring of its progress. The BoD ensures the integration of environmental and climate issues into the business model, the corporate strategy and the risk management system, receiving periodic updates on the implementation of the plan.

### Sustainability Committee

The Sustainability Committee plays a strategic role in the dissemination of environmental, social and governance issues. It has investigative, proposal-related and advisory functions in favour of the Board of Directors and supports the monitoring of ESG issues, including climate change risks and opportunities. The Committee approves, oversees the development, implementation and monitoring of the Transition Plan, furthers the integration of climate issues into the business model and actively works together with the Audit and Risk Committee to ensure an integrated analysis of the Group's double materiality and climate resilience.

### Audit and Risk Committee

The Audit and Risk Committee performs investigative, proposal-related and advisory functions in favour of the Board of Directors with regard to the internal control and risk management system.

## ESG Taskforce

The ESG Taskforce, consisting of the Chief Executive Officer, the Leadership Team and the heads of the Risk, Compliance & Control unit and the Legal unit, is the central operational tool for advancing the climate strategy. It defines the strategic ESG priorities, monitors performance development and promotes a culture of sustainability within the Group. It is coordinated by the following Divisions:

- **Total Quality & Sustainability:** this guides the definition of the climate strategy, coordinates the implementation of the decarbonisation plan and monitors the progress of projects;
- **Strategy & Investor Relations:** this integrates the Transition Plan into the Strategic Plan and coordinates ESG performance reporting, enhancing its strategic relevance care of the financial community and the key stakeholders.

## Business Units

The implementation of the climate transition plan is a shared responsibility between the business units. Following the strategic guidance of the BoD and the operational guidance of the ESG Taskforce, the Total Quality & Sustainability, Innovation & Development, Supply Chain and Global Marketing units translate the decarbonisation goals into tangible and measurable actions. This includes energy efficiency, promotion of sustainable practices throughout the value chain, development of low environmental impact solutions and transparent communication to all stakeholders.



## 2.2 REMUNERATION AND INCENTIVES LINKED TO CLIMATE PERFORMANCE

In order to support responsibility for climate action at the highest levels of the organisation, illycaffè has introduced climate performance as an element of the incentive structure for executives. Members of the Leadership Team are eligible for monetary incentives linked to the achievement of short-term goals set out in the climate transition plan.

The metric used to assess the results of the incentives is the achievement of an emission intensity reduction target (total tonnes of CO<sub>2</sub>eq emissions compared to tonnes of coffee sold). This indicator is monitored annually and is in line with the company's short-term climate goals.

# 3. Risks and opportunities

To support the definition of its transition strategy, illycaffè carried out a double materiality analysis in 2024, which made it possible to identify the most significant sustainability aspects for the company and its stakeholders. The analysis considered both the impacts generated by the company throughout the value chain and the potential effects on the company's financial performance and reputational value, in line with that envisaged by the GRI Universal Standards and the European Sustainability Reporting Standards (ESRS).

Climate change emerged as a critical material issue, leading the company to identify a series of specific impacts, risks and opportunities in the different areas of its value chain (upstream, direct operations and downstream) considering different timeframes (short 0-3 years, medium 3-5, and long term 5-10 years).

## IMPACTS, RISKS AND OPPORTUNITIES IN THE SPHERE OF CLIMATE RISK

PHASE	Upstream	Business Operations	Downstream
	IMPACTS	RISKS	OPPORTUNITIES
	Use of fossil fuels with consequent generation of greenhouse gas emissions throughout energy - intensive supply chains and within illycaffè's facilities (factories, offices, warehouses)	Extreme climatic events and progressive decrease of Arabica coffee growing areas with potential reduction in supply and consequent increase in the cost of the raw material	Promotion of regenerative farming practices to enhance positive environmental effects, including conservation and restoration of biodiversity
	Use of nitrogen -based fertilisers in coffee plantations resulting in greenhouse gas emissions	Extreme weather events at company production sites or strategic suppliers	Involvement and support of industrial suppliers in meeting high environmental standards and in the decarbonisation process
	Incorrect end -of-life management of packaging by customers and consumers	Delays in achieving decarbonisation targets with potential reputational damage	Promotion of circular business models through strategic partnerships and initiatives to transform waste into new products
	Generation of greenhouse gas emissions during coffee growing activities	Adaptation to the changed European Deforestation -free Products Regulation (EUDR) and contaminating pesticides framework	Increased market share linked to the sale of additional products grown through regenerative farming practices, new technologies and new packaging
	Conservation and restoration of biodiversity and ecosystems through the implementation of regenerative farming practices and continuous field research	Changes in customers' and consumers' expectations of more sustainable packaging with potential loss of business	Promoting collaboration with NGOs and institutions that share illycaffè's values

Current negative impacts include the generation of greenhouse gas emissions due to the use of fossil fuels, the use of nitrogen-based fertilisers in coffee plantations and improper end-of-life handling of packaging by customers.

With regard to risks, the company in particular recognises the increasing likelihood of extreme weather events that may affect the availability of Arabica coffee with effects on the price of the commodity, as well as the risk over the medium to long term of a progressive decrease in the areas suitable for Arabica coffee cultivation or their yields due to new climatic conditions in the geographic areas. Extreme weather events may also affect production continuity if they affect the main production site in Trieste or strategic suppliers.

On a parallel, the analysis highlighted as an opportunity the possibility of marketing coffee products from regenerative agriculture and sustainable packaging in line with consumer demand.

The double materiality analysis carried out in 2024 was anchored to the annual Enterprise Risk Assessment (ERA) process: ESG risks (including climate risks), mapped by the company since 2021 through the ERA process, were taken up with a greater level of detail for the purposes of the double materiality analysis.

Aware of the importance of climate effects and related

risks for business continuity and competitiveness, illycaffè has identified a series of mitigation actions aimed at reducing exposure and containing the potential effects of the identified risks. In particular, geographic diversification of procurement sources and active participation in research projects on more resilient varieties and regenerative agriculture models.

The management of these risks aims to be progressively integrated into the company's short, medium and long-term strategy, contributing both to the overall resilience of the business over the business planning period and to the company's transition process towards a regenerative model.

### Analysis of the climate scenarios

To support risk assessment, illycaffè uses scenario analysis as a useful tool to investigate the potential effects of different variables on the economic or reputational value of the company.

With regard to the medium-long term risk on the shrinkage of geographic areas suitable for the cultivation of Arabica, the climate scenarios proposed by the IPCC (Intergovernmental Panel on Climate Change) were considered, which include both regulated transition pathways (in particular RCP 2.6 and 4.5) and scenarios with a high climate impact (in particular RCP 6.0 and 8.5). For some geographies, the analysis investigated how climate

change (in particular temperature and precipitation) may affect the production of raw materials with effects in terms of availability and price.

With regard to short-term risk of extreme weather events on coffee plantations, scenarios of drought, frost and pathogenic events on the main supply geographies were considered with effects on the quality of available coffee and prices.

The analysis of extreme weather events also concerned the Trieste production facility with reference to the main local climate scenarios in terms of rainfall, sea rise and temperature increase. Particular attention was also paid to the implications deriving from increasing regulatory requirements, such as the introduction of the European Deforestation-free Products Regulation (EUDR), given that traceability of coffee in the supply chain has been in place for years and that sustainability audits (according to DNV's Sustainable Procurement Process protocol) are regularly carried out at producers' premises.

In terms of opportunities, the analysis highlighted the development possibilities offered by the adoption of more resilient agricultural practices, such as regenerative agriculture, and the growing demand for low environmental impact products in international markets. The scenarios analysed highlighted potential positive effects in terms of business, market share and reputation.



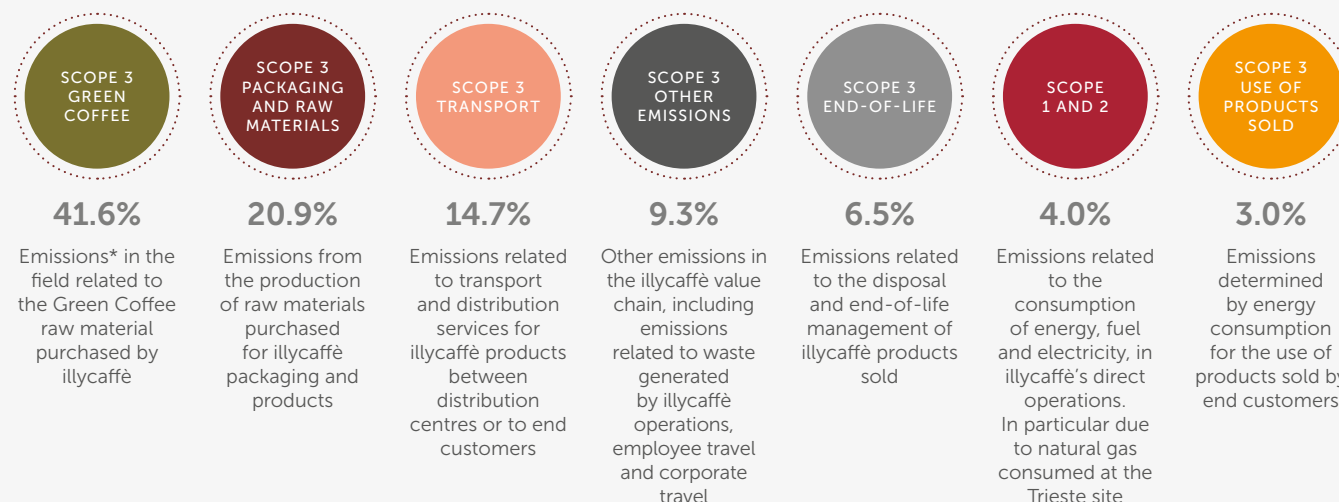
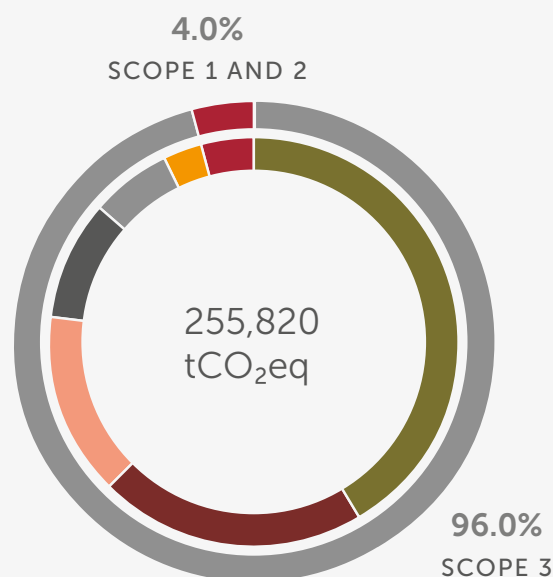
# 4. Metrics and targets

## 4.1 GHG INVENTORY AND EMISSION HOTSPOTS

In monitoring and advancing its goals, illycaffè refers to the 2021 inventory (the base year for the decarbonisation

targets defined by the company with the Science Based Target initiative, SBTi) equal to 255,820 t CO<sub>2</sub>eq, the first complete inventory aligned with the GHG Protocol, including the analysis of raw material impacts in its main supply chains, i.e. Brazil and Central America.

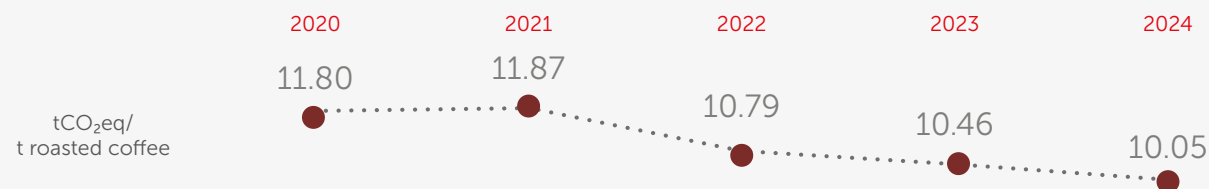
### INVENTORY OF THE GHG EMISSIONS, 2021



\*FLAG (Forest, Land and Agriculture) emissions according to GHG Protocol classification and subject to FLAG sector-specific methodology by SBTi

Together with absolute emissions, illycaffè from 2020 monitors emission intensity with respect to roasted coffee, an indicator representative of decarbonisation efforts in relation to business performance.

### EMISSION INTENSITY INDICATOR PERFORMANCE



## 4.2 EMISSION REDUCTION TARGETS

The targets developed by illycaffè were validated in 2024 by the Science Based Targets initiative (SBTi), a global initiative that has developed a scientific methodological approach to setting targets for reducing greenhouse gas emissions.

The decarbonisation strategy includes two milestones: a near-term target by 2033, the centenary of illycaffè's founding, and a long-term target by 2050, both key parts of the company's validated Net Zero commitment.

### SCIENCE BASED TARGET

SBTi is an international initiative resulting from collaboration between the Carbon Disclosure Project (CDP), United Nations Global Compact, World Resources Institute (WRI) and World Wide Fund for Nature (WWF), with the aim of guiding companies in setting decarbonisation targets consistent with scientific climate evidence. The science-based targets are calculated in accordance with the latest IPCC (Intergovernmental Panel on Climate Change) climate models and aligned with scenarios which make it possible to limit the global average temperature increase to well below 2 °C compared to pre-industrial levels, preferably within 1.5 °C. The initiative provides criteria, methodologies and technical tools

for quantifying emissions and setting independently validated targets. Membership of SBTi entails a formal commitment by the company to reduce its direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2) and, where applicable, those throughout the value chain (Scope 3), within defined timescales. This approach is now recognised as international best practice for a credible transition to a low-carbon economy.



SCIENCE  
BASED  
TARGETS



*Discover more*  
[Our commitment](#)



## OUR TARGETS

### Overall Net-Zero Target

illycaffè commits to reach Net Zero GHG emissions across the value chain by 2050.

### Near-Term Targets

**Energy and Industrial – Scope 1 and 2:** illycaffè commits to reduce absolute scope 1 and 2 GHG emissions 55.4% by 2033 from a 2021 base year.

**Energy and industrial – Scope 3:** illycaffè also commits to reduce scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, and end of life treatment of sold products 61.1% per tonne of sold coffee within the same timeframe.

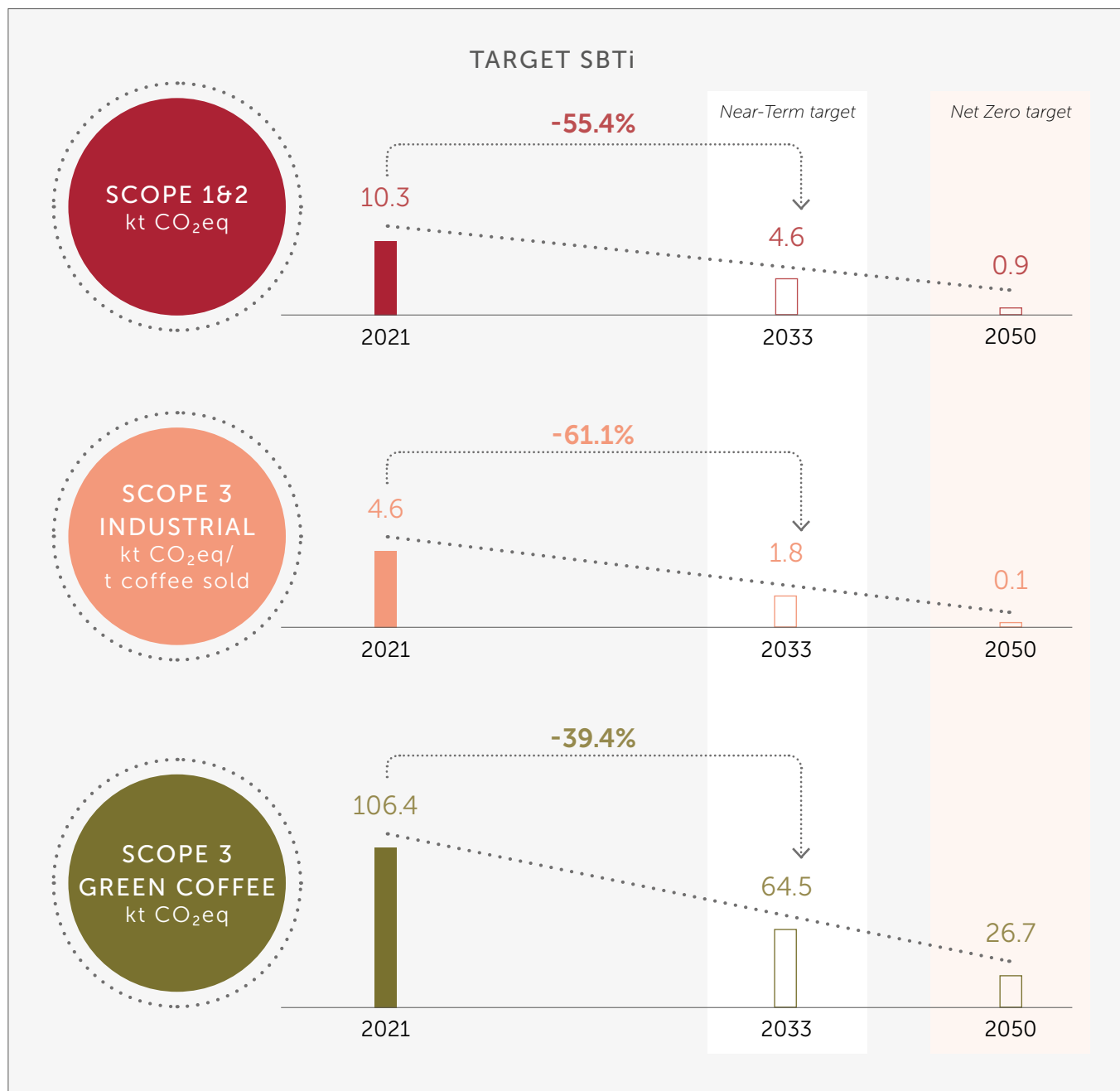
**Forest, Land and Agriculture (FLAG) (Coffee) – Scope 3:** illycaffè commits to reduce absolute scope 3 FLAG GHG emissions 39.4% by 2033 from a 2021 base year. illycaffè also commits to no deforestation across its primary deforestation-linked commodities, with a target date of 31 December 2025.

### Long-term Targets

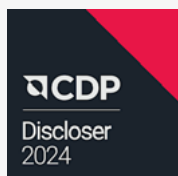
**Energy and Industrial – Scope 1 and 2:** illycaffè commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2021 base year.

**Energy and Industrial – Scope 3:** illycaffè also commits to reduce scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, and end of life treatment of sold products 97% per tonne of sold coffee within the same timeframe.

**FLAG (Coffee) – Scope 3:** illycaffè commits to reduce absolute purchased scope 3 FLAG GHG emissions 72% by 2050 from a 2021 base year.



In addition to the company's decarbonisation goals, illycaffè also engages in additional initiatives and ratings to further consolidate its sustainability and environmental strategy and initiative.



## CDP

Since 2024, illycaffè has participated in the CDP (Carbon Disclosure Project) initiative, recognising it as a fundamental tool

for transparency and management of its environmental performance. In its first reporting in 2024, illycaffè obtained a "B" score, placing the company at the "Management" level, indicative of the clear consideration that the company has in managing its impact, and it has set itself the ambitious goal of achieving an "A" score in the future.



[CDP website](#)

## Certified



Corporation

## B CORP®

Since 2021 illycaffè has been B Corp® certified, making it the first Italian coffee company to obtain this prestigious certification, awarded to companies that operate according to rigorous

social and environmental performance standards. This commitment is intrinsically part of illycaffè's Climate Transition Plan, as the B Corp® standard requires companies to measure their greenhouse gas emissions, set reduction targets aligned with science and implement tangible action plans. At the time of the March 2024 recertification, illycaffè scored 90.4 (+9.7 points compared to 2021).



[Our score](#)



## ECOVADIS

Since 2015 illycaffè has participated in the EcoVadis rating, a platform that assesses the environmental, social and ethical sustainability aspects of companies. In 2024 it was awarded the Gold Medal, and ranked in the best 5% of companies assessed in all sectors in the 12 months prior to the assessment and in the best 2% of companies operating in the food industry.



# 5. Climate transition strategy

illycaffè's climate strategy tangibly outlines the company's commitment to achieving its targets.

The Transition Plan integrates the decarbonisation and impact mitigation strategy with regeneration in supply chains, energy efficiency and circularity in production models.

The illycaffè roadmap focuses on the short-to-medium term (2033) as the key intermediate point for achieving its Net Zero target.

The path is based on three main areas of intervention aimed at acting on the major emission hotspots.

## AREAS OF INTERVENTION OF THE TRANSITION PLAN



**FURTHER REGENERATIVE AGRICULTURE IN ILLYCAFFÈ SUPPLY CHAINS**

**SCOPE 3 GREEN COFFEE**



**MAKE ENERGY RESOURCES EFFICIENT AND FURTHER THE TRANSITION TO RENEWABLE SOURCES**

**SCOPE 1 AND 2**

**SCOPE 3 PACKAGING AND RAW MATERIALS**

**SCOPE 3 USE OF PRODUCTS SOLD**



**OPTIMISE THE USE OF RESOURCES AND INCENTIVISE CIRCULARITY**

**SCOPE 1 AND 2**

**SCOPE 3 END OF LIFE**

**SCOPE 3 WASTE**

## 5.1 FURTHER REGENERATIVE AGRICULTURE IN ILLYCAFFÈ SUPPLY CHAINS

### 5.1.1 Regenerative supply chain

illycaffè bases its commitment on the principle that coffee excellence and environmental sustainability are goals to be pursued jointly. Therefore, one of the main levers of the plan is the promotion and adoption of regenerative agriculture throughout the coffee supply chain.

The tangible and measurable commitment corresponds to the goal of achieving 80% of the illycaffè supply chain in Brazil from regenerative agriculture by 2033 and of expanding these practices to the other supply chains. Brazil, as the largest producer of the coffee raw material, is a strategic starting point for scaling up these practices.

To achieve these goals, illycaffè combines scientific research, training and innovation and close collaboration with technical partners in the field. Based on decades of direct and long-lasting relationships with stakeholders (from growers to exporters) the supply chain community system developed over time facilitates the influence and positive impact of company actions and maximises the effectiveness of investments in illycaffè supply chains.

This approach is based on four pillars: selecting and motivating producers by rewarding quality; transferring knowledge through the University of Coffee and visits to plantations; economically recognising sustainable quality; and building an illycaffè community to encourage dialogue and knowledge exchange.

## REGENAGRI® CERTIFIED COFFEE

In 2023 illycaffè presented the first 100% product originating from regenerative agriculture, Arabica Selection Brazil Cerrado Mineiro, the first coffee grown using regenagri® certified regenerative farming practices. The regenagri® certification is an international standard that certifies compliance with practices aimed at improving soil fertility, conserving natural resources and reducing environmental impact throughout the agricultural supply chain. The certification system is based on independent audits and measurable criteria to promote a resilient and sustainable production model over time.



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## RESEARCH, INNOVATION AND COOPERATION IN THE FIELD

Knowledge is the driving force behind any effective change and, in a constantly evolving agricultural context, research and training continue to represent fundamental elements to guarantee timely and effective technical support to producers. illycaffè has always invested in initiatives for updating and in-depth study, starting from an intense activity of study and analysis of scientific literature, to collaborative projects and trials focused on regenerative practices and strategies to reduce the carbon footprint.

## TRAINING AND DISSEMINATION IN THE SUPPLY CHAINS

The transfer of know-how is one of the most influential levers for promoting a sustainable and regenerative agricultural transition. For this reason, illycaffè invests in training and dissemination activities, ensuring that producers have the necessary tools and knowledge, through meetings, workshops, technical visits in the field, and practical demonstrations to transfer skills. The direct and long-lasting relationship established with all members of its supply chains is a fundamental prerequisite for open and constant dialogue with exporters and growers, functional for guaranteeing dedicated technical support and active attention to their needs and the challenges they face on a daily basis.

## TRIALS AND FORMS OF COLLABORATION

illycaffè's commitment to research and innovation translates into a solid network of collaboration and projects aimed at making the coffee supply chain increasingly sustainable, resilient and future-oriented. Among the most significant initiatives is the ECOFFEE project, dedicated to the experimentation of sustainable alternatives to pesticides, in line with the principles of regenerative agriculture. On a parallel, the company works with scientific and industrial partners to develop low-emission solutions that are practically applicable in next-generation agricultural systems. This approach is also reflected in the company's active participation

in various high-profile international working groups and networks. illycaffè is a member of the Board of the Association for the Science and Information on Coffee (ASIC), participates in the European Horizon Europe Bolero project and collaborates with the United Nations Industrial Development Organisation (UNIDO), the Institute of Scientific Information on Coffee (ISIC) and the Global Coffee Platform (GCP). These forms of collaboration represent a dynamic ecosystem where science, innovation and sustainability come together to address the global challenges of the coffee sector.



## 5.1.2 Sustainable supply chain

illycaffè is committed to defining a purchasing process based on solid sustainability, quality and traceability criteria throughout each stage of the supply chain. In order to achieve this vision, two fundamental goals have been set: to obtain, by the end of 2025, formal recognition for the sustainable raw material purchasing process and, by 2026, to ensure full traceability and legislative compliance of every single bean entering the factories.

### PURCHASING PROCESS CERTIFICATION

Central to the commitment to ethical sourcing is the Sustainable Procurement Process (SPP), a certificate of quality and responsibility obtained in 2019, which represents the choice of integrating sustainability into every element of the purchasing process. In addition to these initiatives, illycaffè is actively engaged in the submission of its sustainable coffee sourcing protocol for recognition via the Equivalence Mechanism approved by the Global Coffee Platform (GCP). The basis for this recognition is GCP's Coffee Sustainability Reference Code, a fundamental premise for making illycaffè's actions tangible in its purchasing choices and based on comparable and common criteria for the definition of a regenerative supply chain.

### TRACEABILITY AND LEGISLATIVE COMPLIANCE

An indispensable element for the effectiveness of a sustainable procurement process is full compliance with the current regulatory framework, particularly with regard to product traceability. Ensuring transparency in every step of the coffee supply chain is a challenge faced with determination in order to guarantee not only compliance with regulations, in particular the requirements of the European Deforestation-free Products Regulation (EUDR) and the Corporate Sustainability Due Diligence Directive (CSDD), but above all else to ensure strategic vision and monitoring of the impacts deriving from a satisfactory mapping. For this reason, illycaffè has undertaken, starting from 2024, to streamline the systems, implementing widespread monitoring methodologies that cover every player in the supply chain, from small farmers to exporters, with the aim of completing the mapping by 2026.

### ANALYSIS OF THE PRIMARY DATA

illycaffè is engaged in the collection of primary data in the field in order to completely map the practices implemented and the environmental impacts in its supply chains. These activities have focused on the identification of the main sources of greenhouse gas emissions and the analysis of emission factors with the aim of refining the calculation of the carbon footprint and replacing secondary data in the databases with its own representative supply chain data. The analyses, which covered over 85% of the coffee purchased, confirmed a reduction of about 20% compared to the average emission factors present in the commonly used databases.

### ANALYSIS OF ENVIRONMENTAL EFFECTS BEYOND CLIMATE CHANGE

In addition to climate impact reduction, illycaffè also prioritises other environmental aspects, particularly those related to biodiversity. Aware of the role that healthy ecosystems play in agricultural resilience and coffee quality, the company has embarked on a process of monitoring and assessing biodiversity risks throughout its supply chain. With this in mind, the company is defining specific objectives to strengthen its contribution to the conservation of natural capital and to integrate these actions into its sustainability strategy.

### LCA MODEL

In 2024 illycaffè defined and developed calculation models based on Life Cycle Assessment (LCA) to assess and investigate additional environmental aspects with respect to climate change such as eutrophication and acidification of water, land use, water consumption, and toxicity on humans. The new models, created from primary data collected in its supply chains, are a representative and specific tool compared to the literature.

### SBTN

illycaffè also committed to defining a reference baseline in the assessment of impacts on nature aligned with the Science Based Targets for Nature (SBTN) methodology. During 2025 the company launched the process of assessing the materiality on its operations and value chain and subsequent prioritisation of relevant aspects. This approach enables illycaffè to set measurable, science-based goals and thus manage its impact on biodiversity and ecosystems.

## 5.2 MAKING ENERGY RESOURCES EFFICIENT AND FURTHERING THE TRANSITION TO RENEWABLE SOURCES

illycaffè has embarked upon a strategic journey to ensure a conscious and sustainable use of energy resources at every stage of its operations. This commitment is embodied in two areas: the reduction of direct emission impacts, through the procurement of 100% renewable electricity by 2033 and energy efficiency in the consumption of its operations; and the promotion, throughout the entire value chain, of a transition to renewable energy and sustainable energy use.

### 5.2.1 Energy consumption in direct activities

#### RENEWABLE ELECTRICITY

illycaffè has long been actively committed to reducing the impacts of its operations, with a strong focus on the use of renewable sources. In order to pursue the ambitious Net Zero goal and reach the short-term target set for 2033, illycaffè has committed to procurement through Guarantee of Origin (GO) certificates and self-generation of electricity to reach 100% renewable electricity by 2033.

#### PHOTOVOLTAIC

A tangible example of the commitment to self-generation of energy is the installation in 2025 of the 460 kWp photovoltaic plant at the Robecchetto (Milan) production site, which makes an annual energy production of 530,000 kWh possible and covers more than 20% of the production site's annual needs. In addition, an additional 16 kWp plant serves the new roasting building in Trieste.

## ENERGY EFFICIENCY

A second line of intervention concerns the efficiency of methane gas and energy consumption in production activities, particularly in the roasting process for raw materials. In this sphere, illycaffè has been engaged in the market evaluation of sustainable alternatives to natural gas, such as hydrogen and biogas, and in investigating mitigation tools in the biogas supply chain. In addition, renovation of the lighting system and the implementation of additional electric charging stations for employee cars are planned in addition to those already installed and in use at the moment.

### NEW ROASTING MACHINE

A crucial role is played by the introduction of a new roasting machine in the production process, which has twice the capacity of a single one currently in existence and which, by recovering the roasting heat, reduces gas consumption by between 15% and 20% on the weight of the roasted product on the line.

### 5.2.2 Energy consumption in the supply chain

#### COLLABORATION AND DECARBONISATION OF SUPPLIERS

illycaffè extends its ambition beyond direct operational boundaries by promoting an energy-conscious supply chain and invests in the collaboration and engagement of its supply chain, recognising that a significant impact on decarbonisation can only be achieved through a collective effort. Therefore, collaborative projects are developed with suppliers, not only aimed at reducing emissions, but also at setting transparent and measurable reduction targets. This commitment is tangibly translated into the definition of strict environmental criteria and requirements for supplier qualification and evaluation, which include specific goals on the use of renewable energy in the production of purchased raw materials.

#### SUSTAINABILITY IN PROCUREMENT

In 2024 illycaffè started activities with the company Synesgy aimed at assessing the ESG performance of its suppliers, through a scoring system. In the climate-related part, the methodology applied by Synesgy is based on international standards such as the GHG Protocol and includes the detection and classification of gas emissions, the analysis of climate governance and the presence of mitigation strategies. The result of the assessment is a concise score that allows critical areas to be identified, corrective action to be promoted and transparency along the supply chain to be improved.

## EFFICIENCY IN COFFEE MACHINE CONSUMPTION

illycaffè's commitment to an aware use of energy resources also manifests itself in the innovation of products and machines for the benefit of end customers: the Group invests significantly in the research and development of systems to guarantee the efficiency of coffee machines. The ambition is to design machines that not only offer excellent energy performance, but are also intrinsically optimised to reduce energy consumption during their entire life cycle. This involves the exploration of new technologies and materials, with a focus on improving efficiency and product longevity.

### ILLETTA

With regard to sustainable innovation, in 2024 illycaffè launched Illetta, the coffee machine designed by Antonio Citterio, which has completely reinvented the coffee bar experience thanks to a revolutionary technology that guarantees exclusive customisation while respecting the highest standards of design and sustainability. The patented instant-heating system ensures energy savings of up to 50% compared to normal professional coffee machines on the market to date.



## 5.3 OPTIMISE THE USE OF RESOURCES AND INCENTIVISE CIRCULARITY

illycaffè is committed to using resources in a sustainable manner, to progressively reducing fossil resources. In addition, it is dedicated to the complete integration of circularity in every aspect of its operations and accordingly has set itself the goal of making all packaging recyclable by 2030 (in line with the Packaging and Packaging Waste Regulation) and maximising the valorisation of coffee waste.

### 5.3.1 Circularity

#### PRODUCT CIRCULARITY

The circular economy, which integrates the principles of ecodesign into the research and development of its products, is of fundamental importance to illycaffè. Product design research and development is oriented towards inherently recyclable solutions and a reduced use of packaging. These principles find application not only in consumable products, but also in durable products. In fact, a significant effort is dedicated to research and development of systems that ensure the efficiency and durability of coffee machines, prolonging their life cycle and reducing their overall environmental impact.

By way of confirmation of its commitment to the circularity of packaging, illycaffè actively participates in numerous national and international initiatives for the recovery and recycling of capsules, supporting the consumer in virtuous waste management.



### RECAP

Raccolta e Riciclo Capsule in Plastica (Collection and Recycling of Plastic Capsules) is a project furthered by illycaffè in partnership with Nescafé

Dolce Gusto, carried out in collaboration with the Friuli-Venezia Giulia Region and various local waste management companies. The initiative came about as a solid response to the need to develop sustainable solutions for the end-of-life of plastic capsules, with the aim of promoting a circular model in the single-serve coffee supply chain. The project represents a virtuous example of public-private collaboration, capable of translating the desire for environmental innovation into tangible actions, encouraging the active participation of citizens and local areas. Through the installation of dedicated collection points and the involvement of local administrations, RECAP allows consumers to properly dispose of their used capsules sending them to specialised recycling processes that recover plastic materials and organic residues.



[Discover more  
Capsules recycling programs](#)

## ALLIANCE FOR THE RECYCLING OF ALUMINIUM CAPSULES

The programme, founded by Nespresso in 2021 in partnership with illycaffè, helps to promote and increase the recycling of used aluminium capsules in Italy. During 2024, consumers were able to return their used Nespresso, illycaffè and Starbucks capsules to the 67 Nespresso boutiques, the 8 illy Shops and illy Caffès and 126 affiliated recycling centres, for a total of 201 collection points nationwide. Between 2021 and 2024, over 6,500 tonnes of used capsules were recovered, with more than 350 tonnes of aluminium put back into circulation.

## SUSTAINABLE DESIGN

illycaffè has always placed sustainability at the centre of its choice of materials, favouring solutions with a reduced environmental impact that, at the same time, guarantee high quality requirements. The principles of circular economy and ecodesign, centred on design based on the efficient use of resources and materials, guide strategic choices throughout all phases, from the procurement of materials to their disposal. This is also achieved through the use of the Life Cycle Assessment (LCA) tool, which allows

the environmental impacts associated with a product and its life cycle to be assessed and quantified, contributing to the optimisation of the quantity of materials used and thus to the reduction of the final waste. To this end, illycaffè is committed to assessing the type and quantity of raw materials used, aiming at the reduction and functional optimisation by weight of the material used, and to assessing the increase in the proportion of recycled or low-emission impact materials in both packaging and coffee machine components.

### X-CAPS

In December 2024, illycaffè introduced on the market the new X-CAPS capsule, a proprietary aluminium system made with 85% recycled material. This important achievement is the result of careful design work aimed at optimising the use of resources and guaranteeing functional, efficient packaging that best preserves the quality of the product.



### QUALITY SUSTAINABILITY INDEX AND LCA

illycaffè's focus on ecodesign is reflected in the tools that are used internally to raise awareness in business decisions. Since 2018, illycaffè has been monitoring the impacts of its products "from cradle to grave" through Life Cycle Assessment (LCA) studies, and since 2023 it has been flanking this tool with another index, developed internally, the Quality Sustainability Index (QSI), which combines environmental assessment, circularity and product quality performance. These tools enable illycaffè to make strategic decisions to develop products that not only reduce their environmental impact (through low-impact materials, recycled content and improvements in recyclability and compostability), but also maintain the high quality standards expected by consumers.



## 5.3.2 Reducing waste and refuse

### ENHANCEMENT OF THE RESOURCES

illycaffè turns waste from the coffee production process to account through innovative and sustainable solutions, transforming residues into new resources. For years, the company has been investing in advanced studies to reuse the by-products of the raw material, which today are mainly used as organic fertilisers, and to experiment with applications of the silverskin, the thin film that envelops the green coffee bean.

#### RECOBIOPACK

In 2024, illycaffè signed up to the RECOBIOPACK initiative, a research project in collaboration with the University of Milan, the University of Naples and other companies that aims to revolutionise the food packaging sector by transforming silverskin fats into key substances for the synthesis of innovative polymers or functional additives. Cellulose is then extracted from what remains of the silverskin, thus creating new frontiers for sustainable and low-impact packaging materials.

#### AMAREY

In 2024, illycaffè initiated collaboration with Amarey, an innovative start-up, to use coffee waste as a by-product in the cosmetics industry. With the aim of developing cutting-edge technologies, Amarey has launched a regenerative skincare line made from the silverskin extracts of Arabica coffee. The partnership testifies to the commitment to valorise production waste and maximise it as a valuable resource.



# 6. Advocacy

To resolutely address the challenges of climate change and promote systemic transformation for the benefit of the community, illycaffè undertakes an active advocacy role, consistent with its commitment as an evolving Benefit Corporation and B Corp®.

The company not only adopts sustainable practices internally, but is also a promoter of change, contributing at the forefront to responsible public policy and regulatory development. In this process, illycaffè works closely with governments, regulatory bodies, the scientific community, trade associations, experts, consumers, NGOs and companies to co-create regulatory and policy frameworks that incentivise innovation, protect consumers and strengthen the role of public institutions in the sustainable transition.

Some of the key initiatives in which the company exercises its advocacy:

## EUROPEAN COFFEE FEDERATION (ECF)

illycaffè is a member of the Executive Committee, contributing significantly to discussions on crucial European directives, such as the Green Claims Directive, the Corporate Sustainability Reporting Directive (CSRD), the Packaging and Packaging Waste Regulation (PPWR), the European Union Deforestation Regulation (EUDR) and the Corporate Sustainability Due Diligence Directive (CS3D). illycaffè's contribution in this context aims to steer regulation towards fair, transparent and sustainable models.

## VIRTUOUS AGRICULTURE

Guided by the Chairman Andrea Illy, is a holistic scientific research and education project that promotes a regenerative vision of agriculture. The initiative is based on strong public-private partnerships and is linked to wide-ranging programmes such as the Mattei Plan, the Ministry of Foreign Affairs and International Cooperation (MAECI), UNIDO and the Global Coffee Fund.

## UNITED NATIONS GLOBAL COMPACT (UNGC)

illycaffè renews its commitment every year through the Communication on Progress (COP), reporting on progress in implementing the ten principles of the Global Compact. In this context, the company actively participates in forums dedicated to sustainability in procurement and the development of ESG projects with a positive impact.

## ITALIAN COFFEE COMMITTEE

In this venue, illycaffè participates in ongoing dialogue on regulatory issues of relevance to the industry, including EUDR, PPWR and CSRD, helping to constructively represent the shared interests of the supply chain.





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